

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 25, 2025

NEW ISSUE BOOK-ENTRY ONLY

RATING: S&P: “A+”
(See “RATING”)

In the opinion of Cantu Harden Montoya LLP, Bond Counsel to the Issuer (as defined below), under existing laws, regulations, rulings and judicial decisions and assuming continuing compliance by the Issuer with its Covenants and the Land Use Restriction Agreements and the Tax Agreement (as such terms are defined below), interest on the Bonds (as defined below) is excludible from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended (the “Code”). In the further opinion of Bond Counsel, interest on the Bonds is not an item of tax preference under Section 57(a) of the Code in computing the federal alternative minimum tax for individuals and corporations. However, interest on the Bonds is included in the “adjusted financial statement income” (as determined under Section 56A of the Code) of “applicable corporations” (as defined in Section 59 of the Code) for purposes of determining the alternative minimum tax under section 55 of the Code applicable to such “applicable corporations.” Ownership of the Bonds may result in certain collateral federal income tax consequences to certain Bondholders. In the opinion of Haynsworth Sinkler Boyd, P.A., Co-Bond Counsel to the Issuer, the Bonds and the interest thereon will also be exempt from all State, county, municipal and school district and other taxes or assessments imposed within the State of South Carolina, except estate, transfer and certain franchise taxes. See “TAX MATTERS” herein.

SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY

\$132,790,000*

RESIDENTIAL DEVELOPMENT REVENUE BONDS

(SIXTEENTH FLOOR OBLIGATED GROUP PROJECTS – CREDIT ENHANCED)

SERIES 2025

Dated: Date of Initial Delivery

Due: December 1, 2035* as shown on inside cover

South Carolina Jobs-Economic Development Authority (the “Issuer”) is issuing its Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced) Series 2025 (the “Bonds”) in the aggregate principal amount of \$132,790,000*, pursuant to a Trust Indenture dated as of December 1, 2025 (the “Indenture”), between the Issuer and Wilmington Trust, National Association, as trustee (the “Bond Trustee”), as fully registered bonds which initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as initial securities depository for the Bonds. Purchases of interests in the Bonds will be made in book-entry form only in denominations of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased, except as described herein. Interest on the Bonds is payable semiannually on June 1* and December 1* of each year, commencing June 1, 2026*, until maturity or prior redemption or acceleration, whichever occurs first. As long as the Bonds are registered in the name of DTC or its nominee, principal of, premium, if any, and interest on the Bonds will be paid by the Bond Trustee to DTC, which will remit such principal, premium, if any, and interest to its participants for subsequent disbursement to the purchasers of interests in the Bonds. See Appendix E – “DTC’s BOOK-ENTRY ONLY SYSTEM.”

The Bonds are subject to acceleration of maturity and redemption prior to maturity at the redemption prices and under the circumstances described herein. See “THE BONDS – Redemption of the Bonds.”

The proceeds of the Bonds will be loaned by the Issuer pursuant to a Loan Agreement dated as of December 1, 2025 (the “Loan Agreement”) to SFRI Reserve at Wescott Apartments LLC, a Delaware limited liability company, and SFRI Otterre Pointe Apartments LLC, a Delaware limited liability company (each, a “Borrower,” and collectively, the “Borrowers” or the “Obligor”). Each Borrower is a single purpose entity, or SPE, created for the specific and limited objective of owning and operating the related Project described below.

The sole member of each Borrower is Sixteenth Floor Residential Inc. (“Sixteenth Floor Residential”), a Texas nonprofit corporation organized in 2025 as a tax-exempt charitable organization pursuant to Internal Revenue Code Section 501(c)(3). Sixteenth Floor Residential’s charitable mission is to address the shortage of quality affordable rental housing for low- and moderate-income households. Sixteenth Floor Residential was organized by the Housing Authority of the City of El Paso d/b/a Housing Opportunity Management Enterprises (“HOME” or the “Sponsor”), a Texas municipal housing authority. The members of Sixteenth Floor Residential’s board of directors are the same as the five members appointed to serve on HOME’s Board of Commissioners/Directors, and its executive leadership team is the same as HOME’s.

Sixteenth Floor Residential, as a separate nonprofit 501(c)(3) organization, has the authority and corporate mission to provide affordable housing in El Paso and other markets throughout the United States. The Issuer is making the Loan to the Borrowers for the purpose of (i) financing the acquisition of two multifamily rental housing developments consisting of (a) a total of 288 units and related improvements, personal property, and equipment currently known as the Reserve at Wescott Plantation Apartments, 4976 Wescott Boulevard, Summerville, South Carolina 29485 (the “Reserve at Wescott Project Facilities”) and the related land and real property in Summerville, South Carolina, and (b) a total of 299 units and related improvements, personal property and equipment currently known as Otterre Pointe Apartments, 1137 Fort Congaree Trail, Cayce, South Carolina 29033 (the “Otterre Project Facilities”) and the related land and real property in Cayce, South Carolina (each, a “Project,” and collectively, the Projects); (ii) financing the cost of certain capital improvements to the Projects; (iii) funding deposits to the Capitalized Interest Account of the Project Fund; (iv) funding deposits to the Reserve Fund under the Master Indenture; and (v) paying costs and expenses incidental to the issuance of the Bonds. See “PLAN OF FINANCE.”

The payment obligations of the Obligor under the Loan Agreement with respect to the Bonds will be evidenced and secured by a master note (the “Series 2025 Master Note”) issued by each of the Borrowers as an “Obligated Group Member” under a Master Trust Indenture dated as of December 1, 2025, as amended and supplemented (the “Master Indenture”), between SFRI Reserve at Wescott Apartments LLC and such other persons (including SFRI Otterre Pointe Apartments, LLC) as may become obligated group members under the Master Indenture, and Wilmington Trust, National Association, in its capacity as master trustee (the “Master Trustee”). The Series 2025 Master Note will be payable equally, ratably and on a parity with any future Obligations (as defined in the Master Indenture) issued under the Master Indenture from time to time. The source of payment of and security for the Bonds are more fully described in this Preliminary Official Statement.

The principal of and interest on the Bonds will be payable solely from the Trust Estate, which includes all Project Revenues of the Obligated Group Members (other than the Unassigned Rights of the Issuer) realized via Loan Payments from the Borrowers to the Issuer, the General Revenues of HOME provided under the Funding Agreement following a Debt Service Shortfall, a Mortgage on each Property (each, a “Mortgage,” and collectively, the “Mortgages”) creating a senior lien on each property and improvements comprising the related Project; and other funds and accounts under the Indenture (other than the Rebate Fund) and certain other security, all to the extent described under the caption. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” and Appendix A – “FORMS OF THE PRINCIPAL FINANCING DOCUMENTS” herein.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF LOAN PAYMENTS AND FUNDS PROVIDED THEREFOR UNDER THE MASTER INDENTURE AND THE BOND INDENTURE. THE BONDS AND THE INTEREST THEREON DO NOT AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND DO NOT AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO ANY PECUNIARY LIABILITY OF THE ISSUER, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE ISSUER, OR ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, AND THE PREMIUM, IF ANY, AND INTEREST ON, THE BONDS. THE ISSUER DOES NOT HAVE TAXING POWERS. THE BONDS ARE BEING ISSUED UNDER THE AUTHORITY OF THE ACT (AS DEFINED HEREIN) AND ARE PAYABLE IN THE SAME MANNER AND UNDER THE SAME TERMS AND CONDITIONS AS PROVIDED FOR THE ISSUANCE OF BONDS UNDER THE ACT. THE BONDS ARE ALSO SECURED BY THE MORTGAGES AND THE FUNDING AGREEMENT.

SUBJECT TO THE LIMITED SOURCES OF PAYMENT SPECIFIED IN THE MASTER INDENTURE AND THE BOND INDENTURE, THE ISSUER COVENANTS IN THE BOND INDENTURE THAT IT WILL PROMPTLY PAY OR CAUSE TO BE PAID THE PRINCIPAL OF AND INTEREST ON EACH BOND ISSUED UNDER THE BOND INDENTURE AT THE PLACE, ON THE DATES, AND IN THE MANNER PROVIDED IN THE BOND INDENTURE AND IN SAID BONDS ACCORDING TO THE TERMS THEREOF. THE PRINCIPAL OF AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM THE LOAN PAYMENTS AND MONEYS HELD BY THE MASTER TRUSTEE UNDER THE MASTER INDENTURE AND BY THE BOND TRUSTEE UNDER THE BOND INDENTURE, ALL OF WHICH ARE SPECIFICALLY ASSIGNED AND PLEDGED TO SUCH PAYMENT IN THE MANNER AND TO THE EXTENT SPECIFIED IN THE MASTER INDENTURE AND THE INDENTURE AND NOTHING IN THE MASTER INDENTURE OR THE BOND INDENTURE OR IN THE BONDS SHALL BE CONSTRUED AS ASSIGNING OR PLEDGING ANY OTHER FUNDS OR ASSETS OF THE ISSUER. THE BONDS AND THE INTEREST AND PREMIUM, IF ANY, THEREON DO NOT AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND DO NOT AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO ANY PECUNIARY LIABILITY OF THE ISSUER, BUT SHALL BE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES AND OTHER FUNDS PLEDGED THEREFOR AND SHALL NOT BE PAYABLE FROM ANY OTHER ASSETS OR FUNDS OF THE ISSUER, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE ISSUER, OR ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, AND THE PREMIUM, IF ANY, AND INTEREST ON, THE BONDS.

NO MEMBER, DIRECTOR, OFFICER, AGENT, EMPLOYEE OR ATTORNEY OF THE ISSUER, INCLUDING ANY PERSON EXECUTING THE BOND INDENTURE OR THE BONDS, SHALL BE LIABLE PERSONALLY ON THE BONDS OR FOR ANY REASON RELATING TO THE ISSUANCE OF THE BONDS. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS, OR FOR ANY CLAIM BASED ON THE BONDS, OR OTHERWISE IN RESPECT OF THE BONDS, OR BASED ON OR IN RESPECT OF THE BOND INDENTURE OR ANY SUPPLEMENTAL BOND INDENTURE, AGAINST ANY MEMBER, DIRECTOR, OFFICER, EMPLOYEE OR AGENT, AS SUCH, OF THE ISSUER OR ANY SUCCESSOR, WHETHER BY VIRTUE OF ANY CONSTITUTION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, ALL SUCH LIABILITY BEING, BY THE ACCEPTANCE OF THIS SERIES AND AS PART OF THE CONSIDERATION FOR THE ISSUANCE OF THE BONDS, EXPRESSLY WAIVED AND RELEASED.

This cover page contains only a brief description of the Bonds. It is not intended to be a summary of material information with respect to the Bonds. Investors must read the entire Official Statement to obtain information necessary to make an informed investment decision regarding the Bonds. There are risks associated with purchase of the Bonds. For a discussion of certain of these risks, see “CERTAIN BONDOWNERS’ RISKS.”

The Bonds are offered when, as and if issued by the Issuer and received by KeyBanc Capital Markets Inc. (the “Underwriter”), subject to prior sale, and to the approval of validity and certain other legal matters by the Cantu Harden Montoya LLP, Bond Counsel, Haynsworth Sinkler Boyd, P.A., Co-Bond Counsel to the Issuer. Certain Financial Advisory Services will be provided to HOME by CSG Advisors. In connection with the issuance and sale of the Bonds, certain legal matters will be passed on for the Issuer by Howell Linkous & Nettles, LLC, counsel to the Issuer, for HOME and Sixteenth Floor Residential (as defined herein) by their counsel, Mendel Blumenfeld & Pulido, PLLC, for each Borrower by its local counsel, Butler Snow LLP, and for the Underwriter by its counsel, Dinsmore & Shohl LLP. It is expected that the Bonds in definitive form will be available for delivery to the Bond Trustee on behalf of DTC by Fast Automated Securities Transfer (FAST), on or about December __, 2025.



Date: December __, 2025

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. The Bonds may not be sold, nor may offers to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MATURITY SCHEDULE*

SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY

\$132,790,000*

RESIDENTIAL DEVELOPMENT REVENUE BONDS
(Sixteenth Floor Obligated Group Projects – Credit Enhanced)
Series 2025

Maturity Date	Principal Amount	Interest Rate	Price	Yield	CUSIP Number[†]
December 1, 2035*	\$87,790,000 *	____%	____%	____%	_____
December 1, 2035*	\$45,000,000 *	____%	____% [†]	____%	_____

* Preliminary; subject to change.

[†] Copyright 2025, CUSIP Global Services. The CUSIP number is a registered trademark of the American Bankers Association. The CUSIP number herein has been provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems, Inc. The CUSIP number is not intended to create a database and does not serve in any way as a substitute for CUSIP service. The CUSIP number has been assigned by an independent company not affiliated with the Issuer and is provided solely for convenience and reference. The CUSIP number is subject to change after the issuance of the Bonds. None of the Issuer, the Underwriter or their agents or counsel assumes responsibility for the accuracy of the CUSIP number.

[†] Priced to optional redemption date of December 1, 2032*

ABOUT THIS OFFICIAL STATEMENT

Each party listed below has provided the information under the caption or captions following its name. Each party is responsible only for the information provided under the captions following its name, unless otherwise stated.

DTC

Appendix E – “DTC’s BOOK-ENTRY-ONLY SYSTEM”

Underwriter

“UNDERWRITING” and the fourth paragraph below

All other information set forth herein has been obtained from the Borrower and other sources identified herein that are believed to be reliable, but such other information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the other parties listed above since the date of this Official Statement.

No broker, dealer, salesperson or other person has been authorized by the Issuer, HOME or the Underwriter to give any information or to make any representations with respect to the Bonds other than as contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the Issuer, HOME or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any offer, solicitation or sale of the Bonds, by any person in any jurisdiction in which such offer, solicitation or sale is not authorized or in which the person making such offer, solicitation or sale is not qualified to do so or to any person to whom it is unlawful to make such offer, solicitation or sale. The information set forth herein has been obtained from sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and it is not to be construed as a representation by, the Underwriter.

Certain statements contained in this Official Statement do not reflect historical facts, but rather are forecasts and “forward-looking statements.” No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, the words “estimate,” “forecast,” “project,” “anticipate,” “expect,” “intend,” “believe” and other similar expressions are intended to identify forward-looking statements. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. All estimates, projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. The Issuer and HOME specifically disclaim any obligation to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of this Official Statement, except as otherwise expressly provided in “CONTINUING DISCLOSURE – Undertaking to Provide Continuing Disclosure.”

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Information on web site addresses set forth in this Official Statement is not incorporated into this Official Statement and cannot be relied upon to be accurate as of the date of this Official Statement, nor can any such information be relied upon in making investment decisions regarding the Bonds.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety. The offering of the Bonds is made only by means of this entire Official Statement.

In connection with the offering of the Bonds, the Underwriter may overallocate or effect transactions that stabilize or maintain the market price of the Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the Bonds in accordance with applicable provisions of the laws in any states in which Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither these states nor any of their agencies have passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

Wilmington Trust, National Association, in all of its capacities, including as Master Trustee and Bond Trustee, has not reviewed, provided or undertaken to determine the accuracy of any of the information contained in this Official Statement and makes no representation or warranty, express or implied, as to any matters contained in this Official Statement, including, but not limited to, (i) the accuracy or completeness of such information, (ii) the validity of the Bonds, or (iii) the tax-exempt status of the Bonds.

**HOUSING AUTHORITY OF THE CITY OF EL PASO D/B/A HOUSING OPPORTUNITY MANAGEMENT
ENTERPRISES (“HOME”)**

PAISANO HOUSING REDEVELOPMENT CORPORATION (“PHRC”)

**SIXTEENTH FLOOR RESIDENTIAL INC. (“SIXTEENTH FLOOR RESIDENTIAL OR OBLIGATED GROUP
REPRESENTATIVE”)**

Board of Commissioners/Directors

Chairperson Eileen Karlsruher
Vice Chairperson..... Richard Porras
Commissioner/Director Robbert J. Anderson
Commissioner/Director Anna Louise Valdez Perez
Commissioner/Director Angelica Avila

Executive Leadership

Chief Executive Officer/Secretary Gerald Cichon
Executive Vice President / Chief Financial Officer Satish Bhaskar
General Counsel Shelly Rivas
Director of Operations..... Maria Flores

MASTER INDENTURE TRUSTEE AND BOND TRUSTEE

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Costa Mesa, California

BOND COUNSEL

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San Antonio, Texas

CO-BOND COUNSEL

HAYNSWORTH SINKLER BOYD, P.A.
Charleston, South Carolina

ISSUER’S COUNSEL

HOWELL LINKOUS & NETTLES, LLC
Charleston, South Carolina

HOME’S FINANCIAL ADVISOR

CSG ADVISORS
San Francisco, California

COUNSEL TO HOME, SIXTEENTH FLOOR RESIDENTIAL, AND THE BORROWERS

MENDEL BLUMENFELD & PULIDO, PLLC
El Paso, Texas

BORROWERS’ LOCAL COUNSEL

BUTLER SNOW LLP
Charleston, South Carolina

UNDERWRITER

KEYBANC CAPITAL MARKETS INC.
Columbus, Ohio

UNDERWRITER’S COUNSEL

DINSMORE & SHOHL LLP
Washington, D.C.

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OFFICIAL STATEMENT

RELATING TO

SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY

\$132,790,000*

RESIDENTIAL DEVELOPMENT REVENUE BONDS (SIXTEENTH FLOOR OBLIGATED GROUP PROJECTS – CREDIT ENHANCED) SERIES 2025

INTRODUCTION

This Official Statement, including the cover page and appendices hereto (this “Official Statement”), is provided to furnish information with respect to the sale and delivery of \$132,790,000* aggregate principal amount by the South Carolina Jobs-Economic Development Authority (the “Issuer”) of its Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced) Series 2025 (the “Bonds”).

The Bonds will be issued pursuant to the laws of the State of South Carolina, the Bond Resolution of the Issuer adopted by the Board of Directors of the Issuer on November 19, 2025 (the “Resolution”), authorizing the issuance and sale of the Bonds, and a Trust Indenture dated as of December 1, 2025 (the “Indenture”), between the Issuer and Wilmington Trust, National Association, as trustee, paying agent and registrar (referred to herein as the “Trustee”).

The proceeds of the Bonds will be loaned by the Issuer pursuant to a Loan Agreement dated as of December 1, 2025 (the “Loan Agreement”) to SFRI Reserve at Wescott Apartments LLC, a Delaware limited liability company (the “Reserve at Wescott Borrower”), and SFRI Otarre Pointe Apartments LLC, a Delaware limited liability company (the “Otarre Borrower”) (each, a “Borrower, and collectively, the “Borrowers” or the “Obligor”).

Security for the Bonds will include proceeds of draws on the Funding Agreements (following a debt service shortfall) as described below among HOME and each Borrower as an Obligated Group Member. Each Borrower is a single purpose entity, or SPE, created for the specific and limited objective of owning and operating the related Project, and serving as an Obligated Group Member as described below.

The sole member of each Borrower is Sixteenth Floor Residential Inc. (“Sixteenth Floor Residential”), a Texas nonprofit corporation organized in 2025 as a tax-exempt charitable organization pursuant to Internal Revenue Code Section 501(c)(3), and Sixteenth Floor Residential’s charitable mission is to address the shortage of quality affordable rental housing for low- and moderate-income households. Sixteenth Floor Residential was organized by the Housing Authority of the City of El Paso d/b/a Housing Opportunity Management Enterprises (“HOME” or the “Sponsor”), a Texas municipal housing authority. The members of Sixteenth Floor Residential’s board of directors are the same as the five members appointed to serve on HOME’s Board of Commissioners/Directors, and its executive leadership team is the same as HOME’s.

Sixteenth Floor Residential, as a separate nonprofit 501(c)(3) organization, has the authority and corporate mission to provide affordable housing in El Paso and other markets throughout the United States. The Issuer is making the Loan to the Borrowers for the purpose of (i) financing the acquisition of two multifamily rental housing developments consisting of (a) a total of 288 units and related improvements, personal property and equipment currently known as the Reserve at Wescott Plantation Apartments, 4976 Wescott Boulevard, Summerville, South Carolina 29485 (the “Reserve at Wescott Project Facilities”) and the related land and real property in Summerville, South Carolina, and (b) a total of 299 units and related improvements, personal property and equipment currently known as Otarre Pointe Apartments, 1137 Fort Congaree Trail, Cayce, South Carolina 29033 (the “Otarre Project Facilities”) and the related land and real property in Cayce, South Carolina (each, a “Project,” and collectively, the Projects); (ii) financing the cost of certain capital improvements to the Projects; (iii) funding deposits to the Capitalized Interest Account of the

* Preliminary; subject to change.

Project Fund; (iv) funding deposits to the Reserve Fund under the Master Indenture and (v) paying costs and expenses incidental to the issuance of the Bonds. See “PLAN OF FINANCE.”

The Obligated Group

The Obligated Group as of the date of issuance of the Bonds will consist of the two Borrowers (collectively, the “Obligated Group” or the “Obligor”), with SFRI Reserve at Wescott Apartments LLC serving as the Obligated Group Representative (the “Obligated Group Representative”). As of the date of issuance of the Bonds, the two Borrowers comprise the Obligor and the two Borrowers are the only members of the Obligated Group (each, an “Obligated Group Member,” or collectively with any future Member, the “Obligated Group”) under the Master Trust Indenture dated as of December 1, 2025, as amended and supplemented by Supplemental Master Trust Indenture Number 1 dated as of December 1, 2025, among those two entities and Wilmington Trust, National Association, as Master Trustee (the “Master Trustee”), and as thereafter amended and supplemented (the “Master Indenture”).

Other persons may become Obligated Group Members in accordance with the provisions set forth in the Master Indenture. Sixteenth Floor Residential intends to consider financing the acquisition, construction, rehabilitation and operation of additional multifamily rental housing projects which meet its charitable goals and objectives, and in connection therewith establish additional special purpose entity borrowers which meet the requirements of Section 501(c)(3) of the Internal Revenue Code and who may be admitted as additional Obligated Group Members, provided that such entities meet the requirements of the Financing Documents and any such additional series of bonds meet the requirements of the Master Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – “Funding Agreement” and “– HOME’s Current Plans, Goals and Objectives” and “CERTAIN BONDHOLDERS’ RISKS – Risks Related to Other Obligations of HOME.” In addition, under certain circumstances, Obligated Group Members may withdraw from the Obligated Group. For a more complete description of the provisions of the Master Indenture, see APPENDIX A – “FORMS OF THE PRINCIPAL FINANCING DOCUMENTS.” See APPENDIX A hereto for certain consolidated financial statements of HOME.

Security for the Bonds

General. The payment obligations of the Obligated Group to the Issuer pursuant to the Loan Agreement with respect to the Bonds will be evidenced and secured by a master promissory note (the “Series 2025 Master Note”) issued under Supplement No. 1 to the Master Indenture dated as of December 1, 2025 (the “Supplement”), between the Obligated Group and the Master Trustee, in a principal amount equal to the aggregate principal amount of the Bonds.

Pursuant to the Bond Indenture, the Issuer will pledge and assign to the Bond Trustee all of its rights and interest under the Loan Agreement (except for certain Reserved Rights) and the Series 2025 Master Note.

The Series 2025 Master Note will entitle the Bond Trustee, as the holder thereof, to the protection of the covenants, restrictions and other obligations imposed upon the Obligated Group by the Master Indenture. The obligation of the Obligated Group to make payments on the Series 2025 Master Note is a joint and several obligation of the Obligor and any future Member of the Obligated Group. The Series 2025 Master Note will be payable equally, ratably and on a parity with any future Senior Obligations (as defined in the Master Indenture) issued under the Master Indenture from time to time. See “PLAN OF FINANCE” and “SECURITY FOR THE SERIES 2025 MASTER NOTE – General.”

The Trust Estate, under the Bond Indenture, includes all Project Revenues of the Obligated Group (other than the Unassigned Rights of the Issuer) realized via Loan Payments from the Borrowers to the Issuer, the General Revenues of HOME, as the organizer of the sole member of each Borrower, provided under the Funding Agreement following a Debt Service Shortfall; and other funds and accounts under the Bond Indenture (other than the Rebate Fund) and certain other security, all to the extent described under the caption. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” and Appendix A – “FORMS OF THE PRINCIPAL FINANCING DOCUMENTS” herein.

The summaries and descriptions and forms of and references to statutes, the Master Indenture, the Series 2025 Master Note, the Bond Indenture, the Loan Agreement, the Funding Agreement, the Land Use Restriction Agreements, the Tax Agreement (as defined herein) and the Mortgages, and other agreements that are included in this Official Statement do not purport to be comprehensive or definitive and such summaries, descriptions, and references are qualified by reference to each such statute, document, or instrument. The forms of these documents are included in

Appendix A hereto and copies of the agreements are available upon request from the Bond Trustee, Wilmington Trust, National Association, 650 Town Center Drive, Suite 800, Costa Mesa, California 92626. Capitalized terms used herein, if not specifically defined herein, have the same meanings as in the Master Indenture and the Bond Indenture. See Appendix A – “FORMS OF THE PRINCIPAL FINANCING DOCUMENTS.”

General

The obligations of the Obligor under the Loan Agreement will be secured by the Series 2025 Master Note, which will be issued and secured under the Master Indenture. The Series 2025 Master Note will entitle the Bond Trustee, as the holder of the Series 2025 Master Note, to the protection and benefit of the covenants, restrictions and other obligations imposed on the Obligated Group by the Master Indenture. The Series 2025 Master Note will be payable equally, ratably and on a parity with any future Obligations (as defined in the Master Indenture) issued under the Master Indenture from time to time. The Master Indenture permits Obligations to be created by Supplement and classified as either Senior Obligations, Subordinate Obligations and Secondary Subordinate Obligations.

The Master Indenture

At the time of issuance of the Bonds, the Series 2025 Master Note and any other Obligations hereafter issued and outstanding under the Master Indenture are and will be joint and several obligations of the Obligor and any future Obligated Group Member. Pursuant to the Master Indenture, the Obligated Group has pledged and granted to the Master Trustee (a) a security interest in all personal property owned or hereafter acquired by the Obligated Group; (b) a security interest in all of Project Revenues of the Obligated Group, with certain limited exceptions; (c) a security interest in the funds and accounts established under the Master Indenture, included but not limited to the Funding Agreements, and (d) a security interest in any other property from time to time subjected to the lien of the Master Indenture.

“Net Operating Income” means Project Revenues less Expenses.

“Project Revenues” means “Project Revenues” means all amounts due to or received by an Obligated Group Member pursuant or with respect to its related project, including without limitation, all rental revenue, subsidy payments, lease payments, payments on contractors’ bonds, and Insurance Proceeds and Condemnation Awards, and proceeds resulting from foreclosure of the Mortgage, but excluding refundable security deposits.

Each Related Indenture permits portions of Projects that are not material to the operation of the respective Projects to be released from the lien of the Indenture.

Notwithstanding limitations on and uncertainties as to enforceability of the covenant of each Obligated Group Member in the Master Indenture to be jointly and severally liable for each Obligation, the accounts of the Obligated Group Members will be combined for financial reporting purposes and will be used in determining whether the covenants and tests contained in the Master Indenture are met. See “RISK FACTORS -- Certain Matters Relating to the Enforceability of the Master Indenture.”

On the date of issuance of the Bonds, the Obligor will be the only Obligated Group Members under the Master Indenture and will be comprised solely of the two Borrowers. Upon the satisfaction of certain conditions, however, any Person may become an Obligated Group Member subject to the requirements of the Master Indenture. Under certain conditions and upon meeting certain tests set forth in the Master Indenture, members of the Obligated Group may withdraw from the Obligated Group. See APPENDIX A – “FORMS OF THE PRINCIPAL FINANCING DOCUMENTS – FORM OF THE MASTER TRUST INDENTURE.”

Under certain conditions specified in the Master Indenture, Members of the Obligated Group may issue additional Obligations, which additional Obligations will be equally and ratably secured by the Master Indenture with the Series 2025 Master Note. In addition, the Master Indenture permits such additional Obligations to be secured by security in addition to that provided for by the Series 2025 Master Note, including letters or lines of credit or insurance, which additional security need not be extended to secure any other Obligations (including the Series 2025 Master Note). The Master Indenture also permits each Member of the Obligated Group to incur other Indebtedness, and sell, lease or otherwise dispose of Property all upon the terms and conditions specified therein. See APPENDIX A – “FORMS OF THE PRINCIPAL FINANCING DOCUMENTS – FORM OF THE MASTER TRUST INDENTURE.”

Also, the Master Indenture contains various financial covenants of the Obligated Group for the security of all Obligations issued thereunder. See “–Rate Covenant” in this section and APPENDIX A – “FORMS OF THE PRINCIPAL FINANCING DOCUMENTS – FORM OF THE MASTER TRUST INDENTURE.”

The Mortgages

As security for all Obligations issued and outstanding under the Master Indenture, (i) the Obligor will deliver to the Master Trustee the Mortgage with respect to each Project, pursuant to which it grants the Master Trustee a mortgage lien on and security interest in the Mortgaged Property comprising each Project, subject to Permitted Encumbrances. See APPENDIX A – “FORMS OF THE PRINCIPAL FINANCING DOCUMENTS – FORM OF THE MASTER TRUST INDENTURE” herein. The Obligated Group has agreed in the Master Indenture that it will not permit liens upon any of its Property other than Permitted Encumbrances pursuant to the Master Indenture. The Master Indenture permits Obligated Group Members to incur Indebtedness and to permit liens on their Property, if the Indebtedness or liens are of the types specified in the Master Indenture and/or if certain financial tests and ratios set forth therein are satisfied. See APPENDIX A – “FORMS OF THE PRINCIPAL FINANCING DOCUMENTS – FORM OF THE MASTER TRUST INDENTURE” herein.

In connection with the issuance of the Bonds, Chicago Title Insurance Company will issue a title insurance policy (the “Policy”) relating to the Mortgaged Property and an ALTA survey relating to the Mortgaged Property is being performed. The Policy may contain a standard survey exception for any matters that would be disclosed by current surveys and inspections of the Mortgaged Property. See also “RISK FACTORS – Liquidation of Security May Not be Sufficient in the Event of a Default,” “– Possible Limitations on Remedies and Enforcement of Security Interests” herein for additional risks associated with the Mortgages and the Mortgaged Property.

Rates and Charges (Section 4.11 of the Master Indenture)

Each Member covenants and agrees to operate its Facilities on a revenue producing basis while also ensuring that the projects maintain eligibility for tax-exempt bond financing (if applicable to the nature of the Member’s facilities). Reference is made to Section 4.16 of the Master Indenture in APPENDIX A for a discussion of the financial covenants made with regard to property operations and future debt issuances under the Master Indenture.

Notwithstanding any other provisions of the Master Indenture, in the event that any Member of the Obligated Group incurs any Additional Indebtedness for any Capital Addition as defined in the Master Indenture, the Debt Service Requirements on such Additional Indebtedness and the Revenues and Expenses relating to the project or projects financed with the proceeds of such Additional Indebtedness shall be excluded from the calculation of the Historical Debt Service Coverage Ratio of the Obligated Group for the purposes of complying with the provisions described under the Master Indenture until the first full Fiscal Year following the later of (i) the estimated completion of the Capital Addition being paid for with the proceeds of such Additional Indebtedness provided that such completion occurs no later than six months following the completion date for such, or (ii) [reserved], or (iii) the end of the second full Fiscal Year after the incurrence of such Additional Indebtedness (with a certificate of compliance being provided by a member of the Obligated Group to the effect that it expects the Historical Debt Service Coverage Ratio to be met in the next six months).

Financial Statements, etc. (Section 4.15 of the Master Indenture)

The Obligated Group Members covenant that they will keep or cause to be kept proper books of records and accounts in which full, true and correct entries will be made of all dealings or transactions of or in relation to the business and affairs of the Obligated Group in accordance with generally accepted accounting principles consistently applied except as may be disclosed in the notes to the audited financial statements referred to below. To the extent that generally accepted accounting principles would require consolidation of certain financial information of entities which are not Members of the Obligated Group with financial information of one or more Members, consolidated financial statements prepared in accordance with generally accepted accounting principles which include information with respect to entities which are not Members of the Obligated Group may be delivered in satisfaction of the requirements of Section 4.15 of the Master Indenture so long as: (i) supplemental information in sufficient detail to separately identify the information with respect to the Members of the Obligated Group is delivered to the Required Information Recipients with the audited financial statements; (ii) such supplemental information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements delivered to the Required Information

Recipients and, in the opinion of the Accountant, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole; and (iii) such supplemental information is used for the purposes hereof or for any agreement, document or certificate executed and delivered in connection or pursuant to the Master Indenture.

The Obligated Group Representative will furnish or cause to be furnished to each Required Information Recipient (and the Master Trustee shall have no duty or obligation to review or examine the contents thereof), the information described below along with any appropriate cover letter, explanation or disclaimer as the Obligated Group Representative may deem to be appropriate to the information provided.

(i) [Reserved.]

(ii) Semi-Annual Reporting. Within 45 days of the end of each 2nd and 4th quarter, the following items will be prepared in reasonable detail, certified (subject to year-end adjustment) in an Officer's Certificate of the Obligated Group Representative, and delivered as follows:

(A) A semi-annual statement of the Obligated Group as soon as practicable after the information is available but in no event more than 45 days after the completion of such period, containing (1) a summary statement on the status of construction of the Series 2025 Project or any Capital Addition, if applicable, until the issuance of the last certificate of occupancy with respect to such Series 2025 Project or Capital Addition, and (2) occupancy levels of the projects or for any Capital Addition as of the end of such month including the number of units that were Occupied and vacated during that month and on an aggregate basis.

(B) semi-annual unaudited financial statements of the Obligated Group, including a combined or combining statement of revenues and expenses and statement of cash flows of the Obligated Group during such period, and a combined or combining balance sheet as of the end of each such fiscal period; and

(C) statistics for occupancy for all units for such fiscal period (similar, in the sole opinion of the Obligated Group Representative).

(iii) Annual Reporting. Within 210 days of the end of each Fiscal Year, the following items will be delivered:

(A) an annual audited financial report of the Obligated Group prepared by Accountants, including a combined and an unaudited combining balance sheet as of the end of such Fiscal Year, a combined and an unaudited combining statement of cash flows for such Fiscal Year, and a combined and an unaudited combining statement of revenues and expenses for such Fiscal Year, showing in each case in comparative form the financial figures for the preceding Fiscal Year; and

(B) a summary of the Obligated Group's annual operating and capital budget for the coming Fiscal Year, including a schedule that shows a summary of the average monthly rents for each unit type by property.

(iv) Periodic Reporting. Upon occurrence of the following events the items described below will be delivered:

(A) at least fifteen (15) days prior to the first day of each Fiscal Year, the Annual Budget for the following Fiscal Year (including a schedule that shows a summary of the average monthly rents for Residential Units);

(B) notification that any Obligated Group Member has received correspondence from the Internal Revenue Service concerning the commencement or conclusion of an audit relating to either (1) the status of an Obligated Group Member as exempt from federal income taxation under Section 501(a) of the Code by virtue of being a disregarded entity whose sole member is an organization described in Section 501(c)(3) of the Code, or (2) to the tax-exempt status of any Related Bonds, promptly upon receipt of such correspondence;

(C) to the extent that any Obligated Group Member incurs permitted Additional Indebtedness in excess of \$200,000 of a form for which there is not a CUSIP number (the “non-Public Debt”), the Obligated Group Representative will provide a copy of the financing document (with non-material or personal information redacted in the sole discretion of the Obligated Group Representative) relating to such non-Public Debt; provided, however, to the extent that the non-Public Debt is used to construct additional units at the Facilities, the Obligated Group Representative will provide monthly reports regarding whether the construction of the additional units is (1) within the construction budget and if not, a brief explanation and a copy of any revised budget, and (2) on schedule with the construction timetable and if not, a brief explanation and a copy of any revised timetable, reconciling the amount of construction contingency remaining and the uses of contingency funds to date;

(D) such additional information as the Master Trustee or any Related Bond Trustee may reasonably request concerning any Member in order to enable the Master Trustee or such Related Bond Trustee to determine whether the covenants, terms and provisions of the Master Indenture have been complied with by the Members.

The Obligated Group Representative shall give prompt written notice of any change of Accountants by the Obligated Group to the Master Trustee and each Related Bond Trustee. The notice shall state: (i) the effective date of such change; (ii) whether there were any unresolved disagreements with the former Accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which the Accountants claimed would have caused them to refer to the disagreement in a report on the disputed matter, if it was not resolved to their satisfaction; and (iii) such additional information relating thereto as such Related Bond Trustee or the Master Trustee may reasonably request.

If any Related Bonds are rated by a Rating Agency, the Obligated Group Representative shall give notice to such Rating Agency promptly after the occurrence of any of the following events: (i) any Event of Default under the Master Indenture; (ii) the incurrence by any Obligated Group Member of any Funded Indebtedness (however, notice need not be provided for Finance Leases where the net present value of the minimum Finance Lease payment is less than \$200,000); (iii) any addition to or withdrawal from the Obligated Group; and (iv) the execution of any Interest Rate Agreement entered into by any Obligated Group Member.

Without limiting the foregoing, each Member will permit, upon reasonable notice, the Master Trustee or any such Related Bond Trustee (or such persons as they may designate) to visit and inspect, at the expense of such Person, its Property and to discuss the affairs, finances and accounts of the Obligated Group with its officers and Accountants, all at such reasonable times during normal business hours and at such reasonable locations and as often as the Master Trustee or such Related Bond Trustee may reasonably desire.

The Obligated Group Representative may designate a different Fiscal Year for the Members of the Obligated Group by delivering a notice to the Master Trustee designating the first and last day of such new Fiscal Year and whether or not there will be any interim fiscal period (the “Interim Period”) of a duration of greater than or less than 12 months preceding such new Fiscal Year. The Members covenant that they will furnish to the Master Trustee and each Related Bond Trustee, as soon as practicable after they are available, but in no event more than 210 days after the last day of such Interim Period, a financial report for such Interim Period certified by Accountants selected by the Obligated Group Representative covering the operations of the Obligated Group for such Interim Period and containing a combined balance sheet as of the end of such Interim Period and a combined statement of changes in fund balances and changes in financial position for such Interim Period and a combined statement of revenues and expenses for such Interim Period, showing in each case in comparative form the financial figures for the comparable period in the preceding Fiscal Year, together with a separate written statement of the Accountants preparing such report a statement that such Accountants have obtained no knowledge of any Event of Default by any Member under the terms, covenants, provisions or conditions of the Master Indenture, or if such Accountants shall have obtained knowledge of any such Event of Default, they shall disclose in such statement the Event of Default and the nature thereof (but such Accountants shall not be liable directly or indirectly to anyone for failure to obtain knowledge of any Event of Default).

With the exception of the Officer’s Certificates provided pursuant to Sections 4.15(b)(ii) and (b)(iii) of the Master Indenture, delivery of the reports, information and documents described in this Section 4.15 to the Master Trustee is for informational purposes only, and the Master Trustee’s receipt thereof shall not constitute notice to it of any

information contained therein or determinable from information contained therein, including compliance by the Obligated Group or the Members with any of its or their covenants hereunder.

Permitted Additional Indebtedness (Section 4.16 of the Master Indenture).

So long as any Obligations are outstanding, the Obligated Group will not incur any Additional Indebtedness (whether or not incurred through the issuance of an Obligation hereunder) other than:

(a) Funded Indebtedness, if prior to incurrence thereof or, if such Funded Indebtedness was incurred in accordance with another subsection of the provisions described in the Master Indenture and any Member wishes to have such Indebtedness classified as having been issued under this subsection (a), prior to such classification, there is delivered to the Master Trustee:

(i) an Officer's Certificate to the effect that for the most recent Fiscal Year for which audited financial statements have been filed with the Master Trustee as required by the Master Indenture, the Historical Debt Service Coverage Ratio of the Obligated Group plus the expected Net Operating Income plus Funded Interest as applicable of any projects proposed with additional Funded Indebtedness was not less than 1.10:1; or

(ii) an Officer's Certificate to the effect that for the most recent Fiscal Year for which audited financial statements have been filed with the Master Trustee as required by the Master Indenture, the addition of the numerator in the Historical Debt Service Coverage Ratio of the Sponsor's General Revenues was not less than 1.50:1.

(b) Subordinated Indebtedness and Secondary Subordinated Indebtedness, without limit.

It is agreed and understood by the parties to the Master Indenture that various types of Indebtedness may be incurred under any of the above referenced subsections with respect to which the tests set forth in such subsection are met and need not be incurred under only a subsection specifically referring to such type of Indebtedness.

Each Member covenants that Indebtedness of the type permitted to be incurred under subsection (h) of Section 4.16 as described above will not be allowed to become overdue for a period in excess of that which is in the ordinary course of business, based on applicable industry standards and taking into consideration the size and type of the facility, without being contested in good faith and by appropriate proceedings.

Each Member covenants that prior to, or as soon as reasonably practicable after, the incurrence of Indebtedness by such Member for money borrowed or credit extended, or the equivalent thereof, after the date of issuance of the Series 2025 Master Note, it will comply with the requirements of Section 2.01(b) of the Master Indenture and will also deliver to the Master Trustee an Officer's Certificate which identifies the Indebtedness incurred, identifies the subsection of Section 4.16 of the Master Indenture pursuant to which such Indebtedness was incurred, demonstrates compliance with the provisions of such subsection and attaches a copy of the instrument evidencing such Indebtedness; provided, however, that this requirement shall not apply to Indebtedness incurred pursuant to subsection (g) or (h) of Section 4.16 of the Master Indenture.

Each Member agrees that, prior to incurring Additional Indebtedness for money borrowed from or credit extended by entities other than issuers of Related Bonds, sellers of real or personal property for purchase money debt, lessors of such property or banks or other institutional lenders, it will provide the Master Trustee with an opinion of Independent Counsel to the effect that, such Member has complied in all material respects with all applicable state and federal laws regarding the sale of securities in connection with the incurrence of such Additional Indebtedness (including the issuance of any securities or other evidences of indebtedness in connection therewith) and such Independent Counsel has no reason to believe that a right of rescission under such laws exists on the part of the entities to which such Additional Indebtedness is to be incurred.

Additional Indebtedness (which is not Subordinated Indebtedness or Secondary Subordinated Indebtedness) may be secured by a parity first lien on the Trust Estate with Outstanding Senior Obligations by the issuance of a Senior Obligation pursuant to the Master Indenture. Additional Indebtedness, which is Subordinated Indebtedness, may be secured by a parity second lien on the Trust Estate with Outstanding Subordinate Obligations by the issuance of a

Subordinate Obligation pursuant to the Master Indenture. Additional Indebtedness, which is Secondary Subordinated Indebtedness, may be secured by a parity third lien on the Trust Estate with Outstanding Secondary Subordinate Obligations by the issuance of a Secondary Subordinate Obligation pursuant to the Master Indenture. Subject to Section 4.19 of the Master Indenture, additional Indebtedness may also be secured by (i) a lien on property that is not part of the Mortgaged Property, (ii) a purchase money security interest on a priority basis if such Additional Indebtedness is incurred in connection with the purchase of new or replacement equipment or fixtures, (iii) a Funding Agreement or (iv) Permitted Encumbrances.

The provisions of the Master Indenture notwithstanding, the Members of the Obligated Group may not incur any Additional Indebtedness the proceeds of which will be used for the acquisition of real Property or the construction of any Facilities unless the right, title and interest in any assets to be financed or refinanced with the proceeds of such Additional Indebtedness and the real estate upon which such assets will be located have been mortgaged and assigned to the Master Trustee pursuant to a Mortgage or pursuant to a mortgage in substantially the form of a Mortgage and such assets and real estate are not subject to any other Lien except for Permitted Encumbrances.

Prior to the incurrence of Additional Indebtedness, the members of the Obligated Group must evidence that the then current rating on the most recent Senior Bond issuance issued under the Master Indenture is at least A- (or equivalent) from the Rating Agency as defined in the Master Indenture and an Officer's Certificate to the effect that a notice of the incurrence of debt has been provided to the Rating Agency. Such evidence may include, but is not limited to an Officer's Certificate that as of the date of issuance of Additional Indebtedness that the publicly available rating meets the requirement, including confirmation via the applicable online portal of such Rating Agency.

"Rating Agency" is defined in the Master Indenture as Moody's, Standard & Poor's or Fitch or any other Rating Agency that has been requested by the Obligated Group Representative of the Obligated Group to assign a rating to particular Related Bonds and is registered as a Nationally Recognized Statistical Rating Organization (NRSRO) by the U.S. Securities and Exchange Commission.

Calculation Of Debt Service and Debt Service Coverage (Section 4.17 of the Master Indenture)

The various calculations of the amount of Indebtedness of a Person, the amortization schedule of such Indebtedness and the debt service payable with respect to such Indebtedness required under certain provisions of the Master Indenture shall be made in a manner consistent with that adopted in Section 4.16 of the Master Indenture and in Section 4.17 of the Master Indenture.

In determining the amount of debt service payable on Indebtedness in the course of the various calculations required under certain provisions of the Master Indenture, if the terms of the Indebtedness being considered are such that interest thereon for any future period of time is expressed to be calculated at a varying rate per annum, a formula rate or a fixed rate per annum based on a varying index, then for the purpose of making such determination of debt service, interest on such Indebtedness for such period (the "Determination Period") shall be computed by assuming that the rate of interest applicable to the Determination Period is equal to the average of the rate of interest (calculated in the manner in which the rate of interest for the Determination Period is expressed to be calculated) which was in effect (or, with respect to Indebtedness that is being incurred or that has not been outstanding for at least 12 full calendar months, would have been in effect had such Indebtedness been outstanding) on the last date of each of the 12 full calendar months immediately preceding the month in which such calculation is made; provided that if the index or other basis for calculating such interest was not in existence for at least 12 full calendar months next preceding the date of calculation, the rate of interest for such period shall be deemed to be the average rate of interest that was in effect on the last day of each full calendar month next preceding the date of calculation; and if the average rate of interest borne by such Indebtedness for such shorter period cannot be calculated, the rate of interest for such period shall be deemed to be the Projected Rate. No debt service shall be deemed payable upon the exercise by a holder of Extendable Indebtedness of the option to tender such Indebtedness for payment.

Obligations issued to secure Indebtedness permitted to be incurred under Section 4.16 of the Master Indenture shall not be treated separately as Additional Indebtedness from the Indebtedness secured thereby in a manner which would require such Indebtedness to be included more than one time in the calculations performed under the Master Indenture.

No debt service shall be deemed payable with respect to Commitment Indebtedness until such time as funding occurs under the commitment which gave rise to such Commitment Indebtedness. From and after such funding, the amount

of such debt service shall be calculated in accordance with the actual amount required to be repaid on such Commitment Indebtedness and the actual interest rate and amortization schedule applicable thereto. No Additional Indebtedness shall be deemed to arise when any funding occurs under any such commitment or any such commitment is renewed upon terms which provide for substantially the same terms of repayment of amounts disbursed pursuant to such commitment as obtained prior to such renewal. In addition, no Additional Indebtedness shall be deemed to arise when Indebtedness which bears interest at a variable rate of interest is converted to Indebtedness which bears interest at a fixed rate or the method of computing the variable rate on such Indebtedness is changed or the terms upon which Indebtedness, if Put Indebtedness, may be or is required to be tendered for purchase are changed, if such conversion or change is in accordance with the provisions applicable to such variable rate Indebtedness or Put Indebtedness in effect immediately prior to such conversion or change.

For the purpose of determining whether any particular Guaranty may be incurred, including with respect to the Funding Agreement, it shall be assumed that 100% of the Indebtedness guaranteed is Funded Indebtedness of the guarantor under such Guaranty. For the purpose of calculating any historical Debt Service Requirements, the guarantor's Debt Service Requirements under a Guaranty shall be deemed to be the actual amount paid on such Guaranty by the guarantor.

Each Member may elect to have Indebtedness issued pursuant to one provision of Section 4.16 of the Master Indenture, including without limitation subsection (n) of Section 4.16 of the Master Indenture, reclassified as having been incurred under another provision of Section 4.16 of the Master Indenture, by demonstrating compliance with such other provision on the assumption that such Indebtedness is being reissued on the date of delivery of the materials required to be delivered under such other provision. From and after such demonstration, such Indebtedness shall be deemed to have been incurred under the provision with respect to which such compliance has been demonstrated until any subsequent reclassification of such Indebtedness.

Anything in the Master Indenture to the contrary notwithstanding, any portion of any Indebtedness of any Member for which an Interest Rate Agreement has been obtained or will be obtained simultaneously with, or is contemplated to be obtained within sixty (60) days of the issuance of such Indebtedness by such Member shall be deemed to bear interest for the period of time that such Interest Rate Agreement is in effect at a net rate which takes into account the interest payments made by such Member on such Indebtedness and the Regularly Scheduled Payments made or received by such Member on such Interest Rate Agreement; provided that the long term credit rating of the provider of such Interest Rate Agreement (or any guarantor thereof) is rated at least "BBB" (or its equivalent) by any Rating Agency or is at least as high as that of the Obligated Group. In addition, so long as any Indebtedness is deemed to bear interest at a rate taking into account an Interest Rate Agreement, any payments (regularly scheduled, termination, or otherwise) made by a Member on such Interest Rate Agreement shall be excluded from Expenses and any payments (regularly scheduled, termination, or otherwise) received by a Member on such Interest Rate Agreement shall be excluded from Revenues, in each case, for all purposes of the Master Indenture.

Sale or Lease of Property (Section 4.18 of the Master Indenture).

Each Member agrees that it will not sell, lease, donate, transfer or otherwise dispose (including without limitation any involuntary disposition) of Property (either real or personal property, including Cash and Investments) unless the Obligated Group Representative determines that the Property has been sold, leased, donated, transferred or otherwise disposed of in one or more of the following transfers or other dispositions of Property:

- (a) in return for other Property of equal or greater value and usefulness (if such value is estimated to be greater than \$200,000 it shall be evidenced by an independent appraisal of such Property);
- (b) in the ordinary course of business consistent with past practices and upon receipt of fair consideration and other reasonable terms;
- (c) to any Affiliate if there is compliance with any of subsections (a) through (g) of Section 4.18 or if such transaction is pursuant to the reasonable requirements of such Member's activities and upon fair and reasonable terms no less favorable to it than would obtain in a comparable arm's length transaction with a person not an Affiliate.

For purposes of Section 4.18, payments by the Obligated Group of any development, marketing, operating, or other subordinated fees that have been deferred from the year in which they were originally due as a result of subordination will not be treated as a disposition of Property.

In connection with any sale, lease or other disposition of Property, to the extent the Member of the Obligated Group receives Property in return for such sale, lease or disposition, the Property which is sold, leased or disposed of shall be treated, for purposes of the provisions of Section 4.18, as having been transferred in satisfaction of the provisions of subsection (a) above to the extent of the fair market value of the Property received by the Member of the Obligated Group. The Member shall be required, however, to satisfy the conditions contained in one of the other provisions of Section 4.18 with respect to the remaining value, if any, of such Property in excess of the fair market value of the Property received by the Member in return therefor prior to any such sale, lease or other disposition.

Notwithstanding the above, each Member further agrees that for any disposition it will not sell, lease, donate or otherwise dispose of Property (A) which disposition in and of itself, would cause an Event of Default.

Upon Request of the Obligated Group Representative accompanied by an Officer's Certificate and an Opinion of Counsel to the effect that the conditions precedent for the disposition of such property set forth in Section 4.18 (other than the condition precedent set forth in Section 4.18(d) described above) have been satisfied, the rights, title, liens, security interests and assignments granted in Section 4.18 of the Master Indenture shall cease, determine and be void as to such property only and the lien of the Master Indenture shall be released by the Master Trustee as to such property in due form at the expense of the Obligated Group Members.

Reserve Covenant (Section 4.20 of the Master Indenture)

The Obligated Group covenants in the Master Indenture that it will calculate reserve amounts on hand of the Obligated Group as of December 31 and June 30 of each Fiscal Year, commencing with June 30, 2026 (each such date being a "Testing Date"). The Obligated Group Representative is required to include such calculation as of December 31 and June 30 in the Officer's Certificates delivered pursuant to Sections 4.15(b)(ii) and 4.15(b)(iii)(C) of the Master Indenture, respectively.

Each Obligated Group Member is required to conduct its business so that on each Testing Date the Obligated Group shall have reserves available that are sufficient to pay interest requirements (except principal due at the Maturity of any individual bond series) for the next Fiscal Year (excluding any availability of funds from the Funding Agreement). Such calculation shall include any funds held by the Trustee for any purpose, including Debt Service Reserve Funds

Notwithstanding any other provision of the Master Indenture, failure of the Obligated Group to achieve the required Reserve Requirement for any Testing Date shall not constitute an Event of Default under the Master Indenture if the Obligated Group takes all action necessary to comply with the procedures described above for adopting a plan and follows each recommendation contained in such plan to the extent feasible (as determined in the reasonable judgment of the Governing Body of such Member) and permitted by law.

There is no requirement under any Funding Agreement, unless explicitly provided within a future Funding Agreement, to provide funds to meet any required Reserve Fund requirement.

"Reserve Requirement" in the Master Indenture means twelve months interest (or interest payable during the next Fiscal Year) on all Outstanding Indebtedness, other than Subordinated Indebtedness and Junior Subordinated Indebtedness.

"Reserve Fund" means that fund of that name created and existing under the Master Indenture.

Reserve Fund (Section 3.09 of the Master Indenture)

Under the Master Indenture, the Master Trustee is required to establish and maintain a separate fund to be known as the "Reserve Fund – SFRI Obligated Group" (the "Reserve Fund"). Moneys on deposit in the Reserve Fund will be used to provide a reserve for the payment of the principal and interest on all Senior Obligations. The Debt Service Reserve Fund Requirement is required to be funded in the amount of the Reserve Fund Requirement.

The Master Trustee is required to use amounts in the Reserve Fund to the extent necessary to pay principal of (whether by maturity, by acceleration, pursuant to mandatory sinking fund redemptions or otherwise) and interest on Senior Indebtedness when due, to the extent payments by the Obligated Group, may be insufficient therefor.

In the event the balance in the Reserve Fund as of any June 1 or December 1 shall exceed the Reserve Fund Requirement, the excess in the Reserve Fund, shall be transferred to the Obligated Group Representative.

In the event that the Obligated Group withdraws funds from the Reserve Fund or the value of the Reserve Fund is less than the Reserve Requirement, it shall deposit moneys into the Reserve Fund within six months from such date to restore the amount on deposit in the Reserve Fund to the amount of the Reserve Requirement.

Maintenance of Rating (Section 4.21 of the Master Indenture)

The Obligated Group Representative covenants that, once a rating on any Related Bonds has been obtained, it will provide the necessary information and pay such reasonable rating fees as are necessary to continue a rating on any such Related Bonds while the same remain Outstanding; provided that it shall not be a default under this covenant if such rating is decreased or withdrawn by the Rating Agency providing such rating.

Revenue Fund (Section 3.03 of the Master Indenture)

The Master Indenture requires the Master Trustee to establish a Revenue Fund.

Upon the occurrence and continuance of an Event of Default under Section 6.01(a) of the Master Indenture, each Obligated Group Member shall deposit with the Master Trustee all Project Revenues of such Obligated Group Member (except to the extent otherwise provided by or inconsistent with any instrument creating any mortgage, lien, charge, encumbrance, pledge or other security interest granted, created, assumed, incurred or existing in accordance with the provisions of Section 4.19 of the Master Indenture) during each succeeding month, beginning on the first day thereof and on each day thereafter, until no default under Section 6.01(a) of the Master Indenture or in the payment of any other Obligations then exists.

On the fifth Business Day preceding the end of each month in which any Obligated Group Member has made payments to the Master Trustee for deposit into the Revenue Fund, the Master Trustee shall withdraw and pay or deposit from the amounts on deposit in the Revenue Fund the following amounts in the order indicated, with payments due at a higher level to be fully paid before any payments are applied to a lower level of priority:

First: to the payment of all amounts due the Master Trustee under the Master Indenture and each Related Bond Trustee under a Related Bond Indenture;

Second: to an operating account designated by the Obligated Group Representative (which shall be subject to the lien of the Master Indenture), the amount necessary to pay the Expenses due or expected to become due in the month in which such transfer is made, all as set forth in the then-current Annual Budget less any amounts currently held in the operating account of the Obligated Group Member, which amount will be based upon a requisition and certificate signed by the Obligated Group Representative certifying the amount so requested and the amount currently held in the operating account;

Third: to the payment of the amounts then due and unpaid upon the Senior Obligations, for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Senior Obligations for principal (and premium, if any) and interest, respectively, and payments of any Regularly Scheduled Payments due under any Interest Rate Agreement related to a Senior Obligation;

Fourth: to restore any deficiency in a Related Bonds Debt Service Reserve Fund or under any Supplement authorized Senior Obligations, on a pro rata basis;

Fifth: to the Renewal and Replacement Fund, if any, an amount equal to one-twelfth of the Replacement Reserve Amount;

Sixth: to the payment of the amounts then due and unpaid upon the Subordinate Obligations for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Subordinate Obligations for principal (and premium, if any) and interest, respectively, and payments of any Regularly Scheduled Payments due under any Interest Rate Agreement related to a Subordinate Obligation;

Seventh: to restore any deficiency in a Related Bonds Debt Service Reserve Fund or under any Supplement authorized Subordinate Obligations, on a pro rata basis;

Eighth: To the payment of the amounts then due and unpaid upon the Secondary Subordinate Obligations for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Secondary Subordinate Obligations for principal (and premium, if any) and interest, respectively;

Ninth: to restore any deficiency in a Related Bonds Debt Service Reserve Fund or under any Supplement authorized Secondary Subordinate Obligations, on a pro rata basis;

Tenth: to the payment of the amounts then due and unpaid upon any Indebtedness not secured by an Obligation, for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Indebtedness for principal (and premium, if any) and interest, respectively, and to the payment of all other amounts due under any Interest Rate Agreement related to Indebtedness not secured by an Obligation; and

Eleventh: to the Obligated Group Representative for the benefit of the Obligated Group.

The money deposited to the Revenue Fund, together with all investments thereof and investment income therefrom, shall be held in trust and applied solely as provided in Section 3.03 and in Section 6.07 of the Master Indenture. Pending disbursement of the amounts on deposit in the Revenue Fund, the Master Trustee shall promptly invest and reinvest such amounts pursuant to an Obligated Group Representative Request in accordance with Section 3.04 of the Master Indenture. All such investments shall have a maturity not greater than 91 days from date of purchase.

Except as described above, each Obligated Group Member shall be entitled to full possession and use of its Project Revenues.

Other Covenants and Restrictions

The Obligated Group has agreed to various covenants with respect to maintaining its corporate existence, maintaining its status as a tax-exempt organization, the incurrence of additional Indebtedness, maintenance of the Obligated Group Facilities, sale, transfer or disposition of property, mergers and consolidations, management, rating application, and other covenants. See APPENDIX A – “FORMS OF THE PRINCIPAL FINANCING DOCUMENTS – FORM OF THE MASTER TRUST INDENTURE.”

THE BONDS

General

The Bonds will be dated their date of issue, will bear interest at the rate set forth on the inside front cover of this Official Statement, computed on the basis of a 360-day year consisting of twelve 30-day months, payable semiannually on each June 1* and December 1*, commencing June 1, 2026* (each, an “Interest Payment Date”), to their maturity or earlier redemption or acceleration, will be subject to redemption as described below, and will mature on the date and in the amount set forth on the inside cover page hereof. So long as the Bonds are registered in the name of The Depository Trust Company, New York, New York (“DTC”), or any nominee thereof, all payments of the principal or redemption price of or interest on the Bonds will be made to DTC or its nominee. For information as to the payment of the principal or redemption price of or interest on the Bonds prior to the discontinuance of the book-entry system for the Bonds, see “THE BONDS – Book-Entry Only System” and Appendix E – “DTC’S BOOK-ENTRY ONLY SYSTEM.”

Redemption of the Bonds

Optional Redemption

The Bonds are subject to optional redemption at the option of the Borrower on any date on or after December 1, 2032* in whole or in part, at a price of par plus accrued interest to the date of redemption. The Bonds are also subject to prepayment pursuant to the Master Trust Indenture in the event of damage, destruction or condemnation. See APPENDIX A – “FORMS OF THE PRINCIPAL FINANCING DOCUMENTS – FORM OF THE MASTER TRUST INDENTURE.”

Notice and Effect of Redemption

So long as the Bonds are registered in the name of DTC or any nominee thereof, redemption notices are required to be given to DTC as provided in the Letter of Representations. Notice to beneficial Owners of the Bonds is the responsibility of DTC and its participants. See “THE BONDS – Book-Entry Only System.”

The Bond Trustee, or the Bond Registrar on behalf of the Bond Trustee, must give notice of redemption by electronic transmission or first class mail, postage prepaid, sent not less than 20 nor more than 60 days prior to the redemption date to each Owner of Bonds to be redeemed at the address of such Owner appearing in the Bond Register, and to such other Persons as the Issuer specifies to the Bond Trustee in writing.

All notices of redemption are required to state: (a) the redemption date, (b) the redemption price, (c) the CUSIP number of the Bonds, the name of the Bonds, the principal amounts of Bonds to be redeemed, and if less than all Outstanding Bonds are to be redeemed, the principal amount of the Bonds to be redeemed, (d) that on the redemption date the redemption price of each such Bond will become due and payable to the extent of funds on deposit with the Bond Trustee for that purpose, and that interest on the principal amount of each such Bond to be redeemed will cease to accrue on and after such date, (e) the place or places where such Bonds must be surrendered for payment of the redemption price thereof, and (f) such additional information, including whether and in what circumstances the notice of redemption may be rescinded, as the Bond Trustee or the Issuer deems appropriate.

Neither failure of an Owner to receive a redemption notice, nor any defect in any notice, will affect the sufficiency of the proceedings for redemption.

Notice of redemption having been given as described above, the principal amount of the Bonds to be redeemed will become due and payable on the redemption date at the redemption price specified, and on and after such date (unless the Bond Trustee does not have funds available for payment of the redemption price) such principal amount of the Bonds will cease to bear interest. Upon surrender of any such Bond for redemption in accordance with such notice, such Bond will be paid at the redemption price thereof to the extent that money is on deposit with the Bond Registrar for that purpose. Neither the failure of an Owner to receive such notice nor any defect in any notice will affect the sufficiency of the proceedings for such redemption.

If any Bond called for redemption is not paid on the redemption date upon proper surrender of the Bond for redemption, the redemption price and, to the extent lawful, interest thereon will, until paid, bear interest from the redemption date at the rate borne by the Bond immediately before the redemption date.

Any notice of optional redemption may be rescinded by written notice given to the Bond Trustee by the Issuer prior to the redemption date. The Bond Trustee is required to give notice of such rescission as soon thereafter as practicable in the same manner, and to the same persons, as notice of such redemption was given.

Further, with respect to optional redemptions only, if the Bond Registrar does not have funds in its possession on the redemption date sufficient to pay the redemption price (including interest accruing to the redemption date) of all of the Bonds to be optionally redeemed for any reason (including, but not limited to, failure to issue any refunding obligations intended for such purpose on or prior to the redemption date), then the proposed optional redemption and such notice of redemption may be rescinded and will be void, and the Bond Registrar (if any entity other than the Bond Trustee) is to so notify the Bond Trustee. Such event will not constitute an Event of Default under the Bond Indenture, and neither the Bond Trustee nor the Issuer will be subject to any liability to the Bondowners or any other

Person as a result of such failure to redeem Bonds. Notices of optional redemption may be subject to additional conditions as specified by the Issuer.

Open Market Purchases

The Borrower may at any time direct the Bond Trustee to purchase Bonds in the open market. The Bond Trustee is required to notify the Issuer and the Registrar in writing of any such purchase and, if the Bonds are in certificated form, immediately deliver such Bonds to the Bond Registrar for cancellation, together with a certificate specifying the date(s) of purchase. If the Bonds are not in certificated form, any such purchase will be deemed to be a redemption of such Bonds upon such purchase, whether or not such Bonds are otherwise subject to redemption at the time of purchase.

Book-Entry Only System

So long as the Bonds or any portion thereof are registered in the name of DTC or any nominee thereof (*e.g.*, Cede & Co.), all payments of the principal of and interest on the Bonds will be made in the manner set forth in the Letter of Representations. While the Bonds are registered in the name of Cede & Co. as nominee of DTC, none of the Issuer, the Master Trustee, Bond Trustee or the Bond Registrar will have any responsibility or obligation to any direct or indirect participant in DTC, any Person claiming a beneficial ownership interest in the Bonds under or through DTC or any such participant, or any other Person not shown on the Bond Register as being an Owner, with respect to (i) the accuracy of any records maintained by DTC or any such participant; (ii) the payment by DTC or any such participant of any amount in respect of the principal or redemption price of or interest on the Bonds; (iii) the delivery to any participant or to any other Person, other than the Owners as shown on the Bond Register, of any notice with respect to the Bonds, including any notice of redemption; (iv) the selection by DTC or any such participant of any Person to receive payment in the event of a partial redemption of the Bonds; or (v) any consent given or other action taken by DTC as Owner. *See* Appendix E – “DTC’S BOOK-ENTRY ONLY SYSTEM.”

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds will be special limited obligations of the Issuer payable solely from the Trust Estate, as defined herein.

Limited Obligations

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF LOAN PAYMENTS AND FUNDS PROVIDED THEREFOR UNDER THE MASTER INDENTURE AND THE BOND INDENTURE. THE BONDS AND THE INTEREST THEREON DO NOT AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND DO NOT AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO ANY PECUNIARY LIABILITY OF THE ISSUER, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE ISSUER, OR ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, AND THE PREMIUM, IF ANY, AND INTEREST ON, THE BONDS. THE ISSUER DOES NOT HAVE TAXING POWERS. THE BONDS ARE BEING ISSUED UNDER THE AUTHORITY OF THE ACT (AS DEFINED HEREIN) AND ARE PAYABLE IN THE SAME MANNER AND UNDER THE SAME TERMS AND CONDITIONS AS PROVIDED FOR THE ISSUANCE OF BONDS UNDER THE ACT. THE BONDS ARE ALSO SECURED BY THE MORTGAGES AND THE FUNDING AGREEMENT.

SUBJECT TO THE LIMITED SOURCES OF PAYMENT SPECIFIED IN THE MASTER INDENTURE AND THE BOND INDENTURE, THE ISSUER COVENANTS IN THE BOND INDENTURE THAT IT WILL PROMPTLY PAY OR CAUSE TO BE PAID THE PRINCIPAL OF AND INTEREST ON EACH BOND ISSUED UNDER THE BOND INDENTURE AT THE PLACE, ON THE DATES, AND IN THE MANNER PROVIDED IN THE BOND INDENTURE AND IN SAID BONDS ACCORDING TO THE TERMS THEREOF. THE PRINCIPAL OF AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM THE LOAN PAYMENTS AND MONEYS HELD BY THE MASTER TRUSTEE UNDER THE MASTER INDENTURE AND THE BOND TRUSTEE UNDER THE

BOND INDENTURE, ALL OF WHICH ARE SPECIFICALLY ASSIGNED AND PLEDGED TO SUCH PAYMENT IN THE MANNER AND TO THE EXTENT SPECIFIED IN THE MASTER INDENTURE AND THE INDENTURE AND NOTHING IN THE MASTER INDENTURE OR THE BOND INDENTURE OR IN THE BONDS SHALL BE CONSTRUED AS ASSIGNING OR PLEDGING ANY OTHER FUNDS OR ASSETS OF THE ISSUER. THE BONDS AND THE INTEREST AND PREMIUM, IF ANY, THEREON DO NOT AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND DO NOT AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO ANY PECUNIARY LIABILITY OF THE ISSUER, BUT SHALL BE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES AND OTHER FUNDS PLEDGED THEREFOR AND SHALL NOT BE PAYABLE FROM ANY OTHER ASSETS OR FUNDS OF THE ISSUER, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE ISSUER, OR ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, AND THE PREMIUM, IF ANY, AND INTEREST ON, THE BONDS.

NO MEMBER, DIRECTOR, OFFICER, AGENT, EMPLOYEE OR ATTORNEY OF THE ISSUER, INCLUDING ANY PERSON EXECUTING THE BOND INDENTURE OR THE BONDS, SHALL BE LIABLE PERSONALLY ON THE BONDS OR FOR ANY REASON RELATING TO THE ISSUANCE OF THE BONDS. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS, OR FOR ANY CLAIM BASED ON THE BONDS, OR OTHERWISE IN RESPECT OF THE BONDS, OR BASED ON OR IN RESPECT OF THE BOND INDENTURE OR ANY SUPPLEMENTAL BOND INDENTURE, AGAINST ANY MEMBER, DIRECTOR, OFFICER, EMPLOYEE OR AGENT, AS SUCH, OF THE ISSUER OR ANY SUCCESSOR, WHETHER BY VIRTUE OF ANY CONSTITUTION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, ALL SUCH LIABILITY BEING, BY THE ACCEPTANCE OF THIS SERIES AND AS PART OF THE CONSIDERATION FOR THE ISSUANCE OF THE BONDS, EXPRESSLY WAIVED AND RELEASED.

Trust Estate

As provided in the Bond Indenture, the Issuer has granted to the Bond Trustee a security interest in property described under this heading to secure the Bonds (the "Trust Estate"). The Trust Estate has been granted to the Bond Trustee in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect, and the performance and observance by the Issuer of all the covenants in the Indenture and in the Bonds. The Trust Estate consists of the following:

(a) All right, title and interest of the Issuer in and to all Project Revenues of the Obligated Group, derived or to be derived by the Borrower or the Bond Trustee for the account of the Issuer under the terms of the Indenture and the Loan Agreement (other than the Unassigned Rights of the Issuer), together with all other Project Revenues and Loan Payments received by the Bond Trustee arising out of or on account of the Trust Estate;

(b) All right, title and interest of the Issuer in and to the Master Note, the Loan Agreement and the Funding Agreement (other than the Unassigned Rights of the Issuer);

(c) All Funds and accounts established under the Bond Indenture, other than the Rebate Fund, and all Investment Earnings thereon and money, securities and obligations therein (subject to disbursements from any such Fund or account upon the conditions set forth in the Bond Indenture);

(d) All money and securities from time to time held by the Bond Trustee under the terms of the Bond Indenture (except money and securities in the Rebate Fund) and any and all other real or personal property of every name and nature concurrently with the execution and delivery of the Bond Indenture or from time to time thereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Bond Indenture by the Issuer or by anyone on its behalf, or with its written consent, to the Bond Trustee, which is authorized by the Bond Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Bond Indenture; and

(e) To the extent not as described above, all proceeds of all of the foregoing.

Loan Payments, Additional Payments and Prepayment of the Loan

Loan Payments. The principal of and interest on the Bonds are expected to be paid primarily from Loan Payments made by each Borrower to the Issuer under the Loan Agreement, which in turn is expected to be paid from Project Revenues of the Obligated Group of the related Project.

Under the Loan Agreement, the Borrower is required to pay, or cause to be paid to the Bond Trustee, in immediately available funds, as a Loan Payment, on or before each Debt Service Deposit Due Date as provided the Bond Indenture for the payment of principal of (whether at maturity or upon redemption or acceleration), premium, if any, and interest then payable on the outstanding Bonds, until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with Article IX of the Bond Indenture, a sum equal to the amount then payable as principal of (whether at maturity or upon redemption or acceleration) and premium, if any, and interest on the outstanding Bonds as provided in the Bond Indenture. The Project Revenues of the Obligated Group securing the Loan Payments and the Additional Payments are pledged under the Loan Agreement to the Loan Payments and the Additional Payments.

Additional Payments.

(a) In addition to the Loan Payments, the Borrower is also required to pay to the Bond Trustee for remittance to the Issuer, the Bond Trustee or other Person, as the case may be (i) any and all Additional Payments constituting Administrative Expenses, and (ii) any and all Additional Payments constituting Extraordinary Costs and Expenses.

(b) The Borrower's obligation to pay Additional Payments constitutes an obligation under the Loan Agreement, which will be secured by the Mortgage.

Prepayment of the Loan. The Loan is subject to prepayment as follows:

(a) At any time the Bonds are subject to optional redemption in accordance with applicable provisions of the Bond Indenture, the Borrower may prepay the Loan in whole or in part by directing the Bond Trustee in writing to call Bonds for optional redemption in whole or in part in accordance with the applicable provisions of Section 3.2 of the Bond Indenture providing for optional redemption at the price stated in the Bond Indenture.

(b) The Borrower is also required to prepay the Loan in whole and not in part in accordance with the applicable provisions of Section 3.2 of the Bond Indenture providing for mandatory redemption of the Bonds at the price stated in the Bond Indenture.

Each Borrower has no other financial resources. The Issuer has assigned its rights to receive such Loan Payments and all remaining rights and interest in the Loan Agreement (other than certain indemnification rights, rights to receive notices and reports, to grant consents, to declare a default under the Loan Agreement as a result of the occurrence of a default under the Land Use Restriction Agreements and the Tax Regulatory Agreement and No-Arbitrage Certificate dated as of December 10, 2025 among the Issuer, the Obligated Group Members and Sixteenth Floor (the "Tax Agreement"), as applicable, to receive payment of fees and expenses (but not Loan Payments), and other rights specifically reserved in the Bond Indenture and the Loan Agreement) to the Bond Trustee, as security for payment of the principal of and interest on the Bonds.

The Project Revenues of the Obligated Group from each Project is pledged irrevocably to the payment of the Loan. "Project" means the multifamily rental housing facilities consisting of (a) a total of 288 units and related improvements, personal property and equipment currently known as the Reserve at Wescott Plantation Apartments, 4976 Wescott Boulevard, Summerville, South Carolina 29485 (the "Reserve at Wescott Project Facilities") and the related land and real property in Summerville, South Carolina, and (b) a total of 299 units and related improvements, personal property and equipment currently known as Otarre Pointe Apartments, 1137 Fort Congaree Trail, Cayce, South Carolina 29033 (the "Otarre Project Facilities") (each, a "Project," and collectively, the Projects"). See Appendix B – "CERTAIN INFORMATION REGARDING THE PROJECTS" for information regarding the Projects.

Funding Agreement

Each Borrower and HOME will enter into a Funding Agreement dated as of December 1, 2025 (the “Funding Agreement”) in connection with the Borrower’s undertaking to acquire the related Project.

Under the Funding Agreement, HOME will agree, pursuant to an intercompany relationship with Sixteenth Floor Residential and each Borrower, but solely from General Revenues, unless prohibited by applicable law, to contribute to the Bond Trustee on behalf of the Borrower, from time to time, a sufficient amount of funds, if necessary, to provide for the full and prompt payment of any Debt Service Requirements through the payment of any Debt Service Shortfalls. HOME’s obligations to pay Debt Service Shortfalls are collectively referred to as the “Funding Obligations.” “General Revenues” shall mean all revenues of HOME from any source (including cash and cash equivalents, restricted cash and cash equivalents, investments and restricted investments, as reported annually in the year-end audited financial statements of HOME), but only to the extent that those revenues are available to pay the Funding Obligations and are not prohibited, pledged or restricted, by law, regulation, contract, covenant, resolution, mortgage or otherwise (including restrictions relating to funds made available to HOME under the U.S. Housing Act of 1937), solely to another particular purpose.

The agreement of HOME to contribute funds from its General Revenues to the payment of Debt Service Shortfalls does not restrict HOME’s use of its General Revenues for any other purpose, including for the payment of debt service on bonds or other obligations to be issued by other public facility corporations or other entities created by HOME, nor does it create any type of priority of payment. *See* “CERTAIN BONDHOLDERS’ RISKS – Agreement by HOME to make Contributions to Cover Debt Service Shortfalls under the Funding Agreement” and “– Possible Limitations on Remedies and Enforcement of Security Interests.”

Under the Funding Agreement, each Borrower will reserve the Required Percentage (defined below) of the units in the related Project (such units are referred to in the Funding Agreement collectively as the “Low Income Units”) to benefit individuals and families whose incomes, at the time of initial occupancy, are not more than 60 percent of the area median family income, adjusted for family size, as determined by the United States Department of Housing and Urban Development for the area in which it is located (such individuals and families are referred to in the Funding Agreement collectively as “Low Income Tenants”). If HOME provides any funds pursuant to the Funding Agreement, the Borrower agrees that it will cause the percent of Reserved Units in the Project, following each provision of such funds, to be the Required Percentage plus a percentage equal to the same proportion that the aggregate amount of the funds which have been so provided bears to the overall cost of the Project. “Required Percentage” on any date shall mean a fraction, the numerator of which is the sum of (i) the Debt Service Requirements due on the next payment date for the Bonds, and (ii) the amount of any funds provided by HOME pursuant to the Funding Agreement, and the denominator of which shall be the original principal amount of the Bonds. For the avoidance of doubt, the Borrower must always have the Required Percentage of units reserved in advance of any funds provided by HOME, and HOME shall not provide any funds above the requisite Required Percentage unless and until a recalculated adjustment has been made that accounts for HOME funds to be advanced. The Borrower will not permit any lease for a unit in a Project with a term ending after the maturity of the Bonds to be with an individual or family that is not a Low-Income Tenant.

The following table sets forth HOME’s annual General Revenues for Fiscal Years 2020 through 2024.

HOME’s General Revenues for Fiscal Years Ended June 30, 2020-2024				
2020	2021	2022	2023	2024
\$12,801,398	\$28,003,438	\$54,320,372	\$56,487,543	\$82,436,436

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Bonds or notes currently payable from HOME's General Revenues are noted in the table below:

Issuer Name	Date of Issuance	CUSIP Number	Aggregate Principal Amount	Date of General Revenue HOME Obligation
EP Tuscany Zaragosa PFC	December 7, 2023	29414WAA6	\$101,610,000	12/1/23
EP Royal Estates PFC	September 27, 2024	29415N AA5	\$15,020,000	9/1/24
EP Essential Housing WF PFC	November 22, 2024	29416A AA2	\$143,385,000	11/1/24
EP Cimarron Ventanas PFC	December 12, 2024	Multiple CUSIPs	\$70,740,000	12/1/24
EP La Privada PFC	March 20, 2025	29416F AA1	\$22,205,000	3/1/25
South Carolina Jobs-Economic Development Authority	October 21, 2025	Multiple CUSIPs	\$64,665,000	10/1/25

HOME's Current Plans, Goals and Objectives

In addition to the foregoing, there may be future acquisitions of properties by separate public facility corporations created by HOME (each, a "PFC") or wholly-owned subsidiaries of Sixteenth Floor Residential to which HOME may agree to use its General Revenues to satisfy any debt service shortfalls. HOME expects that such obligations will be issued in connection with the issuances of bonds by its PFCs or affiliates of Sixteenth Floor Residential to acquire stabilized multifamily apartments and, following the acquisition, restricting a majority of the units at the apartments for rental to low to moderate income households on the same or a similar percentage and income-level basis as the households to be served by the Project. The bonds for these other projects are expected to be repaid by revenues from the projects themselves. General Revenues would only be used to pay such bonds if project revenues were insufficient to provide for the timely payment of debt service.

While HOME has agreed to use its General Revenues for the payment of amounts required to be paid under the Funding Agreement, there can be no assurance that funds will be available to HOME for that purpose, or if available, in a timely manner. The Funding Agreement does not restrict HOME's ability to use its General Revenues to the payment of bonds or other obligations issued by HOME PFCs or affiliates or wholly owned subsidiaries of Sixteenth Floor or to pledge specific revenues (which might otherwise become General Revenues) to other obligations. See "CERTAIN BONDHOLDERS' RISKS – Agreement by HOME to make Contributions to Cover Debt Service Shortfalls under the Funding Agreement" and "Possible Limitations on Remedies and Enforcement of Security Interests."

As of the date hereof, HOME's affiliates and/or Sixteenth Floor Residential wholly-owned subsidiaries (collectively, HOME Affiliates") have one multifamily workforce housing apartment scheduled to close in February 2026. HOME Affiliates are also in the early stages of negotiations in regards to other multifamily workforce housing apartment acquisitions that could close later 2026. It is expected that HOME would provide credit support for the bonds through the Funding Agreement or arrangements similar to the Funding Agreement expected to be issued in connection with these potential projects.

The sole project with a signed purchase agreement involving HOME or a HOME Affiliate involves an apartment complex consisting of 342 units located in El Paso, Texas. This project is anticipated to consist of mix of low-income units below 80% AMI and up to ten percent market-rate units. It is anticipated that this project will be financed with tax exempt bonds in the projected amount of \$53,000,000.

One or more HOME Affiliates are also exploring the potential acquisition of apartments in El Paso, Texas and, in the case of affiliates of Sixteenth Floor Residential, in areas proximate to the Project, although there are no signed letters of intent or purchase agreements in place for any apartments in El Paso or anywhere else, except as referenced above. The proposed terms of any transactions to acquire the other residential multifamily rental properties are still in the formative stages. Negotiations relating to HOME Affiliates' potential acquisition of such projects are still in the preliminary stages, and any such planned acquisitions could be abandoned and/or the terms could change quickly and/or materially at any time. Moreover, other proposed project acquisitions and financings involving HOME Affiliates could be undertaken at any time. It is anticipated that HOME would provide credit support for the bonds

through the Funding Agreement or arrangements similar to the Funding Agreement expected to be issued in connection with any such additional projects to be acquired by HOME Affiliates.

Sixteenth Floor Residential, with HOME General Revenue-supported credit support, intends to continue its multifamily acquisition strategy into 2026 and 2027, and potentially beyond. The focus of this strategy will be on acquiring institutional-quality multifamily residential properties supported by tax-exempt bond financing, with a focus on acquisitions in high-growth Southeastern United States markets. All properties will be owned, like the Projects, by one of Sixteenth Floor Residential's single purpose entity companies and operated as affordable housing for low- and moderate-income households, in line with Sixteenth Floor Residential's charitable, nonprofit mission. The focus of Sixteenth Floor Residential's acquisition strategy will be on stabilized projects, with newer construction, and existing high occupancy levels as market conditions and portfolio performance warrant and support, with an emphasis on overall positive net cash flow from the acquired properties within the Sixteenth Floor Residential portfolio. Subject to such considerations and continued portfolio review, Sixteenth Floor Residential and HOME anticipate tax-exempt bond financing volume, with HOME General Revenue-supported credit support, in the range of \$1 billion to support this acquisition strategy in 2026 and potentially a similar level of tax-exempt bond financing volume for acquisitions into 2027.

HOME'S AGREEMENT TO MAKE PAYMENTS FROM ITS GENERAL REVENUES UNDER THE FUNDING AGREEMENT DOES NOT CONSTITUTE A PLEDGE OF HOME'S UNRESTRICTED OR UNENCUMBERED ASSETS, NOR ARE HOME'S FUNDING OBLIGATIONS UNDER THE FUNDING AGREEMENT GENERAL OBLIGATIONS OF HOME.

Funds and Accounts under the Bond Indenture

All money, along with Investment Earnings thereon, on deposit in any of the Funds and accounts created under the Bond Indenture (excluding the Rebate Fund, if any) are pledged to secure performance of the Issuer's obligations under the Bond Indenture. Pursuant to the Bond Indenture, "Funds" includes the Bond Fund, the Costs of Issuance Fund and the Project Fund, but does *not* include the Rebate Fund. See Appendix A – "FORMS OF THE PRINCIPAL FINANCING DOCUMENTS – FORM OF THE BOND INDENTURE – ARTICLE III – FUNDS AND ACCOUNTS."

THE ISSUER

The Issuer is a public body corporate and politic and an agency of the State created in 1983 under and pursuant to the Act. The Issuer is authorized and empowered to utilize any of its program funds to establish loan programs to be utilized to acquire, by construction or purchase, properties and for other purposes described in Section 41-43-160 of the Act in order to promote and develop the business and economic welfare of the State, encourage and assist in the location of new business enterprises in the State and in the rehabilitation and assistance of existing business enterprises and the promotion of the export of goods, services, commodities and capital equipment produced within the State, so as to provide maximum opportunities for the creation and retention of jobs and improvement of the standard of living of the citizens of the State and the promotion and advancement of industrial, commercial, agricultural and recreational development in the State. The Issuer is further authorized by Section 41-43-110 of the Act to issue revenue bonds payable by the Issuer solely from a revenue-producing source and secured by a pledge of those revenues in order to provide funds for any purpose authorized by the Act.

The Issuer is not pledging its general credit to the Bonds. The Issuer does not and will not in the future monitor the financial condition of the Borrower, the operation of the Project Facilities or otherwise monitor payment of the Bonds or compliance with the documents relating thereto. The responsibility for the operation of the Project Facilities will rest entirely with the Borrower.

The Bonds are limited obligations of the Issuer. No recourse by any Holder of the Bonds will be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant, or agreement in the Bond Indenture or the Loan Agreement, against any past, present, or future officer, director, counsel, advisor or agent of the Issuer or any successor thereto, as such, directly or through the Issuer or any successor thereto, under any rule of law or equity, statute or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officer, member, counsel, advisor or agent as

such has been expressly waived as a condition of and in consideration of the execution of the Bond Indenture, the Loan Agreement and the issuance of the Bonds.

Under the financing contemplated hereby, the Issuer has no obligations with respect to this financing after the issuance of the Bonds. All payments made pursuant to the Loan Agreement will be made directly to the Bond Trustee for disbursement to the Holders of the Bonds. None of the revenues to pay the Bonds will come from the Issuer and therefore the Issuer's financial information and status is irrelevant to any investment decision with respect to the Bonds. As a result, no information regarding the Issuer will be provided in respect of any continuing disclosure requirement relating to the Bonds. The Issuer has not assumed responsibility for any information in this Official Statement, except for the information under this caption and information relating to the Issuer under the caption "ABSENCE OF MATERIAL LITIGATION" herein.

SIXTEENTH FLOOR RESIDENTIAL INC.

Sixteenth Floor Residential Inc. is a Texas nonprofit corporation organized in 2025. As a federal tax-exempt charitable organization pursuant to Internal Revenue Code Section 501(c)(3), Sixteenth Floor Residential's charitable mission is to address the shortage of quality affordable rental housing for low- and moderate-income households.

It is a widely held view today that, in 2025, there is a housing crisis affecting the United States. While this crisis extends across all segments of society and all classes of residential real estate – single-family homes, market-rate rentals, subsidized rentals, permanent supportive housing, and other types of homes – Sixteenth Floor Residential's mission is dedicated to the multifamily rental industry. More specifically, Sixteenth Floor Residential's charitable mission is to create and provide safe, decent, affordable, quality rental housing for and to low-income and moderate-income households who are seeking affordable rentals in neighborhoods that are proximate to where they want to work and live.

Sixteenth Floor Residential is a new nonprofit organization, but its organizers have extensive multifamily housing experience and capacity. Sixteenth Floor Residential was organized by the Housing Authority of the City of El Paso d/b/a Housing Opportunity Management Enterprise ("HOME" or the "Sponsor"), a Texas municipal housing authority. See "HOME" below. The members of Sixteenth Floor Residential's board of directors are the same as the five members appointed to serve on HOME's Board of Commissioners, and its executive leadership team is the same as HOME's. Sixteenth Floor Residential's main office is co-located within HOME's headquarters on the Sixteenth Floor of the Blue Flame Building, a 17-story mixed use (residential/commercial) high-rise located in Downtown El Paso.

Sixteenth Floor Residential's leadership team has more than 17 years of experience across all areas of asset and property management industry, overseeing the development, financing, construction, renovation, and management of HOME's multi-family residential housing portfolio which, as discussed below, predominately consists of affordable and subsidized housing units.

While HOME has been and continues to be focused on the El Paso, Texas market, its capacity to provide affordable housing has eclipsed its limited historic area of operation. Sixteenth Floor Residential, as a nonprofit 501(c)(3) organization, has the authority and corporate mission to provide affordable housing in El Paso and other markets throughout in the United States. Thus, Sixteenth Floor Residential is able to capture the historic capacity and experience of HOME and redirect that capacity and experience through its organization into transactions in other markets, including, in this case, South Carolina.

THE BORROWERS

Each Borrower is a Delaware limited liability company organized by Sixteenth Floor Residential in 2025 to serve as a single purpose entity owning the related Project. Each Borrower will be the sole owner of real estate and improvements consisting of the related Project. Each Borrower is a single purpose entity, or SPE, created for the specific and limited objective of owning and operating the related Project. As an SPE, each Borrower will not own or operate any other apartments or real estate.

In terms of its own organizational structure, each Borrower is owned and controlled by its sole member, Sixteenth Floor Residential. Each Borrower has elected to be treated as a nonprofit organization for federal tax purposes and therefore acts on a nonprofit basis on behalf of Sixteenth Floor Residential in connection with the ownership and operation of the related Project.

HOME

The Housing Authority of the City of El Paso d/b/a Housing Opportunity Management Enterprise (“HOME” or the “Sponsor”) is the sponsor and organizer of Sixteenth Floor Residential, an affiliate of the Borrower and the obligated party under the Funding Agreement as described herein which will provide part of the collateral securing repayment of the Bonds.

HOME has provided the information under this heading, “HOME,” in the table “HOME General Revenues for Fiscal Years 2020-2024” under the heading, “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Funding Agreement,” under the heading, “HOME AUDITS” and in Appendix C-1 and Appendix C-2 hereto, and has consented to the inclusion of such information in this Official Statement.

General

HOME was established in February 1938 by resolution of the El Paso, Texas City Council pursuant to the Housing Authorities Law, now codified in Texas Local Government Code Chapter 392, as amended.

HOME’s statutory purpose is to provide safe, decent, and sanitary housing for low-income households. HOME is a public body corporate and politic, a unit of local government, and its functions are essential governmental functions as a matter of law.

HOME’s primary area of operation is the City of El Paso, Texas (“El Paso”). However, HOME has expanded its area of operation to include all El Paso County, Texas (“El Paso County”) by means of an interlocal agreement with El Paso County and a Texas statute specifically authorizing HOME to operate inside the areas of El Paso County outside of the limits of El Paso. HOME’s bylaws also contemplate supporting HOME Affiliates on projects located in other areas, including in other states. In terms of opportunities to participate in projects in the State of Texas, HOME is permitted to operate in other cities and counties in Texas pursuant to interlocal agreements available to HOME under Texas law that may be entered into with other Texas governmental entities in other jurisdictions in Texas to provide affordable housing in those jurisdictions. In terms of supporting Sixteenth Floor Residential’s opportunities outside of Texas, Sixteenth Floor Residential is authorized to transact business in such states by virtue of its status as an independent nonprofit corporation. HOME’s role providing credit support arises by means of an intercompany agreement with Paisano Housing Redevelopment Corporation, a HOME public facility corporation, and Sixteenth Floor Residential with HOME’s and Paisano Housing Redevelopment Corporation’s participation permitted by Texas law, as well as pursuant other agreements related to the financing of the Projects.

In terms of its governance structure, the Mayor of El Paso appoints the five-member non-paid Board of Commissioners of HOME (the “HOME Board”) for staggered two-year terms. The HOME Board is responsible for setting the policies for HOME, for hiring and supervising the Chief Executive Officer of HOME, approving HOME’s budget, and taking other actions required to be taken by the HOME Board, such as certain matters reserved to the HOME Board’s authority by statute or federal policy.

The Chief Executive Officer (“CEO”) of HOME, who serves as the Secretary to the HOME Board, is responsible for the direction and oversight of the day-to-day administration of HOME’s operations, programs, finances, and staff. HOME currently employs approximately 65 employees at its offices and locations in El Paso, Texas.

HOME’s overall portfolio includes ownership, operation, and management of approximately 13,500 units of housing that are owned or controlled by HOME and over 5,500 housing vouchers. The foregoing figures do not include unoccupied units planned for disposition (demolition, sale) or units under construction. HOME currently serves and provides affordability to approximately 50,000 residents. While an affiliate of HOME’s serves as the primary property manager for HOME’s portfolio, HOME subcontracts with property management companies at most of its multifamily residential properties to provide front-line property managers, maintenance workers, and support some housing-related administrative and compliance roles.

Financial Management

HOME is a Texas public body corporate and politic, that is exempt from Federal income tax and from all state and local property taxes. HOME owns, manages, or administers – directly or through its affiliated public facility corporations – approximately 13,500 housing units.

HOME's accounts are organized based on funds, each of which is considered a separate accounting entity and has a separate set of self-balancing accounts comprised of its assets, liabilities, net assets, revenues, and expenses. The financial statements of HOME are reported using the economic resource measurement focus and the accrual basis of accounting in conformity with *Generally Accepted Accounting Principles* ("GAAP") as applies to government units. The audit was further conducted in accordance with the standards applicable to financial audits as set forth in *Government Accounting Standards* issued by the Comptroller General of the United States. Annual appropriated budgets are adopted, and all annual appropriations lapse at HOME's year end.

HOME's audit reflects the financial condition and performance of HOME with its "blended" component units and over 30 discretely presented component units. These blended and discrete component units are limited liability companies or partnerships that own residential properties that provide affordable housing in support of the mission and purpose of HOME. The blended component units are, although legally separate entities, in substance part of HOME's operations and so financial data from the blended components are combined with HOME and reflected within HOME's own audited financial information. HOME's discretely presented component units also own and operate affordable housing but are structured where HOME (or one of its public facility corporation entities – a type of wholly-owned and controlled government subsidiary established and operating under Texas Local Government Code Chapter 303 (a "PFC")) leases the underlying real estate where the housing is located to the partnership pursuant to a long-term ground lease and HOME or one of its PFCs serves as the general partner of the partnership. The component units are reflected in separate columns in the audit's financial statements.

HOME's most recent audit is for the fiscal year ending December 31, 2024. The audit was performed by Novogradac & Company, LLP, certified public accountants. The audit for the year ended December 31, 2024 reported no findings of significant deficiencies, and there were no significant deficiencies reported by Novogradac in connection with its audit of HOME's Comprehensive Annual Financial Report for the fiscal year ending December 31, 2024.

HOME's financial operations have received various awards and recognition of excellence. In 2023, HOME received a Certificate of Distinction from the Government Treasurers' Organization of Texas ("GTOT") pursuant to its investment policy certification program for governmental organizations that have excellent investment policies. For the last nine years, HOME's budget has been recognized for its excellence by the Government Finance Officers Association ("GFOA").

HOME's Financial and Supplementary Information for the Fiscal Year Ended December 31, 2023 and the Fiscal Year Ended December 31, 2024 is attached as Appendix C-1 hereto. HOME is providing unaudited interim financial information for 2025, through June 30, 2025, in Appendix C-2. HOME believes the unaudited financial information contained at Appendix C-2 fairly presents the financial position of HOME for the 2025 fiscal year (through June 30, 2025), and the revenues, expenses, and changes in net position of HOME for the fiscal year to end on December 31, 2024 through one-half of the year; provided, however, that such unaudited financial information does not include footnotes and may be subject to adjustments during the annual audit process.

Pension Plan

HOME has a defined contribution pension plan ("Retirement Plan") covering all permanent employees. The Retirement Plan is administered by a third-party administrator, acting at the direction of the Plan's Board of Trustees. The Board of Trustees is made up of a representative group of HOME employees. Each employee enrolled in the Retirement Plan directs the third-party administrator as to how to invest the employee's contributions. Employees are eligible to participate in the Retirement Plan six months from the date the employee is considered permanent. Participation in the Retirement Plan is mandatory.

The employees are entitled to receive the amount contributed by them on their behalf plus interest earned. Retirement benefits vest after five years of credited service. The Retirement Plan is funded through employee and HOME contributions of five percent and seven percent, respectively, of the base monthly compensation as defined by the

plan. During the year ended December 31, 2024, employees of HOME contributed \$329,157 to the Retirement Plan and HOME contributed \$347,971 to the Retirement Plan. As of December 31, 2024, the Retirement Plan had fully-funded assets of \$16,346,685.

Programs

Rental Assistance Demonstration Program (RAD) Conversion/RAD Portfolio. In 2013, HUD commenced the Rental Assistance Demonstration program (RAD) to give public housing authorities (“PHAs”) a statutory tool to preserve and improve Public Housing properties and address a massive nationwide backlog of deferred maintenance negatively impacting the Public Housing program.

RAD is a federal repositioning program that allows PHAs to leverage public and private debt and equity to reinvest in Public Housing. The main purpose of the program is to create a pathway for PHAs to address the backlog of housing capital needs. In a RAD transaction, referred to as a “RAD Conversion,” Public Housing units (except new units) are either renovated or re-built with the investment of public or private debt and equity and the units are converted to a new, more stable long-term subsidy program under Section 8 of the Federal Housing Act. At the time of the RAD Conversion, the units are subjected to a long-term “use agreement” to ensure HUD’s interest in ensuring the units remain affordable to low-income households. The residents affected by a RAD Conversion are protected with a “right of return,” meaning they are afforded moving assistance if they have to leave their unit and have a right to return to their property as a resident once any construction activities are completed. From the resident’s perspective, upon return, they have almost identical rental assistance benefits and other rights. From the PHA’s perspective, the conversion moves the property to a more stable platform where the property earns income from rents paid by a combination of Section 8 Program subsidies and amounts paid the by residents themselves.

From 2015 to 2022, HOME successfully completed the nation’s first large-scale portfolio-wide conversion of public housing through the RAD Program, inclusive of the RAD Program and other federal repositioning programs that came online during the time period. HOME converted approximately 6,400 units of Public Housing at 45 project sites into affordable housing subsidized primarily with Project-Based Rental Assistance (“PBRA”) and Project-Based Vouchers (“PBV”), with a small number of other types of voucher subsidies. Of the converted units, approximately 1,800 were new construction units and 4,600 were complete rehabilitation projects in which HOME completed a “total, gut rehab” of the units, meaning most rehabilitated units were stripped down to its studs and rebuilt with new walls, new paint, new flooring, new cabinets, new countertops, new appliances, new plumbing, new electrical wiring, and new heating and air conditioning (“HVAC”).

The total cost of the RAD Conversion was approximately \$1.7 billion. No local tax dollars were spent on the project. The project was completed within the time period planned and on budget. The RAD Conversion included moving and returning approximately 20,000 residents, which was accomplished with high degrees of resident satisfaction and only a handful of resident complaints. The RAD Conversion also generated approximately 4,680 jobs including federal “Section 3” opportunities for low-income residents. The RAD Conversion utilized numerous sources of funding to include:

<u>Federal and State Grants/Programs</u>	<u>Private Debt and Equity</u>	<u>HOME Sources</u>
• 9% LIHTC • 4% LIHTC • Federal Historic Tax Credits • State Historic Tax Credits • Community Development Block Grants (CDBG) • Federal HOME Improvement Partnership Program (HIPP) Grants	• Tax Credit Investor Funds • Conventional Loans • Deferred Developer Fees • Freddie TEL • Freddie Forward	• Public Housing Capital Funds (CFP) • Public Housing Operating Reserves (OR) • Reactivated Annual Contributions Contract (ACC) • Seller Notes • “Gap” Financing • Unrestricted Funds • Deferred Developer Fees

As of today, HOME’s former Public Housing portfolio of approximately 6,400 units (with some under construction) exists as essentially new and/or relatively new housing under the Section 8 Program, primarily PBRA and PBV subsidies (the “RAD Portfolio”). The real estate involved in the RAD Portfolio is owned by HOME or an affiliate

that is leased by means of a long-term ground lease to a series of Texas limited partnerships and Texas limited liability companies that owns the apartment complex and units at the property. For each of the limited partnerships or limited liability companies HOME, through a wholly owned and controlled subsidiary, is the general partner or managing member.

In 2023, HOME's RAD Conversion received an Award of Merit from the National Association of Housing and Redevelopment Officials ("NAHRO").

HOME's RAD Portfolio is managed by an affiliated entity with private residential property management companies assisting as subcontractors. HOME created a property management company called EP Housing Operations and Maintenance Enterprises PFC ("EP Home") to serve as the property manager and property agent of HOME's federally subsidized properties. EP Home is governed by a board of directors held by the five members of HOME's Board, and EP Home's executive leadership consists of the same individuals as those listed above. EP Home, in turn, enters into subcontracts with a national apartment property manager with experience in affordable housing to provide front-line property management and maintenance, as well as some back-office accounting and compliance assistance. Currently, EP Home subcontracts with two separate property management subcontractors, each with approximately 4,500 units of housing under their responsibility, with those units consisting of the 6,400 units in the RAD Portfolio and other properties referenced below. HOME, through its affiliates, also subcontracts with a third property management subcontractor for HOME's nonsubsidized workforce housing portfolio. With contracts in place with its property management subcontractors, the property management structure will remain intact with EP Home serving as property manager for this segment of HOME's portfolio and with two, national, experienced subcontractors providing front-line property management services throughout the RAD Portfolio.

HOME's RAD Portfolio operates at a high level. Occupancy rates overall for projects that have stabilized typically remain in the range of 96 to 99 percent, with an average of approximately 97 percent overall occupancy. In addition, there is high demand for RAD Portfolio units. EP Home maintains a separate waitlist for each individual property. As of August 2025, the average number of individuals on the waitlist stood at approximately 2,000 per RAD Portfolio property. On a HOME "portfolio wide" basis, the waitlist in August 2025 for all properties includes over 60,000 people, although this figure may include some duplicates, as the waitlist is compiled on a property-by-property basis. There are approximately 10,000 distinct families and individuals on the wait list who are ready and interested in leasing within the RAD Portfolio. Thus, to the extent residents depart, there is a sufficient waitlist of individuals and families seeking to replace them.

Low Income Housing Tax Credit Portfolio. HOME, directly and through affiliates, owns, and operates approximately 1,470 units at affordable apartment complexes that are financed with low-income housing tax credits ("LIHTC") but have no other federal or state subsidy attached to them. Informally, these properties are referred to as the "Tax Credit Only" units. The fully operating LIHTC portfolio as of the date of this document consists of the following:

Owner Entity	Property Name	Address	Units
Meadowbrook Four, Ltd.	Meadowbrook Townhomes	11520 Vista Del Sol Drive, El Paso, Texas	25
Meadowbrook Four, Ltd.	Bienvivir Parkside Senior Community d/b/a Parkside Senior	11530 Vista Del Sol Drive, El Paso, Texas	56
Meadowbrook Four, Ltd.	Cedar Oak Townhomes	1480 Cedar Oak Drive, El Paso, Texas	160
Meadowbrook Four, Ltd.	North Mountain Village	9435 Diana Drive, El Paso, Texas	200
Western Burgundy, Ltd.	Western Burgundy	815 Burgundy Dr., El Paso, Texas	64
Western Crosby, Ltd.	Western Crosby	5010 Raymond Telles, El Paso, Texas	56
Western Carolina, Ltd.	Western Carolina	900 Carolina, El Paso, Texas	56
Western Gallagher, Ltd.	Western Gallagher	450 Gallagher St., El Paso, Texas	49
Western Eastside Seniors, Ltd.	Eastside Seniors	11496 Pebble Hills, El Paso, Texas	19
Western Pellicano, Ltd.	Western Pellicano	11973 Pellicano Dr, El Paso, Texas	30
Western Pebble Hills, Ltd.	Western Pebble Hills	11490 Pebble Hills, El Paso, Texas	30

Owner Entity	Property Name	Address	Units
Western Redd Road, Ltd.	Western Redd Road	610 E. Redd Rd., El Paso, Texas	30
Western Yarbrough, Ltd.	Western Yarbrough	625 Yarbrough Dr., El Paso, Texas	32
Lee Seniors, Ltd.	Lee Seniors	2965 Lee Blvd., El Paso, Texas	19
Saul Kleinfeld, Ltd.	Saul Kleinfeld	1871 Saul Kleinfeld, El Paso, Texas	30
Eastside Crossings, Ltd.	Eastside Crossings	2015 N. Zaragoza Rd., El Paso, Texas	188
Canyon Square, Ltd.	Canyon Square Village	8622 N. Loop Dr., El Paso, Texas	104
EP WH Cien Palmas, LLC	Cien Palmas Apartments	7845 Lilac Way, El Paso, Texas 79915	150
EP WH Mesa Franklin, LLC	Mesa Place Townhomes	5450 Suncrest, El Paso, Texas 79912	128
EP Clint Commons, LP	Kinship Commons	13561 Alameda, Clint, Texas 79836	44
<i>Total</i>			<i>1,470</i>

Workforce Housing Portfolio. In the time period from 2020 through 2025, HOME’s Board approved the acquisition of ten existing apartment complexes, consisting of 2,741 units, to serve as anchors in HOME’s Workforce Housing Portfolio. These ten apartment complexes, Class A-type or close to Class A apartments, bolster an existing older portfolio of locally developed and owned apartments, that are focused on middle-income working residents as opposed to the extremely low and very-low-income residents served by HOME’s other programs. In its Workforce Housing Portfolio, at least 50 percent of the units are reserved for occupancy by individuals and families earning less than 80 percent of the area median family income (AMI).

The term “workforce housing” is becoming increasingly common in affordable industry yet has no specific legal or program definition. This industry term generally refers to housing for middle-income workers which includes professions such as police officers, firefighters, teachers, health care workers, retail workers, service workers, restaurant workers, skilled tradesmen, and other comparable professions.

HOME’s Board has determined that its definition of workforce housing includes moderate income households earning up to 160 percent AMI. Each of its workforce housing properties includes units reserved for moderate income residents. The goal of HOME’s Workforce Housing Portfolio is to provide safe, decent, and sanitary housing to those households that need assistance in terms of finding affordable housing but who are typically excluded from HOME’s major federal or state housing subsidy programs. These middle-income earners – the workforce housing population – earn too much to qualify for the traditional low-income subsidies yet still fall within the definition of low income for purposes of HOME’s statutory goals and objectives.

Locally Developed and Owned Housing Portfolio. HOME, directly or through its affiliates, owns and operates several locally developed and owned affordable housing apartments. These apartments are not attached to any federal or state subsidy or program. The largest of these properties is the Villa Alegre Apartments, a 369-unit apartment complex located in East El Paso along Interstate-10. Of the total units at Villa Alegre, there are 130 units set aside for low-income renters, with 66 of the restricted units designated for resident households below 80% AMI and 74 units designated for resident households below 50% AMI. The other locally developed and owned properties range in size from 28 units to four units. In total, HOME owns and operates just over 400 units of locally developed and owned housing. HOME is considering selling one of the small properties (less than 30 units) within this locally-owned portfolio, due to its age and condition.

Public Housing Program. Currently, HOME has fewer than 200 active federal Public Housing units. A small number of these units will be included in ongoing developments of new or rehabilitated housing units. The public housing units will, in small numbers, be mixed into other affordable and low-income housing developments within the HOME portfolio. A few of the construction projects noted below will have a few public housing units within them, with the goal of converting those public housing units in the future by means of a “repositioning” transaction.

Prior to converting the vast majority of its Public Housing units to other types of housing, as noted above, HOME was consistently rated as a high performer under the Public Housing Assessment Program, the federal performance indicator system for PHAs.

Housing Choice Voucher Program. The Housing Choice Voucher (“HCV”) program is a major federal government program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. HCV program housing assistance is issued on behalf of the family or individual who, in turn, are then able to find their own housing, including single-family homes, townhouses, and apartments from private or public landlords. An HCV participant is free to choose any available housing that meets the requirements of the program and is not limited to units located in subsidized housing projects.

HOME administers over 5,300 HCV vouchers in El Paso. HOME is paid a federal formula by HUD to administer these vouchers.

HOME has a history of high performance in its HCV program administration. HOME has been rated as a “high performer” or better on its Section Eight Management Assessment Program, a federal performance assessment metric, in all years from 2012 to the present.

In 2024, HOME implemented a new customer service system that provides 24-hour-per-day, seven-day-per week coverage of the telephone lines for its HCV applicants, HCV participants, and HCV landlords. The new system integrates automation, artificial intelligence, and other technologies that allows callers to obtain real-time information about them, their status on the waitlist, their efforts to find a landlord willing to accept them, the lease-up process, their rent, their certification process, appointment times, and more. The new system has increased customer service to HCV applicants and participants (and landlord) while, at the same time, reducing overhead costs to administer the HCV program. HOME intends to implement further technological improvements to its HCV administration and operations in 2025, anticipated to bring higher efficiencies and better customer service, while lowering the administrative costs associated with the HCV program.

Other Housing Programs and Properties. As a large housing provider, HOME operates an array of other housing programs or properties, including, but not limited to the following:

Section 8 New Construction Program. HOME owns and operates just under 500 units of housing at three properties funded by the federal Section 8 New Construction Program. This includes the Munoz Apartments (160 units), the Henderson Apartments (144 units), and the Hervy Apartments (124 units). This program assists low-income families in affording safe, decent, and sanitary housing.

Migrant Farmworker Program. HOME owns and operates a 50-unit property for migrant farmworkers, including retired farmworkers and their families, funded by the United States Department of Agriculture’s Rural Development program (“USDA-RD”). This property, known as the “Tio Cooper” Apartments, is located in Northwest El Paso in proximity to several other HOME properties. This property was funded in part by the USDA-RD program, a type of farm labor housing loan program that authorizes the use of the loan for construction and improvements for housing for farm laborers, retired farm laborers, and their families and dependents.

Elderly HUD Section 202 Housing. HOME owns and operates a 60-unit apartment complex in Northwest El Paso called “Chai Manor.” This property was acquired by HOME in 2013 from a nonprofit organization that desired to exit its role as owner and operator of the project. Chai Manor is funded by the federal Section 202 Supportive Housing for the Elderly Program, a program designed to expand the supply of affordable housing with supportive services for individuals over 62 years of age.

National Stabilization Program. HOME owns and operates a 15 residential home subdivision called “Elvin Estates.” This property was funded by the National Stabilization Program (“NSP”) and the homes are all Energy-Star units with amenities that include a public park with picnic area and a gazebo.

HOME Homeownership Program. HOME has designed and operates a self-funded homeownership program that transitioned over 200 families from subsidized housing to private home ownership in the last 10 years.

Texas Health and Human Services/Texas Department of Aging and Disability Services (“DADS”) Program. HOME administers ten (10) vouchers through a Texas DADS program to transition residents who reside in nursing homes to long-term assisted living.

Veteran Affairs Supportive Housing (“VASH”) Program. HOME currently administers approximately 255 VASH vouchers under the HUD-Veteran Affairs Supportive Housing program, which combines HUD Section 8 vouchers and specialized rental assistance into a single housing program for homeless veterans.

Mainstream Voucher Program. HOME is responsible for 125 vouchers for non-elderly persons with disabilities. These vouchers, which are operated pursuant to the HCV program, fall under HUD’s Mainstream Voucher program for disabled persons between the age of 18 and 65.

At-Risk Foster Care Graduates. HOME administers approximately 25 vouchers for children who, once they turn 18 years of age, are exiting the foster care system. These vouchers assist young adults who are transitioning from foster care to living independently.

Community Service Programs. HOME receives grant funds from HUD and various other agencies to provide ancillary services to the residents of its properties. The grants are used to fund programs for education, drug abuse prevention, self-sufficiency, and various activities for youth and elderly.

Miscellaneous Federal, State, and Local Grants. HOME periodically administers various grants from the federal government, such as CDBG grants, and from or through state or local sources. These grants have been used, by way of illustration, to construct park amenities or community centers at existing project sites. HOME is in compliance with all of its major federal, state, and local grant obligations.

Projects Just Completing Construction or Under Construction. HOME has several projects which have recently completed construction and are in the initial lease up stages or are currently under construction or in pre-construction phases.

Project	Description	Units	Completion/ Anticipated Completion
Chai Manor II	This is a new development pending a financing plan.	40	2027/2028
South Mesa Hills I and II	The South Mesa Hills community is a planned new 104-unit multifamily apartment to be completed in two phases. The first phase will consist of 64 units and be financed with federal HOME Investment Partnership Program funds and Public Housing reserves. The second phase will consist of 40 units and will be financed with 9% LIHTC. The financial close for South Mesa Hills II was completed in October 2025 and the financial close for South Mesa Hills I is scheduled prior to year-end 2025, with construction already commencing on South Mesa Hills II and to commence immediately after the closing on South Mesa Hills I.	104	2027
Patriot Place IIA and IIB	Patriot Place IIA is a new 40-unit 9% LIHTC apartment under construction adjacent to the existing Patriot Place I community, which was completed in 2022. Patriot Place IIA is scheduled to be completed within a few months. Patriot Place IIB is a planned 64-unit new apartment to be constructed adjacent to Patriot Place I and IIA, to be financed with federal HOME Investment Partnership Program funds and Public Housing reserves. Construction will commence on Patriot Place IIB in late 2025 or early 2026.	104	2025/2026
The Rosie	The Rosie is a planned 40-unit duplex community in Vinton, Texas which is in El Paso County just outside of El Paso. The Rosie was recently allocated 9% LIHTC with a financial closing scheduled in early 2026 and construction to thereafter commence later in 2026.	40	2027

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PLAN OF FINANCE

General

The proceeds of the Bonds will be applied for the purpose of (i) financing the cost of the acquisition of the Projects; (ii) financing the cost of certain capital improvements through a deposit into the Project Account of the Project Fund; (iii) funding deposits in the Capitalized Interest Account of the Project Fund; (iv) funding deposits to the Reserve Fund under the Master Indenture and (v) paying the costs and expenses incidental to the issuance of the Bonds.

ESTIMATED SOURCES AND USES OF FUNDS*

The proceeds of the sale of the Bonds and certain other money in the approximate amounts set forth below are expected to be applied as follows:

Sources:

Principal Amount of Bonds	\$132,790,000.00*
Original Issue Premium	487,757.60
Total Sources	<u>\$133,272,757.60</u>

Uses:

Deposit to Acquisition Account of the Project Fund	\$121,168,646.53
Deposit to Project Account of the Project Fund (primarily for Capital Expenditures)	3,803,808.00
Deposit to Reserve Fund	6,700,000.00
Costs of Issuance ⁽¹⁾	1,600,303.07
Total Uses	<u>\$133,272,757.60</u>

- (1) Includes amounts for Bond Counsel, Co-Bond Counsel, Issuer's Counsel, Underwriter's Counsel, Rating Agency, Trustee, Trustee's Counsel, printing costs, Underwriter's discount, and other fees and costs associated with the issuance of the bonds.

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* Preliminary; subject to change.

DEBT SERVICE SCHEDULE

The following table sets forth an estimate of the debt service payments for the Bonds in 6-month periods ending June 1* and December 1*.

Period Ending	Principal	Interest
June 1, 2026	_____	_____
December 1, 2026	_____	_____
June 1, 2027	_____	_____
December 1, 2027	_____	_____
June 1, 2028	_____	_____
December 1, 2028	_____	_____
June 1, 2029	_____	_____
December 1, 2029	_____	_____
June 1, 2030	_____	_____
December 1, 2030	_____	_____
June 1, 2031	_____	_____
December 1, 2031	_____	_____
June 1, 2032	_____	_____
December 1, 2032	_____	_____
June 1, 2033	_____	_____
December 1, 2033	_____	_____
June 1, 2034	_____	_____
December 1, 2034	_____	_____
June 1, 2035	_____	_____
December 1, 2035	\$ _____	_____
Totals ⁽¹⁾	\$ _____	\$ _____

(1) Totals may not add due to rounding.

Source: KeyBanc Capital Markets Inc.

CERTAIN BONDOWNERS' RISKS

The purchase of the Bonds involves certain investment risks that are discussed throughout this Official Statement. Accordingly, each prospective purchaser of the Bonds should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision. Certain of these risks are described below. The discussion of risk factors is not meant to be definitive or exhaustive.

General

Prospective purchasers of the Bonds should consider carefully all possible factors that may affect both the operation of and the revenues from the Project and HOME's General Revenues, and consequently create the possibility that payment on the Bonds will not be made or that interest on the Bonds might be taxable from their date of issuance. The Bonds may not be a suitable investment for all prospective purchasers. Prospective purchasers should consult their investment advisors before making any decisions as to the purchase of the Bonds.

* Preliminary; subject to change.

Special Obligations

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF LOAN PAYMENTS AND FUNDS PROVIDED THEREFOR UNDER THE MASTER INDENTURE AND THE BOND INDENTURE. THE BONDS AND THE INTEREST THEREON DO NOT AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND DO NOT AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO ANY PECUNIARY LIABILITY OF THE ISSUER, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE ISSUER, OR ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, AND THE PREMIUM, IF ANY, AND INTEREST ON, THE BONDS. THE ISSUER DOES NOT HAVE TAXING POWERS. THE BONDS ARE BEING ISSUED UNDER THE AUTHORITY OF THE ACT (AS DEFINED HEREIN) AND ARE PAYABLE IN THE SAME MANNER AND UNDER THE SAME TERMS AND CONDITIONS AS PROVIDED FOR THE ISSUANCE OF BONDS UNDER THE ACT. THE BONDS ARE ALSO SECURED BY THE MORTGAGES AND THE FUNDING AGREEMENT.

SUBJECT TO THE LIMITED SOURCES OF PAYMENT SPECIFIED IN THE MASTER INDENTURE AND THE BOND INDENTURE, THE ISSUER COVENANTS IN THE BOND INDENTURE THAT IT WILL PROMPTLY PAY OR CAUSE TO BE PAID THE PRINCIPAL OF AND INTEREST ON EACH BOND ISSUED UNDER THE BOND INDENTURE AT THE PLACE, ON THE DATES, AND IN THE MANNER PROVIDED IN THE BOND INDENTURE AND IN SAID BONDS ACCORDING TO THE TERMS THEREOF. THE PRINCIPAL OF AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM THE LOAN PAYMENTS AND MONEYS HELD BY THE MASTER TRUSTEE UNDER THE MASTER INDENTURE AND THE BOND TRUSTEE UNDER AND THE BOND INDENTURE, ALL OF WHICH ARE SPECIFICALLY ASSIGNED AND PLEDGED TO SUCH PAYMENT IN THE MANNER AND TO THE EXTENT SPECIFIED IN THE MASTER INDENTURE AND THE INDENTURE AND NOTHING IN THE MASTER INDENTURE OR THE BOND INDENTURE OR IN THE BONDS SHALL BE CONSTRUED AS ASSIGNING OR PLEDGING ANY OTHER FUNDS OR ASSETS OF THE ISSUER. THE BONDS AND THE INTEREST AND PREMIUM, IF ANY, THEREON DO NOT AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND DO NOT AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO ANY PECUNIARY LIABILITY OF THE ISSUER, BUT SHALL BE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES AND OTHER FUNDS PLEDGED THEREFOR AND SHALL NOT BE PAYABLE FROM ANY OTHER ASSETS OR FUNDS OF THE ISSUER, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE ISSUER, OR ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, AND THE PREMIUM, IF ANY, AND INTEREST ON, THE BONDS.

NO MEMBER, DIRECTOR, OFFICER, AGENT, EMPLOYEE OR ATTORNEY OF THE ISSUER, INCLUDING ANY PERSON EXECUTING THE BOND INDENTURE OR THE BONDS, SHALL BE LIABLE PERSONALLY ON THE BONDS OR FOR ANY REASON RELATING TO THE ISSUANCE OF THE BONDS. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS, OR FOR ANY CLAIM BASED ON THE BONDS, OR OTHERWISE IN RESPECT OF THE BONDS, OR BASED ON OR IN RESPECT OF THE BOND INDENTURE OR ANY SUPPLEMENTAL BOND INDENTURE, AGAINST ANY MEMBER, DIRECTOR, OFFICER, EMPLOYEE OR AGENT, AS SUCH, OF THE ISSUER OR ANY SUCCESSOR, WHETHER BY VIRTUE OF ANY CONSTITUTION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, ALL SUCH LIABILITY BEING, BY THE ACCEPTANCE OF THIS SERIES AND AS PART OF THE CONSIDERATION FOR THE ISSUANCE OF THE BONDS, EXPRESSLY WAIVED AND RELEASED.

Casualty Loss or Condemnation

The insurance coverage for damage to or destruction of the Project may not adequately reimburse the income loss or total cost of reconstruction in the event of a casualty. Also, a particular loss may be excluded from coverage. Condemnation of the Project or a portion thereof may result in the remaining income being inadequate to make debt

service payments on the Bonds. In such event, the Borrower anticipates that it would use other available funds, including moneys under the Funding Agreement, to make up any shortfall.

Leasing Restrictions; Tenant Occupancy

Upon the acquisition of the Project, pursuant to the Land Use Restriction Agreements, each Borrower has agreed to ensure that the following income restrictions are met following the Initial Compliance Date and thereafter, at all times:

In the case of the Reserve at Wescott Project:

(i) no less than 40% of the available units in the Project shall be rented to and occupied by tenants whose income is less than 60% of median gross income for the Metropolitan Statistical Area for Charleston, South Carolina, as defined by HUD (the “Area”), with no adjustments for family size (“Lower Income Tenant”); and

(ii) no less than 75% (including the 40% described in (i) above) of the available units in the Project shall be rented to and occupied by tenants whose income does not exceed 80% of median gross income for the Area, with no adjustments for family size (“Eligible Tenant”).

In the case of the Otarre Pointe Project:

(i) no less than 20% of the available units in the Project shall be rented to and occupied by tenants whose income is less than 50% of median gross income for the Metropolitan Statistical Area for Charleston, South Carolina, as defined by HUD (the “Area”), with no adjustments for family size (“Lower Income Tenant”); and

(ii) no less than 75% (including the 20% described units in (i) above) of the available units in the Project shall be rented to and occupied by tenants whose income does not exceed 80% of median gross income for the Area, with no adjustments for family size (“Eligible Tenant”).

While failure by the Borrower to meet the targeted income restriction categories will result in a default under the related Land Use Restriction Agreement, the sole remedy for such a default is specific performance. There can be no assurance that each Borrower can meet the targeted income restriction categories due to the availability of qualified tenants for each income restriction category.

Each Land Use Restriction Agreement imposes other substantial limitations on the ownership and operation of the Project. *See* Appendix A – “FORMS OF THE PRINCIPAL FINANCING DOCUMENTS – FORMS OF THE LAND USE RESTRICTION AGREEMENTS.”

Property Tax Exemption

Each Project is eligible for an exemption from certain taxes including ad valorem real estate taxes (the “Real Estate Taxes”) pursuant to South Carolina law and by virtue of being owned by the related Borrower and being used for charitable and/or public purposes. In order to obtain the exemption following its acquisition of its Project, each Borrower will submit an exemption request to the South Carolina Department of Revenue (“SCDOR”), the tax authority responsible for determining the applicability of property tax exemptions in South Carolina. Based upon Sixteenth Floor Residential’s nonprofit organization status and exclusive charitable mission, which is passed through to each Borrower, and the leasing restrictions/tenant occupancy requirements for each Project, each Project is anticipated to qualify for a total exemption of local property taxes pursuant to South Carolina Code Section 12-37-220(B)(e)(11). There can be no absolute assurance that this will be the case. Failure to secure the property tax exemption could have a material adverse effect on the ability of the Borrowers to pay debt service on the Bonds.

Agreement by HOME to make Contributions to Cover Debt Service Shortfalls under the Funding Agreement

Although HOME has agreed to make payments from its General Revenues to cover Debt Service Shortfalls under the Funding Agreement, there is no assurance that General Revenues of HOME will be available or sufficient for that purpose. This agreement by HOME to use funds from its General Revenues for the payment of its obligations under the Funding Agreement is subject to the right of HOME to undertake, without limitation, other obligations to pay debt service shortfalls on bonds or other obligations issued by public facility corporations created by HOME. HOME may also pledge any specific revenues, which otherwise would be General Revenues, to the payment of other obligations,

those payments to have a priority over the payments to be made under its obligations under the Funding Agreement. HOME has previously agreed to use its General Revenues to provide for the timely payment of bonds or other obligations issued by its public facility corporations and anticipates doing so in the future. *See* “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Funding Agreement.”

Many factors could affect the availability of General Revenues of HOME to pay its obligations under the Funding Agreement. HOME’s overall financial wellbeing is partially dependent upon federal funding. *See* “CERTAIN BONDHOLDERS’ RISKS – Federal Housing Programs.”

Prospective purchasers of the Bonds should assume that the Bonds will be paid solely from Loan Payments, and funds held by the Bond Trustee and Master Trustee. If Loan Payments are insufficient to meet debt service on the Bonds, there is no assurance that payments by HOME under the Funding Agreement from its General Revenues will be available or sufficient for that purpose.

THE OBLIGATIONS OF HOME UNDER THE FUNDING AGREEMENT ARE NOT GENERAL OBLIGATIONS OF HOME. THE AGREEMENT BY HOME TO MAKE PAYMENTS UNDER THE FUNDING AGREEMENT FROM ITS GENERAL REVENUES DOES NOT CONSTITUTE A PLEDGE OF HOME’S EXISTING UNRESTRICTED OR UNENCUMBERED ASSETS.

Amendments of Bond Indenture, Funding Agreement and Mortgages

The Master Indenture, the Bond Indenture, the Funding Agreement and the Mortgages may be amended in certain circumstances without the consent of any Owners or with the consent of the Owners of a majority in principal amount of Bonds then Outstanding. Such amendments could adversely affect the security for the Bonds.

Risks Related to Other Obligations of HOME

HOME intends to provide undertakings similar to the Funding Agreement in connection with future projects to be financed with bonds issued by public facility corporations created by HOME. **Sixteenth Floor Residential, with HOME General Revenue-supported credit support, intends to continue its multifamily acquisition strategy into 2026 and 2027, and potentially beyond. The focus of this strategy will be on acquiring institutional-quality multifamily residential properties supported by tax-exempt bond financing, with a focus on acquisitions in high-growth Southeastern United States markets. All properties will be owned, like the Projects, by one of Sixteenth Floor Residential’s single purpose entity companies (or a similar structure) and operated as affordable housing for low- and moderate-income households, in line with Sixteenth Floor Residential’s charitable, nonprofit mission. The focus of Sixteenth Floor Residential’s acquisition strategy will be on stabilized projects, with newer construction, and existing high occupancy levels as market conditions and portfolio performance warrant and support, with an emphasis on overall positive net cash flow from the acquired properties within the Sixteenth Floor Residential portfolio. Subject to such considerations and continued portfolio review, Sixteenth Floor Residential and HOME anticipate tax-exempt bond financing volume, with HOME General Revenue-supported credit support, in the range of \$1 billion to support this acquisition strategy in 2026 and potentially a similar level of tax-exempt bond financing volume for acquisitions into 2027.**

Possible Limitations on Remedies and Enforcement of Security Interests

While the Bonds are secured pursuant to the Bond Indenture payable primarily from the Loan Payments, the practical realization of security interests in certain money and investments (which are perfected only to the extent they may be perfected by the Bond Trustee’s possession of certain money and investments) upon any default will depend upon the exercise of various remedies specified by the Bond Indenture, the Funding Agreement and the Mortgages, including foreclosure. This and other remedies are in many respects dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional, statutory and judicial law, the remedies specified by the Bond Indenture, the Funding Agreement, the Mortgages or other related documents may not be readily available or may be limited by bankruptcy or by other similar laws affecting creditors’ rights. In addition, in the event of a foreclosure, there can be no assurance that amounts realized from the foreclosure of one or both of the Projects would be sufficient

to pay the Bonds or other parity indebtedness of the Obligated Group. *See* Appendix B – “CERTAIN INFORMATION REGARDING THE PROJECTS.”

It is not possible to perfect a security interest in certain revenues of the Issuer pledged to the payment of the Bonds prior to the actual possession of the cash relating to such items by the Bond Trustee.

In addition, the enforceability of the security interests created under the Bond Indenture in the Loan Agreement may be subject to subordination or prior claims in certain instances, in addition to bankruptcy. The Issuer and the Bond Trustee are not entering into any depository agreement or other contractual arrangement whereby the Bond Trustee will have any claim of possession with respect to the Loan Payments or any revenues of HOME prior to the actual deposit of amounts derived with the Bond Trustee.

The legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, ruling and decisions affecting remedies by bankruptcy, insolvency, organization or other laws of general application affecting the enforcement of creditors’ rights, and, by limitations potentially imposed on the basis of public policy.

Potential purchasers of Bonds should consult legal counsel or otherwise familiarize themselves with the relevant South Carolina laws.

Refinancing Risk

Loan Payments are not expected to be available in amounts sufficient to pay the principal of the Bonds at maturity, or to pay amounts due on acceleration of maturity or redemption of the Bonds. There is no liquidity facility in place to provide funds to make final scheduled payments on the Bonds, or to make required payments upon acceleration. There is no assurance that Loan Payments or any revenues of HOME available for payment under the Funding Agreement would be available or sufficient to pay debt service of the Bonds when due at maturity, or upon earlier redemption or acceleration. The Borrower currently expects that the Bonds will be refinanced prior to maturity, or that the Project will be sold with the sale(s) to become effective upon the final maturity of the Bonds, with proceeds used to pay the principal of the Bonds at maturity. There can be no assurance that such refinancing or sale will be achievable, or on what terms such refinancing or sale may be available. Failure to pay the principal of or premium, if any, or interest on any Bond when due is an Event of Default.

Limitations on Forecasting

Each Borrower has prepared certain forecasted financial information regarding the related Project budget set forth in this Official Statement. The prospective financial information was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information but, in the view of the related Borrower, was prepared on a reasonable basis, reflects the best currently available estimates and judgments and presents, to the best of the Borrower’s knowledge and belief, the expected course of action and the expected future financial performance of the related Project. However, this information is not fact and should not be relied upon as necessarily indicative of future results. Readers of this Official Statement are cautioned not to place undue reliance on the forecasted financial information. No independent accountant has compiled, examined or performed any procedures with respect to the prospective financial information contained herein, nor has any independent accountant expressed any opinion or any form of assurance on such information or its achievability, or assumed any responsibility for or association with the prospective financial information.

Project Feasibility

No independent financial feasibility study has been made of the Projects. *See* Appendix B – “CERTAIN INFORMATION REGARDING THE PROJECTS.”

Environmental Matters

Under the federal Comprehensive Environmental Response, Compensation and Liability Act, a secured party that takes a deed in lieu of foreclosure, purchases a mortgaged property at a foreclosure sale or operates a mortgaged

property may become liable in certain circumstances for the cost of remedial action (“Remedial Action Costs”) if hazardous waste or hazardous substances have been released or disposed of on the property. Such Remedial Action Costs could subject all or a portion of one or both of the Projects to a lien and reduce or eliminate the amounts otherwise available to pay the Owners of the Bonds if such Remedial Action Costs were incurred.

Early Redemption; Potential Loss of Premium

Purchasers of Bonds, including those who purchase Bonds at a price in excess of their principal amount or who hold such a Bond trading at a price in excess of par, should consider the fact that the Bonds are subject to redemption prior to maturity and to repayment upon an acceleration of the indebtedness reflected in the Bonds at a redemption price or payment upon acceleration equal to their principal amount plus accrued interest, without premium, and acceleration. *See* “THE BONDS – Redemption of the Bonds” and “– Acceleration.”

Competing Facilities

The Borrower, Sixteenth Floor Residential, or HOME, persons who may be affiliated with the Borrower, Sixteenth Floor Residential or HOME or their agents and others may own, finance, develop, construct and operate other facilities in the area of the Projects that could compete with the Projects. Any competing facilities could adversely affect occupancy and revenues of the Projects.

Effects on Exemption of Interest From Federal Income Taxes

The exemption of interest on the Bonds from federal income taxes is dependent upon continuing compliance by the Issuer with the requirements of the Code. If there is a failure to comply, interest on the Bonds could become includable for federal income tax purposes in the gross incomes of the Owners thereof, which inclusion in gross income could be retroactive to the date of issuance of the Bonds. The Bond Trustee may not have remedies available to it to mitigate the adverse economic effects to the Owners of the Bonds resulting from the interest on the Bonds becoming subject to federal income taxation. If interest on the Bonds becomes includable in the Owners’ gross incomes, the effect will be to reduce the yield on an Owner’s Bonds as a result of the income tax liability incurred in connection with the receipt of interest on the Bonds. Any such loss of tax-exempt status can be expected to have a material adverse effect on the market price of the Bonds.

Federal Income Tax Matters and Securities Laws; 501(c)(3) Status

Loss by the Sole Member of one or both of the Borrowers of the benefits of certain provisions of the federal income tax law could jeopardize the tax-exempt status of the Bonds. The Sole Member of each Borrower is an organization described in Section 501(c)(3) of the Code, and therefore is exempt from federal income taxation under Section 501(a) of the Code. Changes in the Code or Treasury Regulations or the judicial or administrative interpretation thereof or certain actions of the Sole Member of a Borrower or a Borrower could result in the revocation by the Internal Revenue Service of such determination and loss of the tax-exempt status of the Sole Member or the Borrower. Any failure by a Sole Member or a Borrower to remain qualified as tax-exempt under Section 501(c)(3) of the Code could affect the amount of funds of a Borrower which would be available to pay debt service on the Bonds or could lead to a determination that the interest on the Bonds is taxable. A Borrower’s or the Issuer’s failure to continuously comply with certain covenants contained in the Bond Indenture, the Loan Agreement, the Land Use Restriction Agreements and the Tax Agreement, after delivery of the Bonds, could result in the loss of the exclusion from gross income of interest on the Bonds by the owners thereof for federal income tax purposes.

Secondary Market and Prices

It has been the practice of the Underwriter to maintain a secondary market in municipal securities it sells, and the Underwriter currently intends to engage in secondary market trading of the Bonds, subject to applicable securities laws. The Underwriter, however, is not obligated to engage in secondary trading or to repurchase any of the Bonds at the request of the Owners thereof. Because of general market conditions or because of adverse history or economic prospects connected with a particular issue or issuer, secondary marketing activity in connection with a particular issue may be suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price. **THERE CAN BE NO GUARANTEE THAT THERE WILL BE A SECONDARY MARKET FOR THE**

BONDS, OR IF A SECONDARY MARKET EXISTS, THAT THE BONDS CAN BE SOLD FOR ANY PARTICULAR PRICE.

Federal Housing Programs

The overall financial well-being of HOME, and its ability to make any payments under the Funding Agreement, is in certain respects at least partially dependent upon continued federal funding. The U.S. Government has continuously funded housing authorities since the adoption of the U.S. Housing Act of 1937. HOME has received federal funding since its inception, for over 85 consecutive years. The level of the U.S. Government's funding for the nation's housing authorities, however, has varied over time.

Congress can and in some cases has adversely affected or proposed to adversely affect housing authority programs and revenues in several ways. These include, without limitation, proposed or implemented regulatory reforms relating to HUD programs, elimination of existing tax credits, cuts to federal spending on housing programs, curtailment of tax-exempt bond financing, failing to create additional programs administered by housing authorities and permitting existing programs to expire, decreasing the administrative fee for the administration of the Section 8 Housing Choice Voucher and similar voucher programs, directing federal resources through other channels, and immigration policies that adversely impact tenants. Additionally, directives from the Executive Office of the President of the United States may also impact federal funding to housing authorities, although the enforceability and applicability of such directives is uncertain and litigation over such directives is likely. Neither the Borrower nor HOME is in a position to forecast future changes, either in terms of increases or decreases, to future HUD funding for its federal housing programs.

In the event of significant HUD funding cuts, HOME could see a decline in its typically available general revenues in order to satisfy a shortfall in its public housing program or its Housing Choice Voucher ("HCV") program*. HOME's exposure to a decrease to its general revenues arising from potential future public housing cuts is limited, as HOME only maintains approximately 200 public housing units deployed in various projects across its approximate 13,500 unit overall portfolio. HOME has no plans to materially increase its utilization of federal public housing in its portfolio. Likewise, HOME's risk exposure to a reduction of its general revenues from cuts to its HCV funding would likely not be material, as HOME has a history of high levels of efficiency in operating its HCV program and, if necessary, can adjust its future utilization of HCV vouchers if future significant reductions are implemented to the federal fees paid to housing authorities to administer such vouchers. HOME does not anticipate significant or material changes to the number of HCV vouchers assigned to it or the funding levels allocated for the vouchers. If, however, the federal government were to make changes, HOME would adjust its utilization and staffing of its HCV utilization and administration to align with any such changes. There is nothing in place to prevent or limit HOME from adjusting its staffing and operations in response to changes in federal funding or programs.

HOME's General Revenues are not materially dependent on federal project-based programs or annual federal appropriations. In Fiscal Year 2024, approximately five percent (5.0%) of HOME's General Revenues were derived from federal subsidy sources. The same amount, approximately five percent (5.0%) of the General Revenues, are subject to annual federal appropriations. Thus, based on present sources, future federal changes in programs or fluctuations in federal appropriations should not have a material adverse impact on HOME's General Revenues.

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* HOME administers HCV program vouchers, along with a small number of specialty voucher programs such as the Veteran Affairs Supportive Housing (VASH) voucher program and Emergency Housing Voucher (EHV) program. For purposes of this discussion, HCV, VASH and EHV vouchers, which are administered under similar program requirements and administrative fee payments, are collectively referred to as HCV vouchers.

Sponsor Portfolio Category	Revenues from Rent and Other Sources	HUD Subsidy Revenues	Total General Revenues by Portfolio Category	Percentage of General Revenue Category That is Federally Subsidized	Subject to Annual Federal Appropriations
Tax Credits Only	\$13,405,847	\$0	\$13,405,847	0%	No
Workforce Housing	\$16,331,655	\$0	\$16,331,655	0%	No
Self-Developed	\$41,979,304	\$0	\$41,979,304	0%	No
Project Based Programs	\$6,419,077	\$4,300,553	\$10,719,630	40%	Yes
<i>Total</i>			<i>\$82,436,436.00</i>		

HOME's Workforce Housing portfolio apartments, including the Project, do not and are not anticipated to receive any direct federal program funding and will not be impacted by annual federal appropriations.

HOME's next largest source of revenues is from its RAD Portfolio, which includes federal Project-Based Rental Assistance ("PBRA"), Project Based Vouchers ("PBV") and tax credits. In Fiscal Year 2024, the RAD Portfolio generated \$63,484,606 in revenues, approximately 60% of which are subject to federal annual appropriations. However, HOME's portfolio properties with PBRA and PBV are tied to long-term funding contracts with HUD which HOME does not anticipate can or would be affected by either future program changes or changes in allocations.

HOME's main direct federal programs are Public Housing and HCV. In Fiscal Year 2024, HOME's Public Housing program generated \$1,128,077 in revenues, all of which are from federal subsidy sources and are subject to annual federal appropriations. In Fiscal Year 2024, HOME's HCV program generated \$51,644,343 in revenues, 96% of which are from federal subsidiary sources and are subject to annual federal appropriations.

The percentages of revenues discussed herein for Fiscal Year 2024 have not materially changed through mid-year 2025.

Landlord Tenant Laws

In recent years, various laws and regulations have provided greater protections to residential tenants. Additional proposals have been discussed that could create further changes in the operation of residential rental properties. At this time it is not possible to determine what, if any, proposals may become law and what effect such proposals may have on the ability of the Borrower to make debt service payments on the Bonds.

Certain Matters Relating to the Enforceability of the Master Indenture

In determining whether various covenants and tests contained in the Master Indenture (including tests relating to the issuance of Additional Indebtedness) are met, the accounts of the Obligor and any future Obligated Group Member will be combined for financial reporting purposes, notwithstanding uncertainties hereinafter described as to the enforceability of certain obligations of the Obligated Group contained in the Master Indenture which bear on the availability of the revenues of the members of the Obligated Group for payment of debt service on the Obligations, including the Series 2025 Master Note pledged as security for the Bonds.

The joint and several obligations described herein of the members of the Obligated Group to make payments of debt service on Obligations issued pursuant to and under the Master Indenture (including transfers in connection with voluntary dissolution or liquidation) may not be enforceable to the extent such payments (a) are requested to be made with respect to payments on any Master Note or Obligation which is issued for a purpose that is not consistent with the charitable purposes of the Obligor from which such payment is requested or which is issued for the benefit of an

entity other than a tax-exempt organization; or (b) are requested to be made pursuant to any loan violating applicable usury laws. Due to the absence of any clear legal precedent in this area, the extent to which the Property of any present or future member of the Obligated Group falls within category (a) referred to above cannot be determined and could be substantial.

No Obligated Group Member may be required to make payments on Obligations issued by or for the benefit of another Obligated Group Member to the extent any such payment would render such Obligated Group Member insolvent or would conflict with, would not be permitted by or would be subject to recovery for the benefit of other creditors of such member under applicable fraudulent conveyance, bankruptcy, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights. There is no clear precedent in the law as to whether payments by an Obligated Group Member in order to pay debt service on Obligations issued by or for the benefit of another Obligated Group Member may be voided by a trustee in bankruptcy in the event of a bankruptcy of the member or by third party creditors in an action brought pursuant to state fraudulent conveyances statutes. Under the United States Bankruptcy Code (the "Bankruptcy Code"), a trustee in bankruptcy and, under state fraudulent conveyances statutes, a creditor of a related guarantor, may avoid any obligation incurred by a related guarantor, if, among other bases therefor, (1) the guarantor has not received fair consideration or reasonably equivalent value in exchange for the guaranty and (2) the guaranty renders the guarantor insolvent, as defined in the Bankruptcy Code or state fraudulent conveyances statutes, or the guarantor is undercapitalized.

Application by courts of the tests of "insolvency," "reasonably equivalent value" and "fair consideration" has resulted in a conflicting body of case law. It is possible that, in an action to force an Obligated Group Member to pay debt service on Obligations issued by or for the benefit of another Obligated Group Member, a court might not enforce such a payment in the event it is determined that such Obligated Group Member is analogous to a guarantor and that fair consideration or reasonably equivalent value for such guaranty was not received and that the incurrence of such obligation has rendered or will render the Obligor insolvent or the Obligor is or will thereby become undercapitalized.

Municipal Bankruptcies

An entity such as HOME must be specifically authorized under state law in order to seek relief under Chapter 9 of the U.S. Bankruptcy Code (the "Bankruptcy Code"). While HOME does not have taxing authority, it is a political subdivision of the State of Texas. Involuntary bankruptcy proceedings against municipal entities are not permitted under Chapter 9 of the Bankruptcy Code. The federal bankruptcy courts have broad discretionary powers under the Bankruptcy Code.

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified by reference to bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium and other similar laws affecting the rights of creditors generally, and by general principles of equity.

Other Bankruptcy Risks

In the event of the bankruptcy of an Obligated Group Member, the rights, and remedies of the owners of the Bonds are subject to various provisions of the United States Bankruptcy Code. If an Obligated Group Member were to commence a proceeding in bankruptcy, payments made by an Obligated Group Member during the 90-day (or under certain circumstances one year) period immediately preceding such commencement may be voided as preferential transfers to the extent such payments allow the recipients thereof to receive more than they would have received in the event of the liquidation of an Obligated Group Member. Security interests and other liens granted to the Bond Trustee and perfected during such preference period may also be voided as preferential transfers to the extent such security interest or other lien secures obligations that arose prior to the date of such perfection. Such a bankruptcy filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against an Obligated Group Member and their property, including the property mortgaged pursuant to the Mortgage, and as an automatic stay of any act or proceeding to enforce a lien upon or to otherwise exercise control over their property as well as various other actions to enforce, maintain or enhance the rights of the Bond Trustee. If the bankruptcy court so ordered, the property of an Obligated Group Member could be used for the financial rehabilitation of an Obligated Group Member despite any security interest of the Bond Trustee therein. The rights of the Bond Trustee to enforce its interests and other liens could be delayed during the pendency of the rehabilitation proceeding.

The Obligor could file a plan for the adjustment of their debts in any such proceeding which could include provisions modifying or altering the rights of creditors generally, or any class of them, secured or unsecured. The plan, when confirmed by a court, binds all creditors who had notice or knowledge of the plan and, with certain exceptions discharges all claims against the debtor to the extent provided for in the plan. No plan may be confirmed unless certain conditions are met, among which is that the plan is feasible and shall have been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the class cast votes in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly.

In addition, if the bankruptcy court concludes that the Bondholders have “adequate protection,” it could under certain circumstances (1) substitute other security for the security provided by the Loan Agreement, the Bond Indenture and the Mortgage for the benefit of the Bondholders and (2) subordinate the lien and security interest of the Bondholders to (a) claims by persons supplying goods and services to an Obligated Group Member after the bankruptcy and (b) the administrative expenses of the bankruptcy proceeding.

In the event of bankruptcy of an Obligated Group Member, there is no assurance that certain covenants, including tax covenants, contained in the Bond Indenture, the Loan Agreement, the Mortgage, and certain other documents would survive. Accordingly, an Obligated Group Member, as debtor in possession, or a bankruptcy trustee could take action that would adversely affect the exclusion of interest on the Bonds from gross income of the Owners for federal income tax purposes.

If an Obligated Group Member were to file a petition for relief under the federal Bankruptcy Code, such filing would constitute an Event of Default under the Loan Agreement, permitting the Bond Trustee, under the terms set forth in the Bond Indenture, to accelerate the payment of principal and interest on the Bonds.

Cyber Security

The Borrower, Sixteenth Floor Residential, and HOME each relies on a complex technology environment to conduct their respective operations. A cybersecurity breach could damage each Borrower’s, Sixteenth Floor Residential’s, and/or HOME’s systems and cause material disruption to operations and services, which could affect the funds available to each Borrower to repay the Bonds. The cost to remedy such damage or protect against future attacks could be substantial. Security breaches could expose each Borrower, Sixteenth Floor Residential, and/or HOME to litigation and other legal risks, which could cause the related Borrower or HOME to incur costs related to legal or regulatory claims.

To ensure the safety of its computer and technology networks, HOME, on its behalf and on behalf of the HOME Affiliates, conducts regular periodic cyber security training for all its employees (each Borrower has no employees). This training is mandated by Texas Government Code Sections 2054.519 and .5191, which provide that certain employees with material access to local governmental computer systems must complete cyber security training on at least an annual basis. HOME is in compliance with this state law provision.

HOME utilizes a third-party service to monitor cyber security risks, including potential “phishing” attacks and other risks, and provide the required training. The third-party cyber security service is certified by the Texas Department of Information Resources. The third-party service provides daily risk assessments and monitoring to HOME’s information technology staff. The third-party service also includes automated messages to computer users to remind them of possible network attacks, reinforce best practices, and update them on emerging threats. The third-party service also monitors to ensure all staff are receiving updated cyber security training, with 100 percent of all employees completing training in as required by law.

HOME has also successfully undergone self-audits of its cyber security and network preparedness.

The various cyber security prevention and monitoring protections referenced as to HOME are applied to and for all of the HOME Affiliates, including Sixteenth Floor Residential and each Borrower.

Disasters and Climate Change

Although HOME has implemented a disaster preparedness plan for itself and its public facility company affiliates and other affiliates, including Sixteenth Floor Residential, there can be no assurance that these or any additional measures will be adequate in the event a natural disaster occurs, nor that costs of preparedness measures will be as currently anticipated. Damage to the Projects and/or HOME's facilities could cause a material increase in costs for repairs and a material adverse impact on each Borrower's, Sixteenth Floor Residential's and/or HOME's finances.

Each Borrower and HOME can give no assurance regarding the effect of an earthquake, seismic activity, volcano, wind storms, mudslides, extreme weather events, or other natural disaster or that proceeds of insurance carried by a Borrower and/or HOME would be sufficient, if available, to rebuild and reopen a Project or Projects in the case of the Borrower or Borrowers or the facilities of HOME or that surrounding facilities and infrastructure could or would be rebuilt and reopened in a timely manner following a major earthquake or other natural disaster.

Climate change may intensify and increase the frequency of extreme weather events, such as drought, wildfires, floods, and heat waves, and raise sea levels along the coast. The loss of life and property damage that could result from a major earthquake or other major natural disasters could have a material and adverse impact on the Borrower and/or HOME and the local community and economy where the Project is located.

TAX MATTERS

Federal Tax Law Matters

On the date of issuance of the Bonds, Cantu Harden Montoya LLP ("Bond Counsel") will render an opinion that, under existing law and assuming compliance by the Issuer, the Borrower and the Sole Member with certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal individual alternative minimum tax, however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. The opinion will further state that the Bonds and the interest thereon will be exempt from all State of South Carolina, county, municipal, and school district and other taxes or assessments imposed within the State of South Carolina, except estate, transfer and certain franchise taxes.

The Code imposes various restrictions, conditions and requirements relating to the exclusion of interest on obligations, such as the Bonds, from gross income for federal income tax purposes, including, but not limited to, the requirement that the Issuer rebate certain excess earnings on proceeds and amounts treated as proceeds of the Bonds to the United States Treasury, restrictions on the investment of such proceeds and other amounts, and restrictions on the ownership and use of the facilities financed or refinanced with proceeds of the Bonds. The foregoing is not intended to be an exhaustive listing of the post-issuance tax compliance requirements of the Code, but is illustrative of the requirements that must be satisfied by the Issuer, Borrower and Sole Member subsequent to issuance of the Bonds to maintain the excludability of the interest on the Bonds from gross income for federal income tax purposes. Bond Counsel's opinion is given in reliance on certifications by representatives of the Issuer, each Borrower and Sole Member of each Borrower as to certain facts material to the opinion and the requirements of the Code.

The Issuer, each Borrower and the Sole Member of each Borrower have each covenanted to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest on the Bonds be, or continue to be, excludable from gross income for federal income tax purposes. The opinion of Bond Counsel assumes compliance by the Issuer, each Borrower and the Sole Member of each Borrower with such covenants, and Bond Counsel has not been retained to monitor compliance by the Issuer, each Borrower or the Sole Member of each Borrower with such covenants subsequent to the date of issuance of the Bonds. Failure to comply with certain of such requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. No other opinion is expressed by Bond Counsel regarding the federal or state tax consequences of the ownership of or the receipt or accrual of interest with respect to the Bonds.

If the interest on the Bonds subsequently becomes included in gross income for federal income tax purposes due to a failure by the Issuer, Borrowers or the Sole Member of a Borrower or the Sole Members of the Borrowers to comply with any requirements described above, none of the Issuer, either Borrower or either or both of the Sole Members is required to redeem the Bonds or to pay any additional interest or penalty.

The Internal Revenue Service has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includible in gross income for federal income tax purposes. Bond Counsel cannot predict whether the Internal Revenue Service will commence an audit of the Bonds. Prospective purchasers and owners of the Bonds are advised that, if the Internal Revenue Service does audit the Bonds, under current Internal Revenue Service procedures, at least during the early stages of an audit, the Internal Revenue Service will treat the Issuer as the taxpayer, and the owners of the Bonds may have limited rights, if any, to participate in such audit. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds and the accrual or receipt of interest on the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property or casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain Subchapter S Corporations with “excess net passive income,” foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Bond Counsel does not express any opinion as to any such collateral tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors as to the collateral tax consequences.

Proposed legislation is considered from time to time by the United States Congress that, if enacted, would affect the tax consequences of owning the Bonds. No assurance can be given that any future legislation, or clarifications or amendments to the Code, if enacted into law, will not contain provisions which could cause the interest on the Bonds to be subject directly or indirectly to federal or state income taxation, adversely affect the market price or marketability of the Bonds or otherwise prevent the owners of the Bonds from realizing the full current benefit of the status of the interest on the Bonds.

Bond Counsel’s opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel’s opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel’s professional judgment based on its review of existing law, and in reliance on the representations and covenants that Bond Counsel deems relevant to such opinion. Bond Counsel’s opinion expresses the professional judgment of the attorneys rendering the opinion regarding the legal issues expressly addressed therein. By rendering its opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of the Issuer, Borrower or Sole Member, nor does the rendering of such opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Federal Income Tax Matters and Securities Laws; 501(c)(3) Status

Loss by the Sole Member of either or both of the Borrowers of the benefits of certain provisions of the federal income tax law could jeopardize the tax-exempt status of the Bonds. Each Sole Member is an organization described in Section 501(c)(3) of the Code, and therefore is exempt from federal income taxation under Section 501(a) of the Code. Changes in the Code or Treasury Regulations or the judicial or administrative interpretation thereof or certain actions of the Sole Member or the Borrower could result in the revocation by the Internal Revenue Service of such determination and loss of the tax-exempt status of the Sole Member or the Borrower. Any failure by a Sole Member or the related Borrower to remain qualified as tax-exempt under Section 501(c)(3) of the Code could affect the amount of funds of the Borrower which would be available to pay debt service on the Bonds or could lead to a determination that the interest on the Bonds is taxable. Failure by either Borrower or the Issuer to continuously comply with certain covenants contained in the Bond Indenture, the Loan Agreement, the Land Use Restriction Agreements and the Tax

Agreement after delivery of the Bonds could result in the loss of the exclusion from gross income of interest on the Bonds by the owners thereof for federal income tax purposes.

Tax Accounting Treatment of Discount Bonds

The initial public offering price to be paid for certain Bonds may be less than the amount payable on such Bonds at maturity (the “Discount Bonds”). An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bonds. A portion of such original issue discount, allocable to the holding period of a Discount Bond by the initial purchaser, will be treated as interest for federal income tax purposes, excludable from gross income on the same terms and conditions as those for other interest on the Bonds. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during his taxable year.

However, such accrued interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

In the event of the redemption, sale or other taxable disposition of a Discount Bond prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

Tax Accounting Treatment of Premium Bonds

The initial public offering price to be paid for certain Bonds may be greater than the stated redemption price amount payable on such Bonds at maturity (the “Premium Bonds”). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and its stated redemption price at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium with respect to the Premium Bonds. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser’s yield to maturity.

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds

PROSPECTIVE PURCHASERS OF THE BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.

The Internal Revenue Service has established a general audit program to determine whether issues of tax-exempt obligations, such as the Bonds, are in compliance with requirements of the Code that must be satisfied in order for the interest of those obligations to be, and continue to be, excluded from gross income for federal income tax purposes. It cannot be predicted whether the Internal Revenue Service will commence an audit of the Bonds. Depending on all the facts and circumstances and the type of audit involved, it is possible that commencement of an audit of the Bonds could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of its ultimate outcome. Such an audit could result in the Internal Revenue Service declaring that interest on the Bonds should be included in gross income for federal income tax purposes.

State Tax Law Matters

In the opinion of Haynsworth Sinkler Boyd, P.A., Co-Bond Counsel, the Bonds and the interest thereon are exempt from all taxation by the State of South Carolina, its counties, municipalities and school districts except estate, transfer or certain franchise taxes. Interest paid on the Bonds is currently subject to the tax imposed on banks by Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, which is enforced by the South Carolina Department of Revenue as a franchise tax. The opinion of Co-Bond Counsel is limited to the laws of the State. No opinion is rendered by Co-Bond Counsel concerning the taxation of the Bonds or the interest thereon under the laws of any other jurisdiction.

ABSENCE OF MATERIAL LITIGATION

There is no controversy of any nature now pending against the Issuer or either Borrower, or, to the knowledge of the Issuer's or each Borrower's officers, threatened, which seeks to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or the application of the proceeds of the Bonds as contemplated by the Bond Indenture, or in any way contesting or affecting the validity of the Bonds, any proceedings of the Issuer or either Borrower taken with respect to the issuance or sale thereof, the pledge or application of any money or security provided for the payment of the Bonds, the existence or powers of the Issuer or the title of any officers of the Issuer to their respective positions.

APPROVAL OF LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds by the Issuer are subject to the approving legal opinions of Cantu Harden Montoya LLP, San Antonio, Texas, Bond Counsel, and Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina, Co-Bond Counsel. Certain legal matters will be passed upon for the Issuer by Howell Linkous & Nettles, LLC, Issuer's Counsel. The form of the opinions of Bond Counsel with respect to the Bonds are attached as Appendices E-1 and E-2. The opinions of Bond Counsel and Co-Bond Counsel are given based on factual representations made to Bond Counsel and Co-Bond Counsel, and under existing law, as of the date of initial delivery of the Bonds, and Bond Counsel and Co-Bond Counsel assume no obligation to revise or supplement its opinion to reflect any facts or circumstances that may thereafter come to their attention, or any changes in law that may thereafter occur. The opinions of Bond Counsel and Co-Bond Counsel are an expression of their professional judgment on the matters expressly addressed in their opinions and do not constitute a guarantee of result. Certain legal matters will be passed upon for HOME and Sixteenth Floor by Mendel Blumenfeld & Pulido, PLLC, El Paso, Texas, for the Borrower by its local counsel Butler Snow LLP, Charleston, South Carolina, and for the Underwriter by its counsel, Dinsmore & Shohl LLP, Washington, DC.

CONTINUING DISCLOSURE

Undertakings to Provide Continuing Disclosure

To meet the requirements of paragraph (b)(5) of United States Securities and Exchange Commission ("SEC") Rule 15c2-12 ("Rule 15c2-12"), as applicable to a participating underwriter for the Bonds, each Borrower and HOME will each undertake (each an "Undertaking" and collectively, the "Undertakings") for the benefit of holders of the Bonds to provide, or cause to be provided, to the Municipal Securities Rulemaking Board ("MSRB"), certain annual financial

information of the Borrower and HOME, notices of certain events, and certain information regarding the Projects. The forms of Undertakings are set forth in Appendices G-1 and G-2.

HOME was late in filing its 2024 Audited Financials in relation to its 2024 Lifestyles at Los Paseos and Lifestyles on the Reserve transactions. HOME has filed the appropriate reports on EMMA.

RATING

S&P Global Ratings (the “Rating Agency”) has assigned a rating of “A+” to the Bonds. Such rating reflects only the view of the Rating Agency and an explanation of the significance of such rating mentioned above may only be obtained from the Rating Agency. There is no assurance that the rating mentioned above will continue for any given period of time or that such rating will not be suspended, revised downward or withdrawn entirely, if in the judgment of the Rating Agency circumstances so warrant. The Issuer and the Underwriter have undertaken no responsibility to oppose any such proposed revision or withdrawal. Any suspension, downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by KeyBanc Capital Markets Inc. (the “Underwriter”) pursuant to a bond purchase contract entered into by and among the Issuer, HOME and the Underwriter. The Bonds are being purchased at a price equal to \$_____ (representing the aggregate principal amount of the Bonds, minus an original issue discount of \$_____, less an underwriting discount of \$_____). The bond purchase contract provides that the Underwriter will purchase all of the Bonds, if any are purchased. The obligation of the Underwriter to accept delivery of the Bonds is subject to various conditions contained in the bond purchase contract.

The Underwriter intends to offer the Bonds to the public at the offering price set forth on the inside front cover page of this Official Statement, which offering price may subsequently change without any requirement of prior notice.

HOME AUDITS

Novogradac & Company, LLP is HOME’s independent auditor for the fiscal years ended December 31, 2023 and December 31, 2024. HOME’s audited financial statements for the years ended December 31, 2023 and December 31, 2024, are included in Appendix C-1 and C-2, respectively.

CONFLICTS

Some or all of the fees of the Underwriter, Trustee, Underwriter’s Counsel, Bond Counsel, Co-Bond Counsel, Issuer’s Counsel and Counsel to HOME, Sixteenth Floor Residential, and the Borrower are contingent upon the sale of the Bonds. Furthermore, from time to time Bond Counsel may serve as counsel to the Underwriter with respect to transactions other than the issuance of bonds by HOME Affiliates. None of the Directors or officers of the Borrower or Sixteenth Floor Residential or Commissioners or other officers of HOME (or any Directors or officers of any other HOME Affiliates) have interests in the issuance of the Bonds that are prohibited by applicable law.

OTHER MATTERS

All excerpts from, and summaries and explanations of, the Bond Indenture, the Loan Agreement, the Funding Agreement, the Land Use Restriction Agreements, the Mortgages, the Tax Agreement, the Master Indenture and the other documents referred to herein do not purport to be complete, and reference is made to those documents for full and complete statements of their provisions. Copies of such documents are available from the Bond Trustee at the address set forth on page 1 of this Official Statement. The appendices attached hereto are a part of this Official Statement. All statements in this Official Statement involving matters of opinion, estimates or projections whether or not expressly so stated, are intended as such and not as representations of fact.

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Execution

This Official Statement has been authorized by the Issuer and executed and delivered by each Borrower. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or holders of any of the Bonds.

SFRI RESERVE AT WESCOTT APARTMENTS LLC,
a Delaware limited liability company

By: Sixteenth Floor Residential Inc.,
a Texas nonprofit corporation,
its Sole Member

By: _____
Gerald Cichon
Chief Executive Officer and Secretary

SFRI OTARRE POINTE APARTMENTS LLC,
a Delaware limited liability company

By: Sixteenth Floor Residential Inc.,
a Texas nonprofit corporation,
its Sole Member

By: _____
Gerald Cichon
Chief Executive Officer and Secretary

APPENDIX A

FORMS OF THE PRINCIPAL FINANCING DOCUMENTS

The following are forms of the principal documents executed in connection with the issuance of the Bonds.

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FORM OF THE MASTER TRUST INDENTURE

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by and among

SFRI RESERVE AT WESCOTT APARTMENTS LLC,
as the Obligated Group Representative and an Obligated Group Member

**AND SUCH OTHER PERSONS AS MAY BECOME
OBLIGATED GROUP MEMBERS HEREUNDER**

and

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Master Trustee

Dated as of December 1, 2025

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Group Members, which by their terms or by reason of applicable law would become void or voidable if granted, assigned, or pledged hereunder by the Obligated Group Members, or which cannot be granted, pledged, or assigned hereunder without the consent of other parties whose consent is not secured, or without subjecting the Master Trustee to a liability not otherwise contemplated by the provisions hereof, or which otherwise may not be, or are not, hereby lawfully and effectively granted, pledged, and assigned by the Obligated Group Members; provided that the Obligated Group Members may subject to the lien hereof any such excepted property whereupon the same shall cease to be excepted property; and

GRANTING CLAUSE SECOND

As provided in the Mortgage (as hereinafter defined), deed of trust, or other document similar thereto, as applicable, the land described on EXHIBIT A hereto (the "Premises") and incorporated herein for all purposes, including, without limitation, all buildings, structures, fixtures, additions, enlargements, extensions, improvements, modifications or repairs now or hereafter located thereon or therein and with the tenements, hereditaments, servitudes, appurtenances, rights, privileges and immunities thereunto belonging or appertaining which may from time to time be owned by the Obligated Group Members, and all claims or expectancy of, in and to the Premises, it being the intention of the parties hereto that, so far as may be permitted by law, all property of the character hereinabove described, which is now owned or is hereafter acquired by the Obligated Group Members, and is affixed or attached or annexed to the Premises, shall be and remain or become and constitute a portion of the Premises, and the security covered by and subject to the lien of this Master Trust Indenture and the Mortgage; and

GRANTING CLAUSE THIRD

All of the rights, titles, interests and estates, now owned or hereafter acquired by the Obligated Group Members, in and to any and all accounts, chattel paper, goods, documents, instruments, general intangibles, deposit accounts, investment property, equipment, inventory, fixtures (as provided in the Mortgage), and any and all other personal property of any kind or character defined in and subject to the provisions of the Uniform Commercial Code or other such governing law relevant to the property, including the supporting obligations thereof, proceeds and products of and from any and all of such personal property used in connection with or arising out of the operation and use of the improvements located on the Facilities and any substitutions or replacements therefor, subject in all respects to the terms of the Mortgage; and

GRANTING CLAUSE FOURTH

Any amounts on deposit from time to time in any fund or account created hereunder, subject to the provisions of this Master Trust Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein; and

GRANTING CLAUSE FIFTH

Any and all property that may, from time to time hereinafter, by delivery or by writing of any kind, be subjected to the lien and security interest hereof by the Obligated Group Members or by anyone on their behalf (and the Master Trustee is hereby authorized to receive the same at any time as additional security hereunder), which subject to the lien and security interest hereof of any

MASTER TRUST INDENTURE

This Master Trust Indenture, dated as of December 1, 2025 (the "Master Trust Indenture"), between SFRI RESERVE AT WESCOTT APARTMENTS LLC, a Delaware limited liability company, as an initial Obligated Group Member and as the Obligated Group Representative (in such capacity, the "Obligated Group Representative"), SFRI OTARRE POINTE APARTMENTS LLC, a Delaware limited liability company, as an initial Obligated Group Member, and collectively with the Obligated Group Representative, the "Obligated Group", and WILMINGTON TRUST, NATIONAL ASSOCIATION, a trust company organized under the laws of the State of Delaware and being qualified to accept and administer the trusts, as master trustee (the "Master Trustee"),

WITNESSETH:

WHEREAS, the Obligated Group is authorized and deems it necessary and desirable to enter into this Master Trust Indenture for the purpose of providing for the issuance from time to time by the Obligated Group Members (as defined herein) of Obligations (as defined herein) in order to secure the financing or refinancing of primarily, multi-family housing facilities, or for other lawful and proper corporate purposes of the Obligated Group Members; and

WHEREAS, all acts and things necessary to constitute this Master Trust Indenture a valid indenture and agreement according to its terms have been done and performed, the Obligated Group Members have duly authorized the execution and delivery of this Master Trust Indenture, and the Obligated Group, in the exercise of the legal right and power invested in it, executes this Master Trust Indenture and proposes to make, execute, issue and deliver Obligations hereunder; and

WHEREAS, the Master Trustee agrees to accept and administer the trusts created hereby,

GRANTING CLAUSES

NOW, THEREFORE, THIS MASTER TRUST INDENTURE WITNESSETH, that, to secure the payment of the principal of (and premium, if any) and interest on Outstanding Obligations (hereinafter defined) and the performance of the covenants therein and herein contained and to declare the terms and conditions on which the Outstanding Obligations are secured, and in consideration of the premises, of the purchase of the Obligations by the Holders thereof, and of the sum of One Dollar (\$1.00) to the Obligated Group Members in hand paid by the Master Trustee at or before the execution and delivery hereof, the receipt and sufficiency of which are hereby acknowledged, the Obligated Group Members by these presents do hereby grant, pledge, assign, convey, set over, and confirm to the Master Trustee, forever, all and singular the following described properties, and grant a security interest therein for the purposes herein expressed, to wit:

GRANTING CLAUSE FIRST

All Project Revenues (as defined herein) of the Obligated Group Members, including, without limitation rights to receive payments as part of one or more Funding Agreements, but except and excluding all such items whether now owned or hereafter acquired by the Obligated

such property as additional security may be made subject to any reservations, limitations, or conditions which shall be set forth in a written instrument executed by the grantor or the person so acting on its behalf or by the Master Trustee respecting the use and disposition of such property or the proceeds thereof;

TO HAVE AND TO HOLD, IN TRUST, WITH THE POWER OF SALE, all said property, rights, privileges, and franchises of every kind and description, real, personal, or mixed, hereby and hereafter (by supplemental instrument or otherwise) granted, pledged, set over, or confirmed as aforesaid, or intended, agreed, or covenanted so to be, together with all the appurtenances thereto appertaining (said properties, rights, privileges, and franchises including any cash and securities hereafter deposited or required to be deposited with the Master Trustee (other than any such cash which is specifically stated herein not to be deemed part of the Trust Estate) being herein collectively referred to as the "Trust Estate") unto the Master Trustee and its successors and assigns forever;

SUBJECT, HOWEVER, to the Liens (as defined herein) and other title exceptions described in EXHIBIT C hereto and to any and all mortgages, liens, charges, encumbrances, pledges, and security interests granted, created, assumed, incurred, or existing pursuant to the provisions of Section 4.19 hereof;

BUT IN TRUST, NEVERTHELESS, first, for the equal and proportionate benefit and security of the Holders from time to time of all the Outstanding Senior Obligations without any priority of any such Senior Obligations over any other such Senior Obligations except as herein or by Supplement otherwise expressly provided, and second, on an immediately subordinate basis to the Outstanding Senior Obligations, for the equal and proportionate benefit and security of the Holders from time to time of all the Outstanding Subordinate Obligations without priority of any such Subordinate Obligations over any other such Subordinate Obligations except as herein otherwise expressly provided, and third, on an immediately subordinate basis to the Outstanding Subordinate Obligations, for the equal and proportionate benefit and security of the Holders from time to time of all the Outstanding Secondary Subordinate Obligations without priority of any such Secondary Subordinate Obligations over any other such Secondary Subordinate Obligations except as herein otherwise expressly provided;

UPON CONDITION that, if the Obligated Group Members or their successors or assigns shall well and truly pay, or cause to be paid, the principal of (and premium, if any) and interest on, the Outstanding Obligations according to the true intent and meaning thereof, or there shall be deposited with the Master Trustee such amounts in such form in order that none of the Obligations shall remain Outstanding as herein defined and provided, and shall pay or cause to be paid to the Master Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon the full and final payment of all such sums and amounts secured hereby or upon such deposit, the rights, titles, liens, security interests, and assignments herein granted shall cease, determine, and be void and this grant shall be released by the Master Trustee in due form at the expense of the Obligated Group Members, except only as herein provided; otherwise this grant to be and shall remain in full force and effect;

UPON FURTHER CONDITION as to any property included in the Trust Estate that, upon Request of the Obligated Group Representative accompanied by an Officer's Certificate and

an Opinion of Counsel to the effect that the conditions precedent for the disposition of such property set forth in Section 4.18 hereof have been satisfied, the rights, title, liens, security interests and assignments herein granted shall cease, determine and be void as to such property only and this grant shall be released by the Master Trustee as to such property in due form at the expense of the Obligated Group Members;

ALL THINGS NECESSARY to make this Master Trust Indenture a valid agreement and contract for the security of the Obligations in accordance with the terms of such Obligations and this Master Trust Indenture have been done;

IT IS HEREBY COVENANTED AND DECLARED that the Trust Estate is to be held and applied by the Master Trustee, subject to the further covenants, conditions, and trusts hereinafter set forth, and the Obligated Group Members do hereby covenant and agree to and with the Master Trustee, for the equal and proportionate benefit of all Holders of the Obligations except as herein otherwise expressly provided; and

THIS MASTER TRUST INDENTURE FURTHER WITNESSETH and it is expressly declared that all Obligations issued and secured hereunder are to be issued, authenticated and delivered and all said rights hereby pledged and assigned are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed and the Obligated Group Members have agreed and covenanted, and do hereby agree and covenant, with the Master Trustee for the equal and proportionate benefit of the respective Holders from time to time of the Obligations as follows:

[Remainder of page intentionally left blank]

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to appoint and remove its directors, the ownership of voting securities, by contract, or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Annual Budget” means the annual budget of the Obligated Group required to be provided by the Obligated Group Representative pursuant to Section 4.15 hereof.

“Authorized Representative” shall mean, with respect to the Obligated Group Representative and each Obligated Group Member, its respective chairman of the board, chief executive officer or president, or any other person or persons designated as an Authorized Representative thereof by an Officer’s Certificate of the Obligated Group Representative or the Obligated Group Member and delivered to the Master Trustee.

“Balloon Indebtedness” means Funded Indebtedness of which, 25% or more of the original principal amount thereof matures during any consecutive 12-month period, if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption or prepayment prior to such 12-month period. Balloon Indebtedness does not include Indebtedness which otherwise would be classified hereunder as Put Indebtedness.

“Board Resolution” of any specified Person means a copy of a resolution certified by the Person responsible for maintaining the records of the Governing Body of such Person to have been duly adopted by the Governing Body of such Person and to be in full force and effect on the date of such certification and delivered to the Master Trustee.

“Bond Counsel” means Cantu Harden Montoya, LLP, San Antonio, Texas, or any other attorney at law or firm of attorneys of nationally recognized experience in matters pertaining to the validity of, and exclusion from gross income for federal income tax purposes of interest on, the obligations of states and their political subdivisions as may be selected by the Obligated Group Representative but is reasonably acceptable to the issuer of the Related Bonds.

“Book Value” when used with respect to Property of a Member, means the value of such Property, net of accumulated depreciation and amortization, as reflected in the most recent audited financial statements of such Member that have been prepared in accordance with generally accepted accounting principles, and when used with respect to Property of all Members, means the aggregate of the values of such Property, net of accumulated depreciation and amortization, as reflected in the most recent audited combined financial statements of the Obligated Group prepared in accordance with generally accepted accounting principles, provided that such aggregate shall be calculated in such a manner that no portion of the value of any Property of any Member is included more than once.

“Business Day” means any day other than (a) a Saturday, (b) a Sunday, (c) a day the payment system of the U.S. Federal Reserve is not operational, (d) a day on which banking institutions are authorized or required by law or executive order to close, or (e) a day on which the New York Stock Exchange is closed.

“Capital Addition” means any addition, improvement, extension, alteration, relocation, enlargement, expansion, modification or replacement of or to the Facilities and the cost of which is properly capitalized under generally accepted accounting principles applied in accordance with Section 1.02 hereof.

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ARTICLE I DEFINITION OF TERMS, CONSTRUCTION AND CERTAIN GENERAL PROVISIONS

SECTION 1.01. DEFINITION OF TERMS. For all purposes of this Master Trust Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) “this Master Trust Indenture” means this instrument as originally executed and “Master Indenture” refers to this instrument as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and shall include the terms of the Obligations;

(b) all references in this instrument designated “Articles,” “Sections,” and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words “herein,” “hereof,” and “hereunder” and other words of similar import refer to this Master Trust Indenture as a whole and not to any particular Article, Section, or other subdivision;

(c) the terms defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular number; and

(d) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles applied in accordance with Section 1.02 of this Master Trust Indenture.

“Accountant” means a certified public accountant, or a firm of certified public accountants, who or which is “independent” as that term is defined in Rule 101 and related interpretations of the Code of Professional Ethics of the American Institute of Certified Public Accountants, of recognized standing, who or which does not devote his or its full time to any Member or its Affiliates (but who or which may be regularly retained by a Member or its Affiliates).

“Act” when used with respect to any Holder of Obligations has the meaning specified in Section 1.04 hereof and not the meaning assigned such term in any documents delivered in connection with the issuance of Obligations or Related Bonds, unless specifically provided for in such documents.

“Additional Indebtedness” means Indebtedness incurred by any Member subsequent to the issuance of the Series 2025 Note. Additional Indebtedness shall not include any short-term debt or line of credit program utilized for the near-term acquisition of a project intended to be incorporated under this Agreement with long-term debt within 12 months of the initial closing and borrowing.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control” when used with respect to any specified Person means the power to direct the policies of such Person, directly or indirectly, whether through the power

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“Cash and Investments” means the sum of cash, cash equivalents and marketable securities of the Obligated Group Members, including without limitation, board-designated assets and amounts, if any, on deposit in the Operating Reserve Fund, Renewal and Replacement Fund and Working Capital Fund, but at all times excluding (a) any Related Bonds Debt Service Reserve Fund and other trustee-held funds other than those described above in this definition, (b) funds restricted to a use that would not permit the use of such funds to pay expenses or debt service on Indebtedness of the Obligated Group, (c) any funds pledged or otherwise subject to a security interest for debt other than the Obligations, as shown on the most recent audited or unaudited financial statements of the Obligated Group, and (d) deposits by any Member to secure, or in lieu of, surety, stay or appeal bonds. For the purposes of calculations hereunder, an Unrestricted Contribution from an Affiliate shall be treated as being made during the period of such calculation so long as the Unrestricted Contribution is made prior to the date the applicable certificate is required to be delivered with respect to such calculation.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, including, when appropriate, the statutory predecessor thereof, or any applicable corresponding provisions of any future laws of the United States of America relating to federal income taxation, and except as otherwise provided herein or required by the context hereof, includes interpretations thereof contained or set forth in the applicable regulations of the Department of the Treasury (including applicable final or temporary regulations and also including regulations issued pursuant to the statutory predecessor of the Code), the applicable rulings of the Internal Revenue Service (including published Revenue Rulings and private letter rulings), and applicable court decisions.

“Collateral” has the meaning set forth in Section 6.03 hereof.

“Commitment Indebtedness” means the obligation of any Member to repay amounts disbursed pursuant to a commitment from a financial institution to refinance or purchase when due, when tendered or when required to be purchased (a) other Indebtedness of such Member, or (b) Indebtedness of a Person who is not a Member, which Indebtedness is guaranteed by a Guaranty of such Member or secured by or payable from amounts paid on Indebtedness of such Member, in either case which Indebtedness or Guaranty of such Member was incurred in accordance with the provisions of Section 4.16 hereof, and the obligation of any Member to pay interest payable on amounts disbursed for such purposes, plus any fees, costs or expenses payable to such financial institution for, under or in connection with such commitment, in the event of disbursement pursuant to such commitment or in connection with enforcement thereof, including without limitation any penalties payable in the event of such enforcement.

“Consent” means of any specified Person a written consent signed in the name of such Person by the Chairman of the Governing Body, the Chief Executive Officer, the President, a Vice President, the Treasurer, an Assistant Treasurer or the Chief Financial Officer of such Person or any other person or persons designated by an Officer’s Certificate and delivered to the Master Trustee. The Master Trustee may rely fully on any such Consent and shall not be required to make any investigation in connection therewith.

“Consultant” means a professional consulting, accounting, investment banking or commercial banking firm or individual selected by the Obligated Group Representative having the skill and experience necessary to render the particular report required and having a favorable

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reputation for such skill and experience, which firm or individual does not control any Member of the Obligated Group or any Affiliate thereof and is not controlled by or under common control with any Member of the Obligated Group or an Affiliate thereof.

“Contributions” means the aggregate amount of all contributions, grants, gifts, bequests and devises actually received in cash or marketable securities by any Person in the applicable fiscal year of such Person and any such contributions, grants, gifts, bequests and devises originally received in a form other than cash or marketable securities by any Person which are converted in such fiscal year to cash or marketable securities and deposited into the accounts of the Obligated Group.

“Credit Facility” means any Liquidity Facility, letter of credit, bond insurance policy, standby purchase agreement, guaranty, line of credit, surety bond or similar credit or liquidity facility securing any Indebtedness of any Obligated Group Member.

“Crossover Date” means, if applicable, with respect to Crossover Refunding Indebtedness, the date on which the principal portion of the Crossover Refunded Indebtedness is paid or redeemed, or on which it is anticipated that such principal portion will be paid or redeemed, from the proceeds of such Crossover Refunding Indebtedness.

“Crossover Refunded Indebtedness” means, if applicable, Indebtedness of a Person refunded by Crossover Refunding Indebtedness.

“Crossover Refunding Indebtedness” means, if applicable, Indebtedness of a Person issued for the purpose of refunding other Indebtedness of such Person if the proceeds of such Crossover Refunding Indebtedness are irrevocably deposited in escrow to secure the payment on the applicable Crossover Date of the Crossover Refunded Indebtedness and earnings on such escrow deposit are required to be applied to pay interest or principal on either or both of such Crossover Refunding Indebtedness or such Crossover Refunded Indebtedness until the Crossover Date.

“Debt Service Requirements” means, with respect to the period of time for which calculated, the aggregate of the payments required to be made during such period in respect of principal (whether at Maturity or otherwise) or purchase price of, and premium and interest on outstanding Funded Indebtedness of each Person or a group of Persons with respect to which such requirements are calculated; provided that: (a) the amount of such payments for a future period shall be calculated in accordance with the assumptions contained in Sections 4.16 and 4.17 hereof; (b) interest shall be excluded from the determination of the Debt Service Requirements to the extent that Funded Interest is available to pay such interest; (c) principal or purchase price of Indebtedness shall be excluded from the determination of Debt Service Requirements to the extent that amounts are on deposit in an irrevocable escrow and such amounts (including, where appropriate, the earnings or other increment to accrue thereon) are required to be applied to pay such principal or purchase price and such amounts so required to be applied are sufficient to pay such principal or purchase price; (d) principal of Indebtedness due in the final year of any Obligated Group Members’ obligations, whether Balloon Indebtedness or Put Indebtedness, shall be excluded from the determination of Debt Service Requirements.

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whether arising out of the insolvency of the Person on whose behalf such irrevocable deposit was made, the trustee or escrow agent or otherwise.

“Distribution” in any Proceeding means any payment or distribution of assets or securities (other than Permitted Reorganization Securities) of an Obligated Group Member of any kind or character from any source, whether in cash, securities or other property made by an Obligated Group Member, custodian, liquidating trustee or agent or any other person whether pursuant to a plan or otherwise.

“Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys or another method or system specified by the Master Trustee as available for use in connection with its services hereunder.

“EMMA” means the Electronic Municipal Market Access System, or any successor depository or system, designated and/or maintained by the Municipal Securities Rulemaking Board and its successors.

“Encumbered” means, Property which is subject to (1) a Lien described in the following subsections of the definition of Permitted Encumbrances: subsection (b) other than a Lien securing Non-Recourse Indebtedness; subsection (c) but including only Finance Leases; subsection (m)(ii); and subsection(s); and (2) all other Liens not described in the definition of Permitted Encumbrances; provided that any amounts on deposit in a construction fund created in connection with the issuance of an Obligation which are held as security for the payment of such Obligation or any Indebtedness incurred to purchase such Obligation or the proceeds of which are advanced or otherwise made available in connection with the issuance of such Obligation, shall not be deemed to be Encumbered if the amounts are to be applied to construct or otherwise acquire Property which is not subject to a Lien.

“Event of Default” has the meaning set forth in Article VI hereof.

“Excluded Property” means the real property described in EXHIBIT D attached hereto.

“Expenses” means all necessary costs to Member, including but not limited to, administrative and general expenses, costs of insurance (including reasonable contributions for self-insurance reserves, if any), consulting and technical services and repairs and replacements (to the extent not properly classifiable as capital costs), but excluding depreciation (or reserves therefor), amortization of intangibles or other bookkeeping entries of a similar nature.

“Extendable Indebtedness” means Indebtedness which is repayable or subject to purchase at the option of the holder thereof prior to its Stated Maturity, but only to the extent of money available for the repayment or purchase therefor and not more frequently than once every year.

“Facilities” means the land, building, all fixtures and equipment, and related workforce housing facilities owned and to be owned by the Obligated Group Members located on the Premises, all necessary and useful furnishings, equipment and machinery, and such interests in

“Defeasance Obligations” means any of the following:

(a) Direct obligations of the United States of America or obligations to the full and prompt payment of which the full faith and credit of the United States of America is pledged or evidences of ownership of proportionate interests in future interest and principal payments on such obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on such obligations, and which underlying obligations are not available to satisfy any claim of the custodian or any Person claiming through the custodian or to whom the custodian may be obligated.

(b) Obligations issued or guaranteed by the following instrumentalities or agencies of the United States of America:

- (1) Federal Home Loan Bank System;
- (2) Export-Import Bank of the United States;
- (3) Federal Financing Bank;
- (4) Government National Mortgage Association;
- (5) Farmers Home Administration;
- (6) Federal Home Loan Mortgage Company;
- (7) Federal Housing Administration;
- (8) Federal National Mortgage Association;
- (9) Agency for International Development; and

(10) Any other agency or instrumentality of the United States of America created by an Act of Congress which is substantially similar to the foregoing in its legal relationship to the United States of America.

(c) Obligations described in Section 103(a) of the Code, provision for the payment of the principal of (and premium, if any) and interest on which shall have been made by the irrevocable deposit at least 123 days preceding the date of determination with a bank or trust company acting as a trustee or escrow agent for holders of such obligations of money, or obligations described in clause (1) of subparagraph (b) above, the maturing principal of and interest on which, when due and payable, without reinvestment will provide money, sufficient to pay when due the principal of (and premium, if any) and interest on such obligations, and which money, or obligations described in clause (1) of subparagraph (b) above, are not available to satisfy any other claim, including any claim of the trustee or escrow agent or any claim of any Person claiming through the trustee or escrow agent or any claim of any Person to whom the Person on whose behalf such irrevocable deposit was made, the trustee, or the escrow agent may be obligated,

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land as may be necessary or suitable for the foregoing, including roads and rights of access, utilities and other necessary site preparation facilities.

“Finance Lease” means any lease required to be treated as a finance lease (and not an operating lease) under generally accepted accounting principles.

“Fiscal Year” means the 12-month period beginning on January 1 of any calendar year and ending on the following December 31, or such other consecutive 12-month period selected by the Obligated Group Representative as the fiscal year for the Members.

“Final Maturity” shall mean the date and principal amount upon which the last principal payment is owed for any obligation of indebtedness by an Obligated Member in any individual issuance of debt. Multiple debt obligations by one Obligated Member shall have multiple “Final Maturity” dates, each in relation to individual debt obligation events.

“Funded Indebtedness” means, with respect to any Person, (a) all Indebtedness of such Person for money borrowed, credit extended, incurred or assumed which is not Short Term; (b) all Short Term Indebtedness incurred by the Person which is of the type described herein; (c) the Person’s Guaranties of Indebtedness which are not Short Term; and (d) rentals under Finance Leases entered into by the Person; provided, however, that Indebtedness that could be described by more than one of the foregoing categories shall not in any case be considered more than once for the purpose of any calculation made pursuant to this Master Trust Indenture.

“Funded Interest” means amounts irrevocably deposited in an escrow or other trust account (other than a Related Bonds Debt Service Reserve Fund) to pay interest on Funded Indebtedness or Related Bonds and interest earned on such amounts to the extent such interest earned is required to be applied to pay interest on Funded Indebtedness or Related Bonds.

“Funding Agreement” means each Funding Agreement dated as of December 1, 2025, between the Obligated Group Member(s) and HOME, as amended from time to time, and any other funding agreement or similar instrument to be entered into between an Issuer, one or more Obligated Group Members, HOME, and any other parties, at any time in the future for a property governed by the Master Indenture.

“Governing Body” means, with respect to a Member, the board of directors, the board of trustees or similar group, including the board of directors of the Sole Member, as defined herein, including, without limitation, an executive committee, in which the right to exercise the powers of corporate directors or trustees is vested.

“Government Obligations” means direct obligations of the United States of America or obligations the full and timely payment of the principal of and interest on which is unconditionally guaranteed by the United States of America.

“Guaranty” means all obligations of a Person guaranteeing or in effect guaranteeing any Indebtedness, dividend or other obligation of any Primary Obligor in any manner, whether directly or indirectly including, but not limited to, obligations incurred through an agreement, contingent or otherwise, by such Person: (a) to purchase such Indebtedness or obligation or any Property constituting security therefor; (b) to advance or supply funds: (i) for the purchase or payment of

such Indebtedness or obligation, or (ii) to maintain working capital or other balance sheet condition; (c) to purchase securities or other Property or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the Primary Obligor to make payment of the Indebtedness or obligation; or (d) otherwise to assure the owner of such Indebtedness or obligation against loss in respect thereof.

“Historical Debt Service Coverage Ratio” means, for any period of time, the ratio consisting of a numerator equal to the amount determined by dividing Income Available for Debt Service for that period by the Debt Service Requirements for such period and a denominator of one; provided, however, that in calculating the Debt Service Requirements for such period, (a) the principal amount of any Indebtedness included in such calculation which is paid during such period shall be excluded to the extent such principal amount is paid from the proceeds of other Indebtedness incurred, or through proceeds from a Funding Agreement in accordance with the provisions of this Master Trust Indenture or such principal amount occurs with the Maturity of any Obligated Group’s obligations, (b) to the extent an Interest Rate Agreement has been entered into in connection with any particular Indebtedness, the actual debt service paid after the effect of Regularly Scheduled Payments made to or received from the provider of the Interest Rate Agreement shall be used in the calculation, (c) unless otherwise stated, such calculation shall be based on unaudited financial statements (and adjusted retroactively for any material changes reflected in audited financial statements for the fourth quarter of a Fiscal Year) for the four consecutive quarters ending for the period of time tested, and (d) any Subordinate Obligation, other Subordinated Indebtedness, Secondary Subordinate Obligation, or other Secondary Subordinated Indebtedness shall be excluded except when making such calculation for the purpose of determining whether payments on such Subordinate Obligation, Subordinated Indebtedness, Secondary Subordinate Obligation or other Secondary Subordinated Indebtedness can be made pursuant to Section 3.07 hereof.

“Historical Debt Service Coverage Requirement” has the meaning given such term in Section 4.11 hereof.

“Historical Pro Forma Debt Service Coverage Ratio” means, for any period of time, the ratio consisting of a numerator equal to the amount determined by dividing Income Available for Debt Service for that period by the Maximum Annual Debt Service Requirement for the Funded Indebtedness then outstanding (other than any Funded Indebtedness being refunded with the Funded Indebtedness then proposed to be issued) and the Funded Indebtedness then proposed to be issued and a denominator of one; provided, however, that in calculating the Maximum Annual Debt Service Requirements for such period, (a) the principal amount of any Indebtedness included in such calculation which is paid during such period shall be excluded to the extent such principal amount is paid from the proceeds of other Indebtedness incurred or through proceeds from a Funding Agreement in or such principal amount is the final principal Maturity of any Obligated Group’s obligations in accordance with the provisions of this Master Trust Indenture, (b) if an Interest Rate Agreement has been entered into in connection with any particular Indebtedness, the actual debt service paid after the effect of Regularly Scheduled Payments made to or received from the provider of the Interest Rate Agreement shall be taken into account in the calculation, and (c) unless otherwise stated, such calculation shall be based on unaudited financial statements (and adjusted retroactively for any material changes reflected in audited financial statements for the fourth quarter of a Fiscal Year) for the four consecutive quarters ending for the period of time

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“Lien” means any mortgage, pledge or lease of, security interest in or lien, charge or encumbrance on any Property of the Person involved in favor of, or which secures any obligation to, any Person other than any Member, and any Finance Lease under which any Member is lessee and the lessor is not another Member.

“Liquidity Facility” means a written commitment to provide money to purchase or retire any Indebtedness if (a) on the date of delivery of such Liquidity Facility, the unsecured Funded Indebtedness or claims-paying ability of the provider of such Liquidity Facility or its parent holding company or other controlling entity is rated at least “A-” by a least one of the Rating Agencies, and (b) as of any particular date of determination, no amount realized under such Liquidity Facility for the payment of the principal or the purchase or redemption price of such Indebtedness (exclusive of amounts realized for the payment of accrued interest on such Indebtedness) shall be required to be repaid by the obligor on such Funded Indebtedness for a period of at least one year. The Liquidity Facility, for purposes of definitions here, does not include any Funding Agreement.

“Majority Holders” means (a) so long as any of the Senior Obligations are then Outstanding, the Holders of not less than a majority in aggregate principal amount of the Outstanding Senior Obligations, (b) if no Senior Obligations are then Outstanding, the Holders of not less than a majority in aggregate principal amount of the Outstanding Subordinate Obligations, and (c) if no Senior Obligations and Subordinate Obligations are then Outstanding, the Holders of not less than a majority in aggregate principal amount of the Outstanding Secondary Subordinate Obligations.

“Master Trust Indenture” means this Master Trust Indenture, dated as of December 1, 2025, by and between the Obligor and Wilmington Trust, National Association, as the Master Trustee.

“Master Trustee” means Wilmington Trust, National Association, a national banking association, as trustee hereunder, and any successor in trust appointed pursuant to Article VII hereof.

“Maturity” when used with respect to any Indebtedness means the date on which the principal or purchase price of such Indebtedness or any sinking fund installment or other portion thereof becomes due and payable as therein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption or purchase, or otherwise.

“Maximum Annual Debt Service Requirement” means the largest total Debt Service Requirements for the current or any succeeding Fiscal Year or other period of time, excluding principal payments that are Balloon Indebtedness, Subordinated Indebtedness, Secondary Subordinated Indebtedness, or otherwise the final principal payment of an Obligated Member’s Indebtedness. For purposes of calculations relating to Historical Pro Forma Debt Service Coverage Ratio, as applicable, the Maximum Annual Debt Service Requirement may be calculated by using the applicable period between regularly scheduled interest payment dates (if a majority of Obligated Group Members schedule interest payment dates on the same dates) based on debt service schedules of each Obligated Group Member.

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tested. Such calculation shall not include any principal requirements for the year of any indebtedness in which the Final Maturity date occurs.

“Holder” means a bearer of any Obligation issued in bearer form, and the registered owner of any Obligation issued in registered form.

“Income Available for Debt Service” means for any period, the excess of Revenues over Expenses of the Person or group of Persons involved.

“Indebtedness” means, for any Person, (a) all Guaranties by such Person, (b) all liabilities (exclusive of reserves such as those established for deferred taxes or litigation) recorded or required to be recorded as such on the audited financial statements of such Person in accordance with generally accepted accounting principles, (c) Finance Leases, (d) all obligations for the payment of money borrowed, incurred or assumed by such Person (i) due and payable in all events, or (ii) if borrowed, incurred or assumed primarily to assure the repayment of money borrowed or credit extended, due and payable upon the occurrence of a condition precedent or upon the performance of work, possession of Property as lessee, rendering of services by others or otherwise, and (e) all obligations secured by full faith and credit or by any mortgage, lien, pledge, security interest or other charge or encumbrance on Property, whether or not the obligations have been assumed by such Person; provided that Indebtedness shall not include Indebtedness of one Member to another Member, any Guaranty by any Member of Indebtedness of any other Member, the joint and several liability of any Member on Indebtedness issued by another Member, Interest Rate Agreements (but any amounts then due but unpaid thereunder, whether regularly scheduled, termination or other payments, shall constitute Indebtedness), any Subordinated Indebtedness or Secondary Subordinated Indebtedness owed to an Affiliate of such Person evidencing an obligation to repay funds advanced or to pay fees owed to such Affiliate or any housing facilities or similar facilities to endowment or similar funds deposited by or on behalf of such residents.

“Independent Counsel” means an attorney duly admitted to practice law in any state and, without limitation, may include independent legal counsel for any Member, the Master Trustee, or any Related Bond Trustee.

“Initial Purchaser” means the initial purchaser of the Bonds used to finance the acquisition, construction, or rehabilitation of a particular property.

“Interest Rate Agreement” means an interest rate exchange, hedge or similar agreement, expressly identified in an Officer’s Certificate of the Obligated Group Representative delivered to the Master Trustee as being entered into in order to hedge the interest payable on all or a portion of any Indebtedness, which agreement may include, without limitation, an interest rate swap, a forward or futures contract or an option (e.g., a call, put, cap, floor or collar) and which agreement (a) does not constitute an obligation to repay money borrowed, credit extended or the equivalent thereof, and (b) is entered into with a counterparty with a credit rating of at least “A” (or its equivalent) by at least one Rating Agency. An Interest Rate Agreement shall not constitute Indebtedness hereunder unless and to the extent amounts due thereunder are unpaid.

“Land Use Restriction Agreement” means any Land Use Restriction Agreement that is put in place now or in the future for a property or financing subject to this Master Trust Indenture.

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“Moody’s” means Moody’s Ratings, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Obligated Group, with written notice to the Master Trustee.

“Mortgage” means, the Mortgage, Assignment of Leases, Security Agreement and Fixture Filing, dated as of December __, 2025, from the Obligor to the Master Trustee, as amended and supplemented from time to time and any future mortgages, deeds of trust, deeds to secure debt or similar instruments executed by any Member of the Obligated Group in favor of or for the benefit of the Master Trustee.

“Mortgaged Property” means the real property and personal property of the Members which is subject to the Lien and security interest of this Master Trust Indenture and the Mortgage.

“Net Operating Income” means Project Revenues less Expenses, as applicable.

“Net Proceeds” means, when used with respect to any insurance (other than the proceeds of business interruption insurance) or condemnation award or sale consummated under threat of condemnation, the gross proceeds from the insurance or condemnation award or sale with respect to which that term is used less all expenses (including attorney’s fees, costs and expenses, adjuster’s fees and any costs or expenses of the Obligated Group or the Master Trustee) incurred in the collection of such gross proceeds.

“Non-Recourse Indebtedness” means any Indebtedness which is not a general obligation of the obligor of such Indebtedness and the liability for which is effectively limited to Property, Plant and Equipment (other than the Premises or any other portion of the Trust Estate) and the income therefrom, with no recourse, directly or indirectly, to any other Property of any Member.

“Obligated Group” means, collectively, all of the Obligated Group Members.

“Obligated Group Member” or **“Member”** means initially SFRI Reserve at Wescott Apartments LLC and SFRI Otter Pointe Apartments LLC, and any other Person who has satisfied the requirements set forth in this Master Trust Indenture for becoming an Obligated Group Member and its successors until any such Person or a successor or transferee Person satisfies the requirements set forth in this Master Trust Indenture for ceasing to be an Obligated Group Member.

“Obligated Group Representative” means the Obligor, or any successor Obligated Group Representative appointed pursuant to Section 5.04 hereof.

“Obligation” means any promissory note, guaranty, lease, contractual agreement to pay money or other obligation of any Obligated Group Member which is authenticated and delivered pursuant to this Master Trust Indenture and which is entitled to the benefits of this Master Trust Indenture.

“Obligation Register” means the register of ownership of the Obligations to be maintained pursuant to this Master Trust Indenture.

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“**Obligor**” means SFRI Reserve at Wescott Apartments LLC, and any and all successors thereto in accordance with this Master Trust Indenture.

“**Occupied**” means with respect to any Residential Unit, such units that are occupied by a resident for which monthly service fees are currently charged and paid.

“**Officer’s Certificate**” means a certificate signed, in the case of a certificate delivered by a Member of the Obligated Group, by the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the President, any Vice President, Director of Finance, Chairman or Vice Chairman of the Sole Member, or any other Authorized Representative of any Member of the Obligated Group or in the case of a certificate delivered by any other corporation, by the President, any Vice President, Chief Operating Officer, Chief Financial Officer, Director of Finance or any other officer or agent authorized to sign by resolution of the Governing Body of such corporation or, in the case of a certificate delivered by any other Person, the chief executive or chief financial officer of such other Person. The Master Trustee may rely fully on any such Officer’s Certificate and shall not be required to make any investigation in connection therewith.

“**Operating Reserve Fund**” means the Operating Reserve Fund established pursuant to Section 3.02 hereof and any other operating reserve fund or account established pursuant to a Supplement in connection with the financing of a Capital Addition.

“**Operation and Maintenance Costs**” means all necessary costs to the Obligated Group of operating and maintaining its Projects, including but not limited to administrative and general expenses, costs of insurance (including reasonable contributions for self-insurance reserves, if any), consulting and technical services and repairs and replacements (to the extent not properly classifiable as capital costs), but excluding depreciation (or reserves therefor), amortization of intangibles or other bookkeeping entries of a similar nature, and debt service on the Bonds and any other debt obligations of the Obligated Group Members relating to the Project.

Each Related Indenture shall allow portions of Projects that are not material to the operation of the respective Projects to be released from the lien of the Indenture.

“**Opinion of Bond Counsel**” shall mean an opinion in writing signed by Bond Counsel.

“**Opinion of Counsel**” means a written opinion of counsel who may (except as otherwise expressly provided herein) be counsel to any Obligated Group Member.

“**Outstanding**” when used with respect to Obligations means, as of the date of determination, all Obligations theretofore authenticated and delivered under this Master Trust Indenture, except:

(a) Obligations theretofore cancelled and delivered to the Master Trustee or delivered to the Master Trustee for cancellation;

(b) Obligations for whose payment or redemption money (or Defeasance Obligations to the extent permitted by Section 9.02 of this Master Trust Indenture) shall have theretofore been deposited with the Master Trustee or any Paying Agent for such Obligations in trust for the Holders of such Obligations pursuant to this Master Trust Indenture; provided, that, if such Obligations are

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(d) this Master Trust Indenture, the Mortgage and any other Lien on Property if such Lien secures equally and ratably (but subject to the stated priority) all the Obligations and only the Obligations;

(e) leases which relate to Property of the Obligated Group which is of a type that is customarily the subject of such leases and any leases, licenses or similar rights to use Property whereunder a Member is lessee, licensee or the equivalent thereof upon fair and reasonable terms no less favorable to the lessee or licensee than would obtain in a comparable arm’s length transaction;

(f) Liens for taxes and special assessments owed by an Obligated Group Member which are not then delinquent, or if then delinquent are being contested in accordance with Section 4.05 hereof;

(g) utility, access and other easements and rights of way, restrictions, encumbrances and exceptions which do not materially interfere with or materially impair the operation of the Property affected thereby (or, if such Property is not being then operated, the operation for which it was designed or last modified);

(h) any mechanic’s, laborer’s, materialman’s, broker’s, appraiser’s, supplier’s or vendor’s Lien or right in respect thereof if payment is not yet due under the contract in question or has been due for less than 60 days, or if such Lien is being contested in accordance with the provisions of this Master Trust Indenture;

(i) such Liens, defects, irregularities of title and encroachments on adjoining property (i) in the case of the Mortgaged Property, to the extent set forth in the lender’s title policy provided to the Master Trustee upon the delivery of the Mortgage, and (ii) in the case of any Property, other than the Mortgaged Property, as normally exist with respect to property similar in character to the Property involved and which do not materially adversely affect the value of, or materially impair, the Property affected thereby for the purpose for which it was acquired or is held by the owner thereof;

(j) zoning laws and similar restrictions (i) in the case of the Mortgaged Property, to the extent set forth in the lender’s title policy upon the delivery of the Mortgage, and (ii) in the case of any Property, other than the Mortgaged Property, which are not violated by the Property affected thereby;

(k) any encumbrances imposed by a Land Use Restriction Agreement;

(l) all right, title and interest of the state where the Property involved is located, municipalities and the public in and to tunnels, bridges and passageways over, under or upon a public way;

(m) Liens on or in Property given, granted, bequeathed or devised by the owner thereof existing at the time of such gift, grant, bequest or devise, provided that (i) such Liens consist solely of restrictions on the use thereof or the income therefrom, or (ii) such Liens secure Indebtedness which is not assumed by any Member and such Liens attach solely to the Property (including the income therefrom) which is the subject of such gift, grant, bequest or devise;

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to be redeemed, notice of such redemption has been duly given or waived pursuant to this Master Trust Indenture or irrevocable provision for the giving of such notice satisfactory to the Master Trustee has been made pursuant to this Master Trust Indenture; and

(c) Obligations upon transfer of or in exchange for or in lieu of which other Obligations have been authenticated and delivered pursuant to this Master Trust Indenture;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Obligations have given any request, demand, authorization, direction, notice, consent, or waiver hereunder, Obligations owned by any Obligated Group Member or any Affiliate of any Obligated Group Member shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Master Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, or waiver, only Obligations that a Responsible Officer of the Master Trustee actually knows to be so owned shall be so disregarded. Obligations so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Master Trustee the pledgee’s unrestricted right to vote and otherwise act as the owner of such Obligations and that the pledgee is not an Obligated Group Member or an Affiliate of any Obligated Group Member.

“**Paying Agent**” means any Person authorized by the Obligated Group Representative to pay the principal of (and premium, if any) or interest on any Obligations on behalf of the Obligated Group.

“**Permitted Encumbrances**” means any Related Loan Agreement, any Related Bond Indenture and, as of any particular date:

(a) Liens arising by reason of good faith deposits with a Member in connection with tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by any Member to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges; any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable any Member to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers’ compensation, unemployment insurance, pensions or profit sharing plans or other social security plans or programs, or to share in the privileges or benefits required for corporations participating in such arrangements;

(b) any Lien described in EXHIBIT B hereto which is existing on the date of execution of this Master Trust Indenture provided that no such Lien may be extended, renewed or modified to apply to any Property of a Member of the Obligated Group not subject to such Lien on such date, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Encumbrance;

(c) any Lien on the Property of any Member granted in favor of or securing Indebtedness to any other Member with the written consent of the Majority Holders;

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(n) Liens of or resulting from any judgment or award against an Obligated Group Member, the time for the appeal or petition for rehearing of which shall not have expired, or in respect of which any Member shall at any time in good faith be prosecuting an appeal or proceeding for a review and in respect of which a stay of execution pending such appeal or proceeding for review shall be in existence, but in any case excluding any judgment or award which constitutes a default under any Related Loan Agreement;

(o) RESERVED;

(p) RESERVED;

(q) any security interest in a rebate fund, any depreciation reserve, debt service or interest reserve, debt service, construction fund or any similar fund established pursuant to the terms of any Supplement, Related Bond Indenture or Related Loan Agreement in favor of the Master Trustee, a Related Bond Trustee or the holder of the Indebtedness issued pursuant to such Supplement, Related Bond Indenture or Related Loan Agreement or the holder of any related Commitment Indebtedness;

(r) any Lien on any Related Bond or any evidence of Indebtedness of any Member acquired by or on behalf of any Member which secures Commitment Indebtedness and only Commitment Indebtedness;

(s) any Lien on Property acquired by a Member which Lien secures Indebtedness issued, incurred or assumed by any Member, or existing Indebtedness assumed as part of such acquisition which will remain outstanding after such acquisition which Lien encumbers Property other than Property that is pledged pursuant to Granting Clause Second of this Master Trust Indenture.

(t) Liens on accounts receivable arising as a result of the sale of such accounts receivable with or without recourse, provided that the principal amount of Indebtedness secured by any such Lien does not exceed the face amount of such accounts receivable sold;

(u) such Liens, covenants, conditions and restrictions, if any, which do not secure Indebtedness and which are other than those of the type referred to above, and which (i) in the case of Property owned by the Obligated Group on the date of execution of this Master Trust Indenture, do not and will not, so far as can reasonably be foreseen, materially adversely affect the value of the Property currently affected thereby or materially impair the same, and (ii) in the case of any other Property, do not materially impair or materially interfere with the operation or usefulness thereof for the purpose for which such Property was acquired or is held by a Member;

(v) any Lien on Property securing Subordinated Indebtedness;

(w) any Lien on Property securing Secondary Subordinated Indebtedness;

(x) Liens permitted by Section 4.19 hereof;

(y) any title policy exceptions described in EXHIBIT C hereto relating to the Premises; and

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(z) any rental rate restrictions, income qualification restrictions, or other encumbrances contained in a land use restriction agreement relative to a particular property included or incorporated herein.

“Permitted Investments” means, if and to the extent the same are at the time legal for investment of funds held under this Master Trust Indenture, a Related Bond Indenture or a Related Loan Agreement, dollar denominated investments in any of the following:

- (a) Government Obligations;
- (b) debt obligations which are (i) issued by any state or political subdivision thereof or any agency or instrumentality of such state or political subdivision, and (ii) at the time of purchase, rated investment grade by any Rating Agency;
- (c) bonds, debentures, notes or other evidences of indebtedness which is either (i) issued by any of the following agencies or such other government - sponsored agencies which may presently exist or be hereafter created; provided that, such bonds, debentures, notes or other evidences of indebtedness are fully guaranteed as to both principal and interest by the Government National Mortgage Association (including participation certificates issued by such association); Fannie Mae (including participation certificates issued by such entity); Federal Home Loan Banks; Federal Farm Credit Banks; Tennessee Valley Authority; Farmers Home Administration; Student Loan Marketing Association; Federal Home Loan Mortgage Corporation and repurchase agreements secured by such obligations, which funds are rated in the highest categories for such funds by both Moody’s and Standard & Poor’s at the time of purchase; or (ii) backed by the full faith and credit of the United States of America;
- (d) money market deposit accounts, time deposits, and certificates of deposits issued by commercial banks, savings and loan associations or mutual savings banks whose short-term obligations are rated investment grade at the time of purchase by Moody’s and Standard & Poor’s;
- (e) Commercial paper (having maturities of not more than 270 days) rated, at the time of purchase, in one of the two highest rating categories, without regard to gradation, by Moody’s and Standard & Poor’s;
- (f) bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by a corporation which are, at the time of purchase, rated investment grade by any Rating Agency;
- (g) investment agreements with banks that at the time such agreement is executed are rated by any Rating Agency in one of the three highest rating categories assigned by such Rating Agency (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) or investment agreements with non-bank financial institutions which, (i) all of the unsecured, direct long-term debt of either the non-banking financial institution or the related guarantor of such non-bank financial institution is rated by any Rating Agency at the time such agreement is executed in one of the three highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) for obligations of that nature, or (ii) if such non-bank financial institutions have no outstanding long-term debt that is rated, all of the short-term debt of either the non-banking financial institution or the related guarantor of such non-bank financial institution is rated by any Rating Agency in the three highest

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“Place of Payment” for a series of Obligations means a city or political subdivision designated as such pursuant to this Master Trust Indenture or a Supplement.

“Premises” means the real property described in EXHIBIT A hereto, as it may be amended from time to time.

“Primary Obligor” means the Person who is primarily obligated on an obligation which is guaranteed by another Person.

“Proceeding” means a liquidation, dissolution, bankruptcy, insolvency, reorganization, receivership or similar proceeding under the federal Bankruptcy Code or any similar federal or state law for the relief of debtors, an assignment for the benefit of creditors, any marshalling of assets or liabilities, or winding up or dissolution, but shall not include any transaction permitted by and made in compliance herewith.

“Project Revenues” means all amounts due to or received by a Member pursuant to or with respect to its related project, including without limitation, all rental revenue, subsidy payments, lease payments, payments on contractors’ bonds, and Insurance Proceeds and Condemnation Awards, and proceeds resulting from foreclosure of a Mortgage, but excluding refundable security deposits.

“Projected Debt Service Coverage Ratio” means, for any future period, the ratio consisting of a numerator equal to the amount determined by dividing the projected Income Available for Debt Service for that period by the Maximum Annual Debt Service Requirement for the Funded Indebtedness expected to be outstanding during such period and a denominator of one; provided, however, that in calculating the Debt Service Requirements in order to calculate the Maximum Annual Debt Service Requirement for such period, (i) the principal amount of any Funded Indebtedness included in such calculation which is paid during such period shall be excluded to the extent such principal amount will be paid from the proceeds of other Indebtedness incurred in accordance with the provisions of this Master Trust Indenture, paid from an advance from a Funding Agreement or such principal amount occurs with the Maturity of any Obligated Group’s obligations, (ii) any Subordinate Obligation, other Subordinated Indebtedness, Secondary Subordinate Obligation, or other Secondary Subordinated Indebtedness shall be excluded, and (iii) to the extent an Interest Rate Agreement has been or will be entered into in connection with any particular Indebtedness, the actual debt service paid after the effect of Regularly Scheduled Payments to be made to or to be received from the provider of the Interest Rate Agreement shall be used in the calculation.

“Projected Rate” means the projected yield at par of an obligation as set forth in the report of a Consultant. Such report shall state that in determining the Projected Rate such Consultant reviewed the yield evaluations at par of not less than three obligations (or such lesser number as the Consultant shall deem appropriate for reasons stated by such Consultant, but in no event less than one) selected by such Consultant, the interest on which is entitled to the exemption from federal income tax afforded by Section 103(a) of the Code or any successor thereto (or, if it is not expected that it will be reasonably possible to issue such tax-exempt obligations, or if the interest on the Indebtedness for which the Projected Rate is being calculated is not entitled to such exemption, then obligations the interest on which is subject to federal income taxation) which

rating category (without regard to any refinement or gradation of the rating category by numerical modifier or otherwise) assigned to short term indebtedness by such Rating Agency; provided that if at any time after purchase the provider of the investment agreement drops below the three highest rating categories assigned by such Rating Agency, the investment agreement must, within 30 days, either (i) be assigned to a provider rated in one of the three highest rating categories, or (ii) be secured by the provider with collateral securities the fair market value of which, in relation to the amount of the investment agreement including principal and interest, is equal to at least 102%; investment agreements with banks or non-bank financial institutions shall not be permitted if no rating is available with respect to debt of the investment agreement provider or the related guarantor of such provider;

(h) repurchase agreements with respect to and secured by Government Obligations or by obligations described in clause (b) and (c) above, which agreements may be entered into with a bank (including without limitation any Related Bond Trustee or the Master Trustee or their affiliates), a trust company, financial services firm or a broker dealer which is a member of the Securities Investors Protection Corporation, provided that (i) the Master Trustee or a custodial agent of the Master Trustee has possession of the collateral and that the collateral is, to the knowledge of the Master Trustee, free and clear of third-party claims, (ii) a master repurchase agreement or specific written repurchase agreement governs the transaction, (iii) the collateral securities are valued no less frequently than monthly, (iv) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%, and (v) such obligations must be held in the custody of the Related Bond Trustee or the Master Trustee’s agent; and

(i) both (A) shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940) or a regulated investment company (as defined in Section 851(a) of the Code) that is a money market fund that is rated in the highest rating category for such funds by Moody’s and Standard & Poor’s, and (B) shares of money market mutual funds that invest only in the obligations described in (a) and (c) above.

The Master Trustee shall be entitled to assume that any investment which at the time of purchase is a Permitted Investment remains a Permitted Investment thereafter (even if any rating is downgraded), absent receipt by a Responsible Officer of the Master Trustee of written notice or actual information to the contrary. To the extent such investment is no longer a Permitted Investment, the Obligated Group Representative shall promptly provide the Master Trustee written notice of such status and the Master Trustee shall proceed to invest such amounts pursuant to Section 3.05 herein upon receipt of an Obligated Group Representative Request.

For the purposes of this definition, obligations issued or held in the name of the Master Trustee in book-entry form on the books of the Department of Treasury of the United States shall be deemed to be deposited with the Master Trustee.

“Person” means any individual, corporation, partnership, limited liability company, firm, joint venture, association, joint stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or any other entity.

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obligations such Consultant states in its report are reasonable comparators for utilizing in developing such Projected Rate and which obligations: (a) were outstanding on a date selected by the Consultant which date so selected occurred during the 90 day period preceding the date of the calculation utilizing the Projected Rate in question; (b) to the extent practicable, are obligations of Persons engaged in operations similar to those of the Obligated Group and having a credit rating similar to that of the Obligated Group; (c) are not entitled to the benefits of any credit enhancement (including without limitation any letter or line of credit or insurance policy) if the obligation for which the Projected Rate is being determined is not benefited by any credit enhancement; and (d) to the extent practicable, have a remaining term and amortization schedule substantially the same as the obligation with respect to which such Projected Rate is being developed.

“Property” means any and all rights, titles and interests in and to any and all property, whether real or personal, tangible (including cash) or intangible, wherever situated and whether now owned or hereafter acquired by a Person but excluding the Excluded Property.

“Property, Plant and Equipment” means all Property of each Member which is classified as property, plant and equipment under generally accepted accounting principles.

“Put Indebtedness” means Indebtedness which is (a) payable or required to be purchased or redeemed by or on behalf of the underlying obligor, at the option of the owner thereof, prior to its stated maturity date, or (b) payable or required to be purchased or redeemed from the owner by or on behalf of the underlying obligor (other than at the option of the owner) prior to its stated maturity date, other than pursuant to any mandatory sinking fund or other similar fund or other than by reason of acceleration upon the occurrence of an event of default.

“Rating Agency” means Moody’s, Standard & Poor’s or Fitch or any other Rating Agency that has been requested by the Obligated Group Representative of the Obligated Group to assign a rating to particular Related Bonds and is registered as a Nationally Recognized Statistical Rating Organization (NRSRO) by the U.S. Securities and Exchange Commission.

“Regularly Scheduled Payments” means payments scheduled for regular payment on specified dates or at specific intervals pursuant to an Interest Rate Agreement.

“Related Bond Indenture” means any indenture, bond resolution, agreement or other comparable instrument pursuant to which a series of Related Bonds is issued.

“Related Bond Trustee” means the bond trustee and its successor in the trust created under any Related Bond Indenture.

“Related Bonds” means the Series 2025 Bonds and any other revenue bonds, notes or other obligations issued by any state, territory or possession of the United States or any municipal corporation or political subdivision formed under the laws thereof or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof (“governmental issuer”), pursuant to a single Related Bond Indenture, the proceeds of which are loaned or otherwise made available to any Obligated Group Member in consideration of the execution, authentication and delivery of an Obligation to or for the order of such governmental issuer.

“**Related Bonds Debt Service Reserve Fund**” means a debt service reserve fund established pursuant to a Related Bond Indenture to secure payment on any Related Bonds.

“**Related Loan Agreement**” means any loan agreement, financing agreement, credit agreement, covenant agreement, continuing covenant agreement or other comparable instrument entered into in connection with a series of Related Bonds, whether entered into with a Related Bond Trustee, holder of Related Bonds, bondholder representative or other Person in connection with an Obligation.

“**Renewal and Replacement Fund**” means the Renewal and Replacement Fund established pursuant to Section 3.01 hereof and any other renewal and replacement fund or account established pursuant to a Supplement in connection with the financing of a Capital Addition.

“**Replacement Reserve Amount**” means the amount, if any, established pursuant to a Supplement in connection with the financing of a Capital Addition.

“**Request**” means of any specified Person a written request signed in the name of such Person by the Chairman of the Governing Body, the Chief Executive Officer, the President, a Vice President, the Treasurer, an Assistant Treasurer, Secretary or the Chief Financial Officer of such Person or any other person or persons designated by an Officer’s Certificate and delivered to the Master Trustee. The Master Trustee may rely fully on any such Request and shall not be required to make any investigation in connection therewith.

“**Required Information Recipient**” means the Master Trustee, each Related Bond Trustee, each provider of a Credit Facility so long as such Credit Facility is in effect, the Initial Purchaser, and any other Person designated as a Required Information Recipient in any Supplement; provided however, the Obligated Group acknowledges and agrees that the Master Trustee is not acting as the disclosure/dissemination agent for purposes of Rule 15c2-12 of the Securities Exchange Act of 1934 in connection with any notice required to be posted by the SEC or MSRB.

“**Reserve Requirement**” means twelve months interest (or interest payable during the next Fiscal Year) on all Outstanding Indebtedness, other than Subordinated Indebtedness and Junior Subordinated Indebtedness.

“**Reserve Fund**” means that fund of that name created and existing in Section 3.09 herein.

“**Residential Units**” means the residential living units that are or become part of the Facilities.

“**Responsible Officer**” when used with respect to the Master Trustee means the officer or employee in the corporate trust department or comparable department of the Master Trustee having direct responsibility for administration of this Master Trust Indenture.

“**Revenue Fund**” means the Revenue Fund created by Section 3.03 hereof.

“**Revenues**” means, for any period: (a) in the case of any Person providing housing services, the sum of (i) resident revenues, plus (ii) other operating revenues, plus (iii) non-

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“**Series 2025 Bond Trustee**” means Wilmington Trust, National Association, as bond trustee under the Series 2025 Bond Indenture and any successor thereto.

“**Series 2025 Bonds**” means South Carolina Jobs-Economic Development Authority Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhancement), Series 2025 issued pursuant to the Series 2025 Bond Indenture.

“**Series 2025 Note**” means the Obligation issued under the Master Indenture to secure the Series 2025 Bonds as a Senior Obligation.

“**Series 2025 Project**” means the acquisition, renovation, and equipping of the existing Facilities of the Obligated Group referred to as (i) “Reserve at Wescott”, a residential rental housing community consisting of approximately 288 Residential Units, and (ii) “Otarre Pointe”, a residential rental housing community consisting of approximately 299 Residential Units.

“**Significant Holders**” means (a) so long as any Senior Obligations are then Outstanding, the Holders of 25% or more in aggregate principal amount of the Outstanding Senior Obligations, (b) if no Senior Obligations are then Outstanding but so long as any Subordinate Obligations are then Outstanding, the Holders of 25% or more in aggregate principal amount of the Outstanding Subordinate Obligations, and (c) if no Senior Obligations are then Outstanding and no Subordinate Obligations are then Outstanding but so long as any Secondary Subordinate Obligations are then Outstanding, the Holders of 25% or more in aggregate principal amount of the Outstanding Secondary Subordinate Obligations.

“**Short Term**” means, when used in connection with Indebtedness, payable on demand or having an original Maturity less than or equal to one year and not renewable at the option of the debtor for a term greater than one year beyond the date of original issuance.

“**Sole Member**” means Sixteenth Floor Residential LLC, a Delaware nonprofit corporation, and its successors and assigns and, as appropriate, predecessors in interest.

“**Sponsor**” means the Housing Authority of the City of El Paso d/b/a Housing Opportunity Management Enterprises (“HOME”), a housing authority and public body corporate and politic of the State of Texas, and its successors and assigns.

“**Sponsor General Revenues**” means the legally available and unrestricted revenues at the Sponsor based on audited financial statements plus depreciation and amortization but excluding revenues derived from the Obligated Group.

“**Standard & Poor’s**” means S&P Global Ratings, a division of S&P Global, Inc., and its successors and assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Obligated Group Representative, with written notice to the Master Trustee.

“**Stated Maturity**” when used with respect to any Indebtedness or any installment of interest thereon means any date specified in the instrument evidencing such Indebtedness or such

operating revenues (other than Contributions, income derived from the sale of assets not in the ordinary course of business, any gain from the extinguishment of debt or other extraordinary item, earnings which constitute Funded Interest or earnings on amounts which are irrevocably deposited in escrow to pay the principal of or interest on Indebtedness, including from a Funding Agreement, but otherwise including investment income), (b) in the case of any other Person, Project Revenues less sale discounts and sale returns and allowances, as determined in accordance with generally accepted accounting principles; but excluding in either case (i) any unrealized gain or loss resulting from changes in the valuation of investment securities or unrealized changes in the value of derivative instruments (including any changes in the valuation of an Interest Rate Agreement), (ii) any gains on the sale or other disposition of fixed or capital assets not in the ordinary course, (iii) earnings resulting from any reappraisal, revaluation or write up of fixed or capital assets, (v) insurance (other than business interruption) and condemnation proceeds; provided, however, that if such calculation is being made with respect to the Obligated Group, such calculation shall be made in such a manner so as to exclude any revenues attributable to transactions between any Member and any other Member, and (vi) any and all Revenues received by an Obligated Group Member pursuant to the terms and obligations agreed to in each Funding Agreement executed on equal date herewith between SFRI Reserve at Wescott Apartments LLC, SFRI Otarré Pointe Apartments LLC, and Housing Authority of the City of El Paso d/b/a Housing Opportunity Management Enterprises, d/b/a HOME (“HOME”), or any subsequent funding agreement between an Obligated Group Member and HOME or other Sponsor (but not to the extent of inclusion of these revenues for any Debt Service Coverage calculations related to individual projects in which these revenues are not expected to pay debt service).

“**Secondary Subordinated Indebtedness**” means any promissory note, guaranty, lease, contractual agreement to pay money or other obligation the terms of the documents providing for the issuance of which expressly provide that all payments on such Secondary Subordinated Indebtedness shall be subordinated to the timely payment of all Senior Obligations and Subordinate Obligations, whether currently Outstanding or subsequently issued.

“**Secondary Subordinate Obligation**” means any Obligation issued to secure Secondary Subordinated Indebtedness under this Master Trust Indenture.

“**Senior Obligation**” means the Series 2025 Note and any other Obligations issued on a *pari passu* basis with the Series 2025 Note under this Master Trust Indenture.

“**Senior Obligation Default Notice**” means any notice of a default (other than a Senior Obligation Payment Default) that permits the holders of any Senior Obligations to declare such Senior Obligations due and payable.

“**Senior Obligation Payment Default**” means a default in the payment of any principal or purchase price of or premium or interest on any Senior Obligations.

“**Series 2025 Bond Indenture**” means the Bond Indenture, dated as of December 1, 2025, between South Carolina Jobs-Economic Development Authority and the Series 2025 Bond Trustee, relating to the Series 2025 Bonds.

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installment of interest as a fixed date on which the principal of such Indebtedness or any installment thereof or the fixed date on which such installment of interest is due and payable.

“**Subordinated Indebtedness**” means any promissory note, guaranty, lease, contractual agreement to pay money or other obligation the terms of the documents providing for the issuance of which expressly provide that all payments on such Subordinated Indebtedness shall be subordinated to the timely payment of all Senior Obligations, whether currently Outstanding or subsequently issued. Subordinated Indebtedness shall not include Secondary Subordinated Indebtedness.

“**Subordinate Obligation**” means any Obligations issued to secure Subordinated Indebtedness under this Master Trust Indenture.

“**Supplement**” means an indenture supplemental to, and authorized and executed pursuant to the terms of, this Master Trust Indenture.

“**Tax-Exempt Organization**” means a Person organized under the laws of the United States of America or any state thereof that is exempt from federal income taxes under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code, or corresponding provisions of federal income tax laws from time to time in effect.

“**Testing Date**” shall have the meaning ascribed to it in Section 4.20 hereof.

“**Trust Estate**” has the meaning given such term in the Granting Clauses hereof.

“**Unrestricted Contributions**” means Contributions which are not restricted in any way that would prevent their application to the payment of debt service on Indebtedness of the Person receiving such Contributions.

“**Working Capital Fund**” means any working capital fund or account established in connection with the financing of any Capital Addition.

SECTION 1.02. COMPLIANCE CERTIFICATES AND REPORTS. Whenever the amount or date of any of the following is a condition to the taking of any action permitted hereby:

(a) estimated Revenues, Project Revenues, Expenses, Cash and Investments and Income Available for Debt Service of any Person for any future Fiscal Year shall be established by a certificate or report of the Sponsor or Member, if applicable, stating the amount of such estimated item based upon assumptions provided by such Person and stating that such assumptions are, in the opinion of the Sponsor or Member, if applicable, reasonable;

(b) any of:

(1) Revenues, Project Revenues, Expenses, Cash and Investments and Income Available for Debt Service of any Person for any prior Fiscal Year or period,

(2) Maximum Annual Debt Service Requirement of any Person, and

- (3) principal of and interest on any Indebtedness,

shall be established by an Officer's Certificate of the Obligated Group Representative stating the amount of such item and that such amounts have been derived from either the most recent audited or unaudited financial statements of the Obligated Group delivered to the Master Trustee pursuant to Section 4.15 hereof, or for any period other than a prior Fiscal Year, from the internally prepared financial statements of the Obligated Group for such period;

(c) the anticipated date of completion of any construction project of any Person shall be established by an Officer's Certificate of the Obligated Group Representative; and

(d) securities shall include any amounts invested in marketable securities, whether classified as short term or long term assets.

All calculations required to be made hereunder with respect to the Obligated Group shall be made after elimination of intercompany items on a combined basis. The character or amount of any asset, liability or item of income or expense required to be determined or any consolidation, combination or other accounting computation required to be made for the purposes hereof, shall be determined or made in accordance with generally accepted accounting principles in effect on the date hereof, or at the option of the Obligated Group Representative, at the time in effect (provided that such generally accepted accounting principles are applied consistently with the requirements existing either on the date hereof or at the time in effect) except that assets, liabilities, items of income and expenses of Affiliates which are not included in the Obligated Group shall not be taken into account, and except where such principles are inconsistent with the requirements of this Master Trust Indenture; provided, however, that there shall not be included in any calculation of any item otherwise required to be included in such calculation with respect to any Person which has withdrawn or is withdrawing from the Obligated Group.

Provisions referring to the preparation of financial statements or the determination of specific elements appearing in financial statements in accordance with generally accepted accounting principles in the United States of America shall mean the generally accepted accounting principles at such time for the Person in question.

Notwithstanding the provisions of the immediately preceding paragraph, if the Obligated Group is permitted to effect a transaction hereunder using financial statements of the Obligated Group covering a period of less than 12 months (or such period has less than 12 months of operations) or using unaudited financial statements covering a period of less than 12 months (or such period has less than 12 months of operations), then, at the election of the Obligated Group Representative, the required components of such calculation (other than the items directly derived from the financial statements of the Obligated Group or unaudited financial statements covering a period of less than 12 months or a period of operations having less than 12 months) shall be prorated to reflect such shorter period.

SECTION 1.03. FORM OF DOCUMENTS DELIVERED TO MASTER TRUSTEE. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one

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depository, or exhibited to it, the Obligations held in bearer form therein described; or such facts may be proved by the certificate or affidavit of the Person executing such instrument or writing as a Holder of Obligations, if such certificate or affidavit is in form satisfactory to the Master Trustee. The Master Trustee and the Obligated Group Members may assume that such ownership of any Obligation held in bearer form continues until (1) another certificate bearing a later date issued in respect of the same Obligation is produced, or (2) such Obligation is produced by some other Person, or (3) such Obligation is registered as to principal or is surrendered in exchange for an Obligation in registered form, or (4) such Obligation is no longer Outstanding.

(c) The fact and date of execution of any such instrument or writing and the amount and numbers of Obligations held in bearer form by the Person so executing such instrument or writing may also be proved in any other manner which the Master Trustee deems sufficient; and the Master Trustee may in any instance require further proof with respect to any of the matters referred to in this Section.

(d) The ownership of Obligations in registered form shall be proved by the Obligation Register.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Obligation shall bind every future Holder of the same Obligation and the Holder of every Obligation issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Master Trustee or the Obligated Group Members in reliance thereon, whether or not notation of such action is made upon such Obligation.

SECTION 1.05. NOTICES, ETC., TO MASTER TRUSTEE AND OBLIGATED GROUP MEMBERS. (a) Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders of Obligations or other document provided or permitted by this Master Trust Indenture to be made upon, given or furnished to, or filed with,

(1) the Master Trustee by any Holder of Obligations or by any specified Person shall be sufficient for every purpose hereunder if actually received by the Master Trustee at Wilmington Trust, National Association, 650 Town Center Drive, Suite 800, Costa Mesa, California 92626, Attention: Corporate Trust Services or at any other address subsequently furnished in writing to the Holders of Obligations by the Master Trustee;

(2) the Obligated Group Members by the Master Trustee or by any Holder of Obligations shall be sufficient for every purpose hereunder if in writing and mailed, first class postage prepaid, to the Obligated Group Representative addressed to it at SFRI Reserve at Wescott Apartments LLC, 304 Texas Avenue, 16th Floor, El Paso, Texas 79901, or at any other address previously furnished in writing to the Master Trustee by the Obligated Group Representative with copies to Cantu Harden Montoya LLP, 1020 NE Loop 410, Suite 401, San Antonio, Texas 78209, Attention: Adam Harden, Esq.; Mendel Blumenfeld & Pulido, 304 Texas Avenue, Suite 1503, El Paso, Texas 79901, Attention: Robert Blumenfeld, Esq.; and Butler Snow LLP, 1170 Peachtree Street, NE, Suite 1900, Atlanta, Georgia 30309, Attention: David Williams, Esq.

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document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of any officer of a Person may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel or Opinion of Bond Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of a specified Person stating that the information with respect to such factual matters is in the possession of such Person, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Master Trust Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 1.04. ACTS OF HOLDERS OF OBLIGATIONS. (a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Master Trust Indenture to be given or taken by Holders of Obligations may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders of Obligations in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Master Trustee, and, where it is hereby expressly required, to the Obligated Group Representative. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders of Obligations signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent, or of the holding by any Person of unregistered Obligations, shall be sufficient for any purpose of this Master Trust Indenture and conclusive in favor of the Master Trustee and the Obligated Group Members, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or a member of a partnership, on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority.

The amount of Obligations held in bearer form by any Person executing any such instrument or writing as a Holder of Obligations, the numbers of such Obligations, and the date of his holding the same, may be proved by the production of such Obligations or by a certificate executed, as depository, by any trust company, bank, banker or member of a national securities exchange (wherever situated), if such certificate is in a form reasonably satisfactory to the Master Trustee, showing that at the date therein mentioned such Person had on deposit with such

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(3) any Obligated Group Member by the Master Trustee or by any Holder of Obligations shall be sufficient for every purpose hereunder if in writing and mailed, registered or certified first class postage prepaid, to the Obligated Group Member addressed to it at the address specified in the Supplement executed by such Obligated Group Member or at any other address previously furnished in writing to the Master Trustee by such Obligated Group Member.

(b) In addition to the foregoing, the Master Trustee shall have the right to accept and act upon written instructions, including funds transfer instructions ("Instructions") given pursuant to this Master Trust Indenture, the Mortgage or any other document reasonably relating to the Obligations and delivered using Electronic Means; provided, however, that the Obligated Group Representative shall provide to the Master Trustee an incumbency certificate listing the Authorized Representatives with the authority to provide such Instructions and containing specimen signatures of each such Authorized Representative, which incumbency certificate shall be amended by the Obligated Group Representative whenever a person is to be added or deleted from the listing. If the Obligated Group Representative elects to give the Master Trustee Instructions using Electronic Means, the Master Trustee's understanding of such Instructions shall be deemed controlling. Each Obligated Group Member understands and agrees that the Master Trustee cannot determine the identity of the actual sender of such Instructions and that the Master Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Representative listed on the incumbency certificate provided to the Master Trustee have been sent by such Authorized Representative. Each Obligated Group Member shall be responsible for ensuring that only Authorized Representatives transmit such Instructions to the Master Trustee, and the Obligated Group Members and all Authorized Representatives are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Obligated Group Members. The Master Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Master Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. Each Obligated Group Member agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Master Trustee, including without limitation the risk of the Master Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Master Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Obligated Group Members; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to them a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Master Trustee in writing immediately upon learning of any compromise or unauthorized use of the security procedures.

(c) Notwithstanding the foregoing, notices to the Master Trustee shall be effective only upon receipt.

SECTION 1.06. NOTICES TO HOLDERS OF OBLIGATIONS; WAIVER. Where this Master Trust Indenture provides for notice to Holders of Obligations of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first class postage prepaid, to each Holder of such Obligations, at the address of such

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Holder as it appears on the Obligation Register, not later than the latest date, and not earlier than the earliest date, prescribed for the transmission of such notice. Where this Master Trust Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders of Obligations shall be filed with the Master Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 1.07. NOTICES TO RATING AGENCIES. If any Related Bonds are then rated by a Rating Agency, the Obligated Group Representative shall give prompt notice to such Rating Agency of any of the following events:

- (a) any Event of Default hereunder;
- (b) the incurrence by any Obligated Group Member of any Funded Indebtedness (however, notice need not be provided for Finance Leases where the net present value of the minimum Finance Lease payment is less than \$200,000);
- (c) any addition to or withdrawal from the Obligated Group; and
- (d) any Interest Rate Agreement entered into by any Obligated Group Member.

SECTION 1.08. EFFECT OF HEADINGS AND TABLE OF CONTENTS. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.09. SUCCESSORS AND ASSIGNS. All covenants and agreements in this Master Trust Indenture by the Obligated Group Members shall bind their respective successors and assigns, whether so expressed or not.

SECTION 1.10. SEPARABILITY CLAUSE. In case any provision in this Master Trust Indenture or in the Obligations shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and shall continue in full force and effect.

SECTION 1.11. ELECTRONIC TRANSACTIONS. The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by Electronic Means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

[Remainder of page intentionally left blank]

and may be incurred without regard to provisions of this Master Trust Indenture restricting or limiting the issuance or incurrence of Indebtedness, and (ii) shall not be treated as Outstanding hereunder and shall be excluded for purposes of determining whether the Holders of the requisite amount of Obligations Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Master Trust Indenture (including a request, demand, authorization, notice, consent or waiver pursuant to the remedy provisions of Article VII or an amendment pursuant to Article IX of this Master Trust Indenture).

SECTION 2.02. APPOINTMENT OF OBLIGATED GROUP REPRESENTATIVE. Each Obligated Group Member, by becoming an Obligated Group Member, irrevocably appoints the Obligated Group Representative as its agent and true and lawful attorney in fact and grants to the Obligated Group Representative (a) full and exclusive power to execute Supplements authorizing the issuance of Obligations or series of Obligations, (b) full and exclusive power to execute Obligations for and on behalf of the Obligated Group and each Obligated Group Member, (c) full and exclusive power to execute Supplements on behalf of the Obligated Group and each Obligated Group Member pursuant to Sections 8.01 and 8.02 hereof, and (d) full power to prepare, or authorize the preparation of, any and all documents, certificates or disclosure materials reasonably and ordinarily prepared in connection with the issuance of Obligations hereunder, or Related Bonds associated therewith, and to execute and deliver such items to the appropriate parties in connection therewith.

SECTION 2.03. EXECUTION AND AUTHENTICATION OF OBLIGATIONS. All Obligations shall be executed for and on behalf of the Obligated Group and the Obligated Group Members by an Authorized Representative of the Obligated Group Representative. The signature of any such Authorized Representative may be manual or may be mechanically or photographically reproduced on the Obligation. If any Authorized Representative whose signature appears on any Obligation ceases to be such Authorized Representative before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such Authorized Representative had remained in office until such delivery. Each Obligation shall be manually authenticated by an authorized representative of the Master Trustee, without which authentication no Obligation shall be entitled to the benefits hereof.

The Master Trustee's authentication certificate shall be substantially in the following form:

MASTER TRUSTEE'S AUTHENTICATION CERTIFICATE

This [Obligation][Note] is one of the Obligations referred to in the aforementioned Master Indenture.

Date of Authentication: _____

Master Trustee

By: _____
Authorized Signatory

SECTION 2.04. SUPPLEMENT CREATING OBLIGATIONS. The Obligated Group Representative (on behalf of the Obligated Group Members) and the Master Trustee may from time to time enter into a Supplement in order to create Obligations hereunder which

ARTICLE II
THE OBLIGATIONS

SECTION 2.01. SERIES AND AMOUNT OF OBLIGATIONS; OBLIGATIONS FOR INTEREST RATE AGREEMENTS. (a) Obligations shall be issued under this Master Trust Indenture in series created by Supplements permitted hereunder. Each series shall be designated to differentiate the Obligations of such series from the Obligations of any other series. No Obligation issued hereunder shall be secured on a basis senior to other Obligations (except as provided herein for Senior Obligations and Subordinate Obligations); provided, however, that Subordinated Indebtedness, if secured by any portion of the Trust Estate, may only be secured by Subordinate Obligations hereunder, and Secondary Subordinated Indebtedness, if secured by any portion of the Trust Estate, may only be secured by Secondary Subordinate Obligations hereunder. Any Subordinated Indebtedness issued by the Obligated Group shall contain a provision to the effect that the payment on the Subordinated Indebtedness is subordinate to payment on Senior Obligations issued pursuant to this Master Trust Indenture. Any Secondary Subordinated Indebtedness issued by the Obligated Group shall contain a provision to the effect that the payment on the Secondary Subordinated Indebtedness is subordinate to payment on Senior Obligations and Subordinate Obligations issued pursuant to this Master Trust Indenture. The provision of an Interest Rate Agreement, letter or line of credit, standby bond purchase agreement, Funding Agreement, bond insurance policy or other similar instrument or obligation issued by a financial institution or municipal bond insurer or the establishment of a debt service reserve fund or account for the sole benefit of the Holders of certain Obligations, shall be permitted. The number of series of Obligations that may be created under this Master Trust Indenture is not limited. The aggregate principal amount of Obligations of each series that may be created under this Master Trust Indenture is not limited except as restricted by any Supplement and the provisions of Article IV of this Master Trust Indenture.

(b) Any Obligated Group Member proposing to incur Indebtedness other than the Series 2025 Note, whether evidenced by Obligations issued pursuant to a Supplement or by evidences of Indebtedness issued pursuant to documents other than this Master Trust Indenture, shall give written notice of its intention to incur such Indebtedness, including in such notice the amount of Indebtedness to be incurred, to the Obligated Group Representative and the other Obligated Group Members; provided that the Obligated Group Representative need not give notice to itself. The Obligated Group Representative shall provide the Master Trustee with a copy of any such notice it receives prior to the date such Indebtedness is to be incurred. Any such Obligated Group Member, other than the Obligated Group Representative, proposing to incur such Indebtedness other than the Series 2025 Note, shall obtain the written consent of the Obligated Group Representative, which consent shall be evidenced by an Officer's Certificate filed with the Master Trustee or an endorsement to such Indebtedness signed by the Obligated Group Representative. The Series 2025 Note is issued simultaneously with the execution and delivery hereof.

(c) Obligations that are issued to secure payments other than Regularly Scheduled Payments under an Interest Rate Agreement may be secured by an Obligation on parity with other Obligations or constitute Subordinated Indebtedness hereunder. Obligations may adopt by reference the terms of an Interest Rate Agreement. Obligations issued pursuant to this provision (i) do not constitute Indebtedness (unless and to the extent amounts due thereunder are unpaid)

Obligations will be secured by the lien of this Master Trust Indenture and shall be general obligations of each Member; provided however that each Senior Obligation shall be secured by a first and prior lien on the Trust Estate; each Subordinate Obligation shall be secured by a second lien on the Trust Estate, subject and subordinate to the first lien of the Senior Obligations; and each Secondary Subordinate Obligation shall be secured by a third lien on the Trust Estate, subject and subordinate to the first lien of the Senior Obligations and the second lien of the Subordinate Obligations, respectively. Each Supplement authorizing the issuance of Obligations shall specify and determine the date of the Obligations, the principal amount thereof, the purposes for which such Obligations are being issued, the form, title, designation, and the manner of numbering or denominations, if applicable, of such Obligations, the date or dates of Maturity of such Obligations, the rate or rates of interest (or method of determining the rate or rates of interest) and premium, if any, borne by such Obligations, the arrangement for place and medium of payment, whether such Obligations are being issued as Indebtedness which is not Subordinated Indebtedness or Secondary Subordinated Indebtedness and are designated as Senior Obligations, whether such Obligations are being issued as Subordinated Indebtedness and are designated as Subordinate Obligations, whether such Obligations are being issued as Secondary Subordinated Indebtedness and are designated as Secondary Subordinate Obligations, and any other provisions deemed advisable or necessary but consistent with the provisions of this Master Trust Indenture, and any of the foregoing terms may be incorporated into such Supplement by reference.

Each Obligation shall be issuable, shall be transferable and exchangeable and shall be subject to redemption as specified in this Master Trust Indenture and in the applicable Supplement. Any Obligation to be held by a Related Bond Trustee in connection with the issuance of Related Bonds shall be in the principal amount equal to the aggregate principal amount of such Related Bonds and shall be registered in the name of the Related Bond Trustee as assignee of the issuer of the Related Bonds. Unless an Obligation has been registered under the Securities Act of 1933, as amended (or similar legislation subsequently enacted), each such Obligation shall be endorsed with a legend which shall read substantially as follows: "This Bond has not been registered under the Securities Act of 1933 or any state securities law (or any such similar subsequent legislation);" provided, however, such legend shall not be required if the Master Trustee is provided with an Opinion of Counsel to the effect that such legend is not required.

A Supplement and the Obligations issued thereunder may contain, as applicable, provisions relating to bond insurance or other forms of credit or liquidity enhancement, including a Funding Agreement, as well as any and all compatible provisions necessary in order to make the Obligations meet the requirements of an issuer of any credit or liquidity enhancement. Similarly, a Supplement may provide for Obligations to be issued in fixed or variable rate forms, as the case may be, with such tender and redemption provisions as may be deemed necessary for the issuance thereof and provide for the execution of required documents necessary for such purposes, and may specifically subordinate payment, remedies and any other provisions of the Obligations issued thereunder to the provisions of any other Obligations.

Each Supplement entered into for the issuance of Obligations shall specify whether such Obligations shall be Senior Obligations, Subordinate Obligations or Secondary Subordinate Obligations and, subject to such priority, may specifically subordinate payment, remedies and any other provisions of the Obligations issued thereunder to the provisions of any other Obligations.

SECTION 2.05. CONDITIONS TO ISSUANCE OF OBLIGATIONS HEREUNDER. With respect to Obligations created hereunder, simultaneously with or prior to the execution, authentication and delivery of Obligations pursuant to this Master Trust Indenture:

(a) the Obligated Group Representative (on behalf of the Obligated Group Members) and the Master Trustee shall have entered into a Supplement as provided in Section 2.04 hereof, and all requirements and conditions to the issuance of such Obligations set forth in the Supplement and in this Master Trust Indenture, including, without limitation, the provisions of Sections 4.16 and 8.01 hereof (provided that such provisions shall not be applicable to the Series 2025 Note), shall have been complied with and satisfied, as provided in an Officer's Certificate of the Obligated Group Representative, a copy of which shall be delivered to the Master Trustee; and

(b) the Obligated Group Representative shall have delivered to the Master Trustee an Opinion of Counsel to the effect that (i) all conditions precedent required by this Master Trust Indenture relating to the creation of the Obligations have been satisfied, (ii) registration of such Obligations under the Securities Act of 1933, as amended, and qualification of this Master Trust Indenture or the Supplement under the Trust Indenture Act of 1939, as amended, is not required, or, if such registration or qualification is required, that all applicable registration and qualification provisions of said acts have been complied with, and (iii) this Master Trust Indenture, as amended and supplemented by such Supplement, and the Obligations are valid, binding and enforceable obligations of each of the Obligated Group Members in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance and other laws affecting creditors' rights generally, usual equity principles and other customary exclusions.

SECTION 2.06. [RESERVED].

SECTION 2.07. OPTIONAL, EXTRAORDINARY, AND MANDATORY REDEMPTION. Obligations of each series may be subject to optional, extraordinary, and mandatory redemption in whole or in part and may be redeemed prior to Maturity, as provided in the Supplement creating such series, but not otherwise.

SECTION 2.08. MUTILATED, DESTROYED, LOST AND STOLEN OBLIGATIONS. If (a) any mutilated Obligation is surrendered to the Master Trustee, or the Master Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Obligation, and (b) there is delivered to the Master Trustee such security or indemnity as may be required by the Master Trustee to hold it and the Obligated Group Representative harmless, then, in the absence of actual notice to the Obligated Group Representative or a Responsible Officer of the Master Trustee that such Obligation has been acquired by a bona fide purchaser, the Obligated Group Representative shall execute and upon its written request the Master Trustee shall authenticate and deliver in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Obligation, a new Obligation of like tenor, priority, series, interest rate and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Obligation has become or is about to become due and payable, the Obligated Group Representative in its discretion may, instead of issuing a new Obligation, pay such Obligation.

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**ARTICLE III
FUNDS AND ACCOUNTS**

SECTION 3.01. RENEWAL AND REPLACEMENT FUND. The Master Trustee shall establish and maintain a separate fund to be known as the "Renewal and Replacement Fund – SFRI Obligated Group" (the "Renewal and Replacement Fund") if, and to the extent, it is required by a Supplement. All moneys received by the Master Trustee and deposited in the Renewal and Replacement Fund shall be trust funds under the terms of this Master Trust Indenture held for the benefit of all of the Obligations Outstanding hereunder (except as otherwise provided) and shall not be subject to lien or attachment of any creditor of any Member of the Obligated Group. Such moneys shall be held in trust and applied in accordance with the provisions of this Master Trust Indenture.

Moneys in the Renewal and Replacement Fund shall be disbursed by the Master Trustee by wire transfer to or for the account of an Obligor within five days of receipt by the Master Trustee of an Officer's Certificate to the effect that (i) such moneys will be used to pay the costs of capital improvements to the Facilities or for any other legal purpose, and (ii) such moneys are anticipated to be expended in the calendar month following the month in which such Officer's Certificate is submitted, together with an itemized budget describing the uses for which such moneys are needed and the amount needed for each such use.

SECTION 3.02. OPERATING RESERVE FUND. The Master Trustee shall establish and maintain a separate fund to be known as the "Operating Reserve Fund – SFRI Obligated Group" (the "Operating Reserve Fund") if, and to the extent, it is required by a Supplement.

All moneys received by the Master Trustee and deposited in the Operating Reserve Fund shall be trust funds under the terms of this Master Trust Indenture held for the benefit of all of the Obligations Outstanding hereunder (except as otherwise provided) and shall not be subject to lien or attachment of any creditor of any Member of the Obligated Group. Such moneys shall be held in trust and applied in accordance with the provisions of this Master Trust Indenture.

Moneys in the Operating Reserve Fund shall be disbursed by the Master Trustee by wire transfer to or for the account of an Obligor within five days of receipt by the Master Trustee of an Officer's Certificate to the effect that such moneys will be used to pay (A) costs of constructing, acquiring, equipping, and operating the Facilities, (B) lease up and operating expenses of the Facilities, including any capitalized interest, development, management and marketing fees, (C) the costs of needed repairs to the Facilities, (D) the costs of capital improvements to the Facilities, (E) judgments against a Member, (F) amounts due on any Indebtedness of an Obligor or the Obligated Group (capitalized interest included), or (G) any other legal purpose.

SECTION 3.03. REVENUE FUND. (a) There is hereby created and established with the Master Trustee a fund designated as the "Revenue Fund – SFRI Obligated Group" (the "Revenue Fund").

(b) Upon the occurrence and continuance of an Event of Default under Section 6.01(a) of this Master Trust Indenture, each Obligated Group Member shall deposit with the Master

Trustee all Project Revenues of such Obligated Group Member (except to the extent otherwise provided by or inconsistent with any instrument creating any mortgage, lien, charge, encumbrance, pledge or other security interest granted, created, assumed, incurred or existing in accordance with the provisions of Section 4.19 of this Master Trust Indenture) during each succeeding month, beginning on the first day thereof and on each day thereafter, until no default under Section 6.01(a) of this Master Trust Indenture or in the payment of any other Obligations then exists.

Upon the issuance of any new Obligation under this Section, the Obligated Group Representative and the Master Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Master Trustee) in connection therewith.

Every new Senior Obligation, Subordinate Obligation or Secondary Subordinate Obligation issued pursuant to this Section in lieu of any destroyed, lost or stolen Senior Obligation, Subordinate Obligation or Secondary Subordinate Obligation, respectively, shall constitute an original additional contractual obligation of the maker thereof, whether or not the destroyed, lost or stolen Obligation shall be at any time enforceable by anyone, and shall be entitled to all the benefits and security of this Master Trust Indenture equally and proportionately with any and all other Senior Obligations, Subordinate Obligations or Secondary Subordinate Obligations, as the case may be, duly issued hereunder.

Upon issuance of a replacement Obligation pursuant to this Section, any mutilated, lost, stolen or destroyed Obligation shall be null and void and of no effect.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Obligations.

SECTION 2.09. CANCELLATION. All Obligations surrendered for payment, redemption, transfer or exchange shall, if delivered to any Person other than the Master Trustee, be delivered to the Master Trustee and, if not already canceled or required to be otherwise delivered by the terms of the Supplement authorizing the series of Obligations of which such Obligation is a part, shall be promptly canceled by it. The Obligated Group Representative may at any time deliver to the Master Trustee for cancellation any Obligations previously authenticated and delivered hereunder, which the Obligated Group Representative may have acquired in any manner whatsoever, and all Obligations so delivered shall be promptly canceled by the Master Trustee. No Obligations shall be authenticated in lieu of or in exchange for any Obligations canceled as provided in this Section, except as expressly permitted by this Master Trust Indenture. All canceled Obligations held by the Master Trustee shall be treated by the Master Trustee in accordance with its current document retention policies.

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Trustee all Project Revenues of such Obligated Group Member (except to the extent otherwise provided by or inconsistent with any instrument creating any mortgage, lien, charge, encumbrance, pledge or other security interest granted, created, assumed, incurred or existing in accordance with the provisions of Section 4.19 of this Master Trust Indenture) during each succeeding month, beginning on the first day thereof and on each day thereafter, until no default under Section 6.01(a) of this Master Trust Indenture or in the payment of any other Obligations then exists.

(c) On the fifth Business Day preceding the end of each month in which any Obligated Group Member has made payments to the Master Trustee for deposit into the Revenue Fund, the Obligated Group Representative or the Master Trustee, as applicable, shall withdraw and pay or deposit from the amounts on deposit in the Revenue Fund the following amounts in the order indicated, with payments due at a higher level to be fully paid before any payments are applied to a lower level of priority:

First: to the payment of all amounts due the Master Trustee under this Master Trust Indenture and each Related Bond Trustee under a Related Bond Indenture;

Second: to an operating account designated by the Obligated Group Representative (which shall be subject to the lien of this Master Trust Indenture), the amount necessary to pay the Expenses due or expected to become due in the month in which such transfer is made, all as set forth in the then-current Annual Budget less any amounts currently held in the operating account of the Obligated Group Member, which amount shall be based upon a requisition and certificate signed by the Obligated Group Representative certifying the amount so requested and the amount currently held in the operating account;

Third: to the payment of the amounts then due and unpaid upon the Senior Obligations, for principal or purchase price of (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Senior Obligations for principal or purchase price of (and premium, if any) and interest, respectively, and payments of any Regularly Scheduled Payments due under any Interest Rate Agreement related to a Senior Obligation;

Fourth: to restore any deficiency in a Related Bonds Debt Service Reserve Fund or in any debt service reserve fund under any Supplement securing Senior Obligations, on a pro rata basis;

Fifth: to the Renewal and Replacement Fund, if any, an amount equal to one-twelfth of the Replacement Reserve Amount;

Sixth: to the payment of the amounts then due and unpaid upon the Subordinate Obligations for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Subordinate Obligations for principal (and premium, if any) and interest, respectively, and payments of any Regularly Scheduled Payments due under any Interest Rate Agreement related to a Subordinate Obligation;

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Seventh: to restore any deficiency in a Related Bonds Debt Service Reserve Fund or in any debt service reserve fund under any Supplement securing Subordinate Obligations, on a pro rata basis;

Eighth: To the payment of the amounts then due and unpaid upon the Secondary Subordinate Obligations for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Secondary Subordinate Obligations for principal (and premium, if any) and interest, respectively, and payments of any Regularly Scheduled Payments due under any Interest Rate Agreement related to a Secondary Subordinate Obligation;

Ninth: to restore any deficiency in a Related Bonds Debt Service Reserve Fund or in any debt service reserve fund under any Supplement securing Secondary Subordinate Obligations, on a pro rata basis;

Tenth: to the payment of the amounts then due and unpaid upon any Indebtedness not secured by an Obligation, for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Indebtedness for principal (and premium, if any) and interest, respectively, and to the payment of all other amounts due under any Interest Rate Agreement related to Indebtedness not secured by an Obligation; and

Eleventh: to the Obligated Group Representative for the benefit of the Obligated Group.

(d) The money deposited to the Revenue Fund, together with all investments thereof and investment income therefrom, shall be held in trust and applied solely as provided in this Section and in Section 6.07 hereof. Pending disbursement of the amounts on deposit in the Revenue Fund, the Master Trustee shall promptly invest and reinvest such amounts pursuant to an Obligated Group Representative Request in accordance with Section 3.04 hereof. All such investments shall have a maturity not greater than 91 days from date of purchase.

(e) Except as described above, each Obligated Group Member shall be entitled to full possession and use of its Project Revenues.

SECTION 3.04. INVESTMENT OF FUNDS. Any moneys held by the Master Trustee hereunder, including any fund or account established pursuant to any Supplement, shall be invested or reinvested by the Master Trustee in Permitted Investments upon the receipt of an Obligated Group Representative Request (upon which the Master Trustee is entitled to conclusively rely). If the Master Trustee does not receive an Obligated Group Representative Request with respect to any moneys held by it hereunder, the Master Trustee shall hold such moneys uninvested. The parties acknowledge that the Master Trustee has no discretion in investing funds or advising any parties with respect to investment of funds, and is not providing investment supervision, recommendations, or advice. Any such investments shall be held by or

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SECTION 3.07. PAYMENTS ON INDEBTEDNESS AND SUBORDINATED INDEBTEDNESS.

(a) An Obligated Group Member will not make payments on Subordinated Indebtedness from amounts other than from a Funding Agreement unless the conditions in clauses (i) or (ii) and the conditions in clause (iii) are satisfied:

(i) if the proposed payment had occurred as of the last day of the most recent fiscal quarter for which financial statements have been delivered under Section 4.15 hereof or otherwise posted to EMMA, the Obligated Group would have satisfied the Reserve Requirement, after giving effect to such payment, as of such date; or

(ii) if the proposed payment had occurred during the most recent fiscal quarter for which financial statements have been delivered under Section 4.15 hereof or otherwise posted to EMMA, the Historical Debt Service Coverage Requirement calculated as of the end of such fiscal quarter would have been met; and

(iii) any additional requirements for such payment as provided in the Supplement or other documentation related to the issuance of an Obligation or Related Bonds including, but not limited to, the requirements set forth in any Related Loan Agreement for a Senior Obligation (or, in the case of any Secondary Subordinated Indebtedness, the requirements set forth in any Related Loan Agreement for a Senior Obligation or a Subordinate Obligation).

(b) No such payment shall be made unless there is no deficiency in the bond fund or the debt service reserve fund with respect to any Outstanding Obligations or Related Bonds, all current principal and interest due on all Senior Obligations have been paid in full, and there is no event existing that constitutes, or with the giving of notice or the passing of time or both would constitute, an Event of Default under this Master Trust Indenture; provided, however, if a separate bond fund or debt service reserve fund has been established with respect to the debt related to such Subordinate Obligation, payments may be made from such separate bond fund or debt service reserve fund.

(c) All payments on Subordinated Indebtedness in a fiscal period shall be subordinated to all payments due on any Senior Obligations Outstanding in such period.

(d) Payments of principal and interest on Subordinated Indebtedness which are not permitted to be paid pursuant to the foregoing requirements and not otherwise paid from a separate bond fund, Funding Agreement, or debt service reserve fund shall be deferred but, unless otherwise provided in a Supplement governing such Subordinated Indebtedness, shall be subject to accrual of interest during the period of deferral. Subordinated Indebtedness may not be accelerated without the prior written consent of each Holder of Senior Obligations.

(e) Notwithstanding any other provisions of this Section, an Obligor shall not make payments on any Secondary Subordinated Indebtedness unless the above conditions (a) through (d) are met with respect to such payment and, in the case of (c), all payments on Secondary

under the control of the Master Trustee and shall mature, or be redeemable at the option of the Master Trustee at such times as it is anticipated by the Obligated Group Representative that moneys from the particular fund will be required for the purposes of this Master Trust Indenture. For the purpose of any investment or reinvestment under this Section, investments shall be deemed to mature at the earliest date on which the obligor under such investment is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligation. Any Permitted Investments may be purchased from or sold to the Master Trustee or any of its affiliates and the Master Trustee may charge its customary fees for such trades, including cash sweep account fees; provided that a schedule of such fees is provided in advance to the Obligated Group Representative. Ratings of Permitted Investments shall be determined at the time of purchase of such Permitted Investments and without regard to ratings subcategories. The Master Trustee shall have no responsibility to monitor the ratings of Permitted Investments after the initial purchase of such Permitted Investments. The Master Trustee shall keep or cause to be kept proper and detailed records containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the moneys held under this Master Trust Indenture. The Master Trustee shall make copies of such records available to the Obligated Group Representative, upon its reasonable written request.

The Obligated Group acknowledges that to the extent the regulations of the United States of America Office of the Comptroller of the Currency or other applicable regulatory entity grant the Obligated Group the right to receive individual broker confirmations of security transactions at no additional cost, as they occur, the Obligated Group specifically waives receipt of such confirmations to the extent permitted by law. The Master Trustee will furnish or make available to the Obligated Group periodic cash transaction statements that include detail for all investment transactions by the Master Trustee hereunder.

SECTION 3.05. ALLOCATION AND TRANSFERS OF INVESTMENT INCOME. Any investments in any fund or account shall be held by or under the control of the Master Trustee and shall be deemed at all times a part of the fund or account from which the investment was made. Any loss resulting from such investments shall be charged to such fund or account. Any interest or other gain from any fund or account from any investment or reinvestment pursuant to Section 3.04 hereof on deposit in such fund or account (other than the Revenue Fund) or such other accounts or funds designated by Supplement on each January 1, April 1, July 1, and October 1, shall be transferred to the Obligated Group Representative upon its written request.

SECTION 3.06. MASTER TRUSTEE RELIEVED FROM RESPONSIBILITY. The Master Trustee shall be fully protected in conclusively relying upon any Obligated Group Representative Request relating to investments in any fund, and shall not be liable for any losses which may result from any investment or sale of investment (including specifically depreciation) or prepayment penalties as a result of complying with any such Obligated Group Representative Request, and shall not be required to ascertain any facts with respect to such Request.

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Subordinated Indebtedness in a fiscal period shall be subordinated to all payments due on any Senior Obligations Outstanding, and to any Subordinate Obligations Outstanding, in such period.

SECTION 3.08. USE OF MONEYS IN FUNDS. The Obligated Group covenants that it will use amounts on deposit in the Working Capital Fund and the Operating Reserve Fund, if any, to pay debt service on any Indebtedness (except for Subordinated Indebtedness, Secondary Subordinated Indebtedness and Non-Recourse Indebtedness) of the Obligated Group prior to any amounts on deposit in any debt service reserve fund relating to such Indebtedness being used for such purpose.

SECTION 3.09 RESERVE FUND. The Master Trustee shall establish and maintain a separate fund to be known as the "Reserve Fund – SFRI Obligated Group" (the "Reserve Fund"). Moneys on deposit in the Reserve Fund will be used to provide a reserve for the payment of the principal and interest on all Senior Obligations. The Debt Service Reserve Fund Requirement is required to be funded in the amount of the Reserve Fund Requirement.

The Master Trustee is required to use amounts in the Reserve Fund to the extent necessary to pay principal of (whether by maturity, by acceleration, pursuant to mandatory sinking fund redemptions or otherwise) and interest on Senior Indebtedness when due, to the extent payments by the Obligated Group, may be insufficient therefor.

In the event the balance in the Reserve Fund as of any June 1 or December 1 shall exceed the Reserve Fund Requirement, the excess in the Reserve Fund, shall be transferred to the Obligated Group Representative.

In the event that the Obligated Group withdraws funds from the Reserve Fund or the value of the Reserve Fund is less than the Reserve Requirement, it shall deposit moneys into the Reserve Fund within six months from such date to restore the amount on deposit in the Reserve Fund to the amount of the Reserve Requirement.

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**ARTICLE IV
COVENANTS OF THE OBLIGATED GROUP MEMBERS**

SECTION 4.01. TITLE TO TRUST ESTATE. The Obligated Group warrants that it has good and indefeasible title to the Trust Estate free and clear of any liens, charges, encumbrances, security interests and adverse claims whatsoever except the encumbrances permitted by Section 4.19 hereof. The Obligated Group Representative represents that it has the right to mortgage the Mortgaged Property and to enter into the Mortgage and will warrant and defend to Master Trustee, the title and priority lien of this Master Trust Indenture and the Mortgage and priority lien on the Trust Estate, and a security interest therein subject to Permitted Encumbrances, to secure the obligations of the parties hereunder. This Master Trust Indenture and such Mortgage constitute a valid and subsisting lien on and security interest in the Trust Estate, all in accordance with the terms hereof, subject to Permitted Encumbrances.

SECTION 4.02. FURTHER ASSURANCES. The Obligated Group Members, upon the request of the Master Trustee or any Related Bond Trustee, will execute, acknowledge, deliver and record and/or file such further instruments and do such further acts as may be necessary, desirable or proper to carry out more effectively the purpose of this Master Trust Indenture and to subject the Trust Estate to the liens and security interests hereof.

SECTION 4.03. RECORDING AND FILING. The Obligated Group Representative shall cause the Mortgage and all other instruments necessary to create and/or preserve the liens and security interests granted hereunder and all amendments and supplements thereto and substitutions therefor and any initial financing statements, amendments thereto and continuation statements to be recorded, filed, re-recorded and refilled in such manner and in such places as are necessary to protect the lien on and security interests in the Trust Estate and will pay all such recording, filing, re-recording and refiling taxes, fees, reasonable expenses, including legal fees, and other charges. Notwithstanding anything to the contrary contained herein, the Master Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interests, or the accuracy or sufficiency of any description of collateral in such initial filings or for filing any modifications or amendments to the initial filings required by any amendments to Article 9 of the Uniform Commercial Code. In addition, unless the Master Trustee shall have been notified in writing by the Obligated Group Representative that any such initial filing or description of collateral was or has become defective (including, but not limited to, any change in the address of any Obligated Group Member), the Master Trustee shall be fully protected in (i) conclusively relying on such initial filing and descriptions, and (ii) filing any continuation statements in the same filing offices as the initial filings were made. The Master Trustee shall cause to be filed a continuation statement with respect to each Uniform Commercial Code financing statement listing Master Trustee as secured party or additional secured party and relating to the Obligation which was filed at the time of the issuance thereof, in such manner and in such places as the initial filings were made, provided that a copy of the filed original financing statement is timely delivered to the Master Trustee. The Obligated Group shall be responsible for the reasonable costs incurred by the Master Trustee in the preparation and filing of all continuation statements hereunder (including, but not limited to, attorney's fees, costs and expenses). For purposes of such filings, each Obligated Group Member agrees to furnish any information requested by the Master Trustee promptly upon request by the Master Trustee. The Obligated Group hereby irrevocably constitutes

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bankruptcy, assignment for the benefit of creditors, reorganization or arrangement under bankruptcy or similar laws, composition with creditors or readjustment of, or other similar proceedings affecting any such guarantor or any other obligor on Obligations;

(e) the invalidity, irregularity, illegality, unenforceability, or lack of value of, or any defect in any of the Obligations so guaranteed or any collateral security therefor; or

(f) to the extent permitted by law, any event or action that would, in the absence of this Section, result in the release or discharge by operation of laws of such guarantor from the performance or observance of any obligation, covenant, or agreement contained in this Master Trust Indenture.

SECTION 4.05. PAYMENT OF TAXES AND OTHER CLAIMS. Each Obligated Group Member will pay or discharge or cause to be paid or discharged before the same shall become delinquent, (a) all taxes, assessments, and other governmental charges lawfully levied or assessed or imposed upon it or upon its income, profits, or property, and (b) all lawful claims for labor, materials, and supplies which, if unpaid, might by law become a lien upon its property; provided, however, that no such Person shall be required to pay and discharge or cause to be paid and discharged any such tax, assessment, governmental charge, or claim to the extent that the amount, applicability, or validity thereof shall currently be contested in good faith by appropriate proceedings, and such Person shall have established and shall maintain adequate reserves on its books for the payment of the same.

SECTION 4.06. MAINTENANCE OF PROPERTIES. Each Obligated Group Member will cause all its properties used or useful in the conduct of its business to be maintained and kept in good condition, repair, and working order and supplied with all necessary equipment, ordinary wear and tear, casualty, condemnation, and acts of God excepted. Each Obligated Group Member will cause to be made all necessary repairs, renewals, replacements, betterments, and improvements thereof, all as in the judgment of the Obligated Group Representative may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this Section shall prevent any such Person from discontinuing the operation and maintenance of any of its properties if such discontinuance is, in the judgment of such Person (and in the opinion of the Governing Body of such Person if the property involved is any substantial part of the properties of such Person taken in the aggregate), desirable in the conduct of its business.

SECTION 4.07. CORPORATE EXISTENCE; STATUS OF OBLIGATED GROUP MEMBERS. (a) Each Obligated Group Member will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory), and franchises; provided, however, that no Person shall be required to preserve any right or franchise if the Governing Body of such Person shall determine that the preservation thereof is no longer desirable in the conduct of its business and that the loss thereof is not disadvantageous in any material respect to the Holders of the Obligations.

(b) The Obligated Group Members' exact legal name is correctly set forth at the beginning of this Master Trust Indenture, and the Obligated Group Members are organization of the type, and are formed or incorporated in or organized under the laws, each specified in the first

and appoints the Master Trustee and any officer or agent of the Master Trustee, with full power of substitution, as its true and lawful attorneys in fact with full irrevocable power and authority in the place and stead of the Obligated Group or in the Obligated Group's own name to execute in the Obligated Group's name any documents and otherwise to carry out the purposes of this Section 4.03, to the extent that the Obligated Group's authorization above is not sufficient. To the extent permitted by law, the Obligated Group hereby ratifies all acts said attorneys in fact have lawfully done in the past or shall lawfully do or cause to be done in the future by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable. Furthermore, the Mortgage shall also constitute a "fixture filing" for the purpose of the Uniform Commercial Code against all of the Trust Estate which is or becomes fixtures. Information concerning the security interest herein granted may be obtained at the addresses of the Obligated Group Representative and the Master Trustee as set forth in Section 1.05 of this Master Trust Indenture. Each Obligated Group Member shall promptly notify the Master Trustee in writing of any change in its organizational identification number or address.

SECTION 4.04. PAYMENT OF PRINCIPAL, PREMIUM AND INTEREST. The Obligated Group Members will duly and punctually pay the principal or purchase price of (and premium, if any) and interest on the Obligations in accordance with the terms of the Obligations and this Master Trust Indenture. For the avoidance of doubt, no payment shall be made on Subordinate Obligations or on Secondary Subordinate Obligations if any such payment is not permitted under Section 3.07 hereof.

Each Obligated Group Member hereby jointly and severally unconditionally agrees to the full and timely payment of the principal or purchase price of, and premium, if any, and interest on all Outstanding Obligations which such Person has not created or otherwise made (and on which such Person is not otherwise primarily liable) in accordance with the terms thereof, whether at Stated Maturity, declaration of acceleration, call for redemption or purchase, or otherwise. The Sponsor agrees to advance funds, when applicable, under any Funding Agreements, as required. Such agreement shall not be affected, modified or impaired upon the happening from time to time of any event, other than the payment of such Obligations (or provision therefor), including, without limitation, any of the following, whether or not with notice to, or the consent of, each Obligated Group Member:

(a) the waiver, compromise, settlement, release or termination by any Person of the obligations evidenced by such Obligations or any covenant or security in support thereof;

(b) the failure to give notice to any guarantor of the occurrence of an event of default under the terms and provisions of this Master Trust Indenture or any agreement under which such Obligations are created, assumed, guaranteed or secured;

(c) any failure, omission, or delay on the part of the Master Trustee or the Holder of such Obligations to enforce, assert or exercise any right, power or remedy conferred on the Master Trustee or such Holder in this Master Trust Indenture or any other agreement under which such Obligations are created, assumed, guaranteed or secured;

(d) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshaling of assets and liabilities, receivership, insolvency,

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paragraph of this Master Trust Indenture. No Obligated Group Member will cause or permit any change to be made in its name or identity unless the Obligated Group Representative shall have first notified the Master Trustee in writing of such change at least 30 days prior to the effective date of such change, and shall have first taken all action required by applicable law for the purpose of perfecting or protecting the lien and security interest of the Master Trustee created hereby or by the Mortgage. The Obligated Group Representative's principal place of business and chief executive office, and the place where the Obligated Group keeps its books and records, including recorded data of any kind or nature, regardless of the medium or recording, including software, writings, plans, specifications and schematics, has been for the preceding two months and will continue to be the address the Obligated Group Representative set forth in Section 1.05 hereof (unless the Master Trustee is notified in writing at least 30 days prior to the date of such change).

Each Obligated Group Member covenants and agrees to take all action necessary to preserve its status as exempt from federal income taxation under Section 5.01(a) of the Code as an organization described in Section 501(c)(3) of the Code.

SECTION 4.08. [RESERVED].

SECTION 4.09. ADDITIONS TO FACILITIES. Any additions, improvements and extensions to the Facilities and repairs, renewals and replacements thereof, including (without limitation) any capital improvements, shall upon their acquisition become part of the Facilities.

SECTION 4.10. INSURANCE. Each Member shall maintain, or cause to be maintained at its sole cost and expense, insurance with respect to its Property, the operation thereof and its business against such casualties, contingencies and risks (including but not limited to public liability and employee dishonesty) and in amounts not less than is customary in the case of corporations engaged in the same or similar activities and similarly situated and as is adequate to protect its Property and operations.

SECTION 4.11. RATES AND CHARGES. (a) Each Member covenants and agrees to operate its Facilities on a revenue producing basis while also ensuring that the projects maintain eligibility for tax-exempt bond financing (if applicable to the nature of the Member's facilities).

(b) Notwithstanding any other provisions of this Master Trust Indenture, in the event that any Member of the Obligated Group incurs any Additional Indebtedness for any Capital Addition, the Debt Service Requirements on such Additional Indebtedness and the Revenues, Project Revenues, and Expenses relating to the project or projects financed with the proceeds of such Additional Indebtedness shall be excluded from the calculation of the Historical Debt Service Coverage Ratio of the Obligated Group for the purposes of complying with this Section 4.11 until the first full Fiscal Year following the later of (i) the estimated completion of the Capital Addition being paid for with the proceeds of such Additional Indebtedness provided that such completion occurs no later than six months following the completion date for such, (ii) [Reserved], or (iii) the end of the second full Fiscal Year after the incurrence of such Additional Indebtedness (with a certificate of compliance being provided by a member of the Obligated Group to the effect that it expects the Historical Debt Service Coverage Ratio to be met in the next six months).

SECTION 4.12. DAMAGE OR DESTRUCTION. Each Member agrees to notify the Master Trustee in writing immediately in the case of the destruction of its Facilities or any portion thereof as a result of fire or other casualty, or any damage to such Facilities or portion thereof as a result of fire or other casualty, the Net Proceeds of which are estimated to exceed the Threshold Amount. If such Net Proceeds do not exceed the Threshold Amount and as long as no Event of Default has occurred and is continuing hereunder, such Net Proceeds may be paid directly to the Member suffering such casualty or loss. The Members covenant that they will expend or contract to expend an amount not less than the amount of any such Net Proceeds within 24 months after receipt thereof to (a) repair, replace or restore the damaged or destroyed Facilities, (b) acquire or construct additional capital assets for any one or more Members, or (c) repay the principal portion of any Indebtedness incurred by any one or more Members of the Obligated Group to acquire or construct capital assets or refinance Indebtedness incurred for such purpose.

In the event an Event of Default has occurred and is continuing hereunder, such Net Proceeds shall be applied as set forth under subparagraph (b) below. If no Event of Default has occurred and is continuing hereunder, but such Net Proceeds exceed the Threshold Amount, the Member suffering such casualty or loss shall within 12 months after the date on which the Net Proceeds are finally determined, elect by written notice to the Master Trustee one of the following three options:

(a) **Option A - Repair and Restoration.** Such Member may elect to replace, repair, reconstruct, restore or improve any of the Facilities of the Obligated Group or acquire additional Facilities for the Obligated Group or repay Indebtedness incurred for any such purpose pending the receipt of such Net Proceeds. In such event an amount equal to the Net Proceeds of any insurance relating thereto shall be deposited, when received, with the Master Trustee and such Member shall proceed forthwith to replace, repair, reconstruct, restore or improve Facilities of the Obligated Group or to acquire additional Facilities and will apply the Net Proceeds of any insurance relating to such damage or destruction received from the Master Trustee to the payment or reimbursement of the costs of such replacement, repair, reconstruction, restoration, improvement or acquisition or to the repayment of such Indebtedness. So long as an Event of Default has not occurred and is continuing hereunder, any Net Proceeds of insurance relating to such damage or destruction received by the Master Trustee shall be released from time to time by the Master Trustee to such Member upon the receipt by the Master Trustee of:

(i) financial projections, which may be prepared by management, demonstrating that the Obligated Group will have sufficient funds, including the proceeds of business interruption insurance or if applicable, under a Funding Agreement, to pay all Debt Service Requirements, and pay necessary operating expenses until completion of the replacement, repair, reconstruction, restoration, improvement or acquisition;

(ii) the Request of such Member specifying the expenditures made or to be made or the Indebtedness incurred in connection with such replacement, repair, reconstruction, restoration, improvement or acquisition and stating that such Net Proceeds, together with any other moneys legally available for such purposes, will be sufficient to complete such replacement, repair, reconstruction, restoration, improvement or acquisition; and

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In the event an Event of Default has occurred and is continuing hereunder, such Net Proceeds shall be applied as set forth under subparagraph (b) below. If no Event of Default has occurred and is continuing hereunder, but such Net Proceeds exceed the Threshold Amount, the Member in question shall within 12 months after the date on which the Net Proceeds are finally determined elect by written notice of such election to the Master Trustee one of the following three options:

(a) **Option A - Repairs and Improvements.** The Member may elect to use the Net Proceeds of the award for restoration or replacement of or repairs and improvements to the Facilities of the Obligated Group or the acquisition of additional Facilities for the Obligated Group or the repayment of Indebtedness incurred for any such purpose pending the receipt of such Net Proceeds. In such event, so long as an Event of Default has not occurred and is continuing hereunder, such Member shall have the right to receive such Net Proceeds from the Master Trustee from time to time upon the receipt by the Master Trustee of:

(i) financial projections, which may be prepared by management, demonstrating that the Obligated Group will have sufficient funds, including the proceeds of business interruption insurance or if applicable, under a Funding Agreement, to pay all Debt Service Requirements, and pay necessary operating expenses until completion of the replacement, repair, reconstruction, restoration, improvement or acquisition;

(ii) the Request of such Member specifying the expenditures made or to be made or the Indebtedness incurred in connection with such restoration, replacement, repairs, improvements and acquisitions and stating that such Net Proceeds, together with any other moneys legally available for such purposes, will be sufficient to complete such restoration, replacement, repairs, improvements and acquisition; and

(iii) if such expenditures were or are to be made or such Indebtedness was incurred for the construction or renovation of Facilities, the written approval of such Request by an independent architect.

Except as otherwise expressly provided herein, the Master Trustee shall have no duty to review and shall not be responsible for the contents of such documents, and shall hold the same solely as repository.

(b) **Option B - Prepayment of Obligations.** Such Member may elect to have such Net Proceeds of the award applied to the prepayment of the Obligations. In such event such Member shall, in its notice of election to the Master Trustee, direct the Master Trustee in writing to apply such Net Proceeds, when and as received, to the prepayment of Obligations on a pro rata basis among all Obligations Outstanding.

(c) **Option C - Partial Restoration and Partial Prepayment of Obligations.** Such Member may elect to have a portion of such Net Proceeds of the award applied to the repair, replacement, restoration and improvement of the Facilities of the Obligated Group or the acquisition of additional Facilities for the Obligated Group or the repayment of Indebtedness incurred for any such purpose pending the receipt of such Net Proceeds, with the remainder of such Net Proceeds to be applied to the prepayment of Obligations on a pro rata basis among all

Except as otherwise expressly provided herein, the Master Trustee shall have no duty to review and shall not be responsible for the contents of such documents, and shall hold the same solely as repository. It is further understood and agreed that in the event such Member shall elect this Option A, such Member shall complete the replacement, repair, reconstruction, restoration, improvement and acquisition of the Facilities, whether or not the Net Proceeds of insurance received for such purposes are sufficient to pay for the same.

(b) **Option B - Prepayment of Obligations.** Such Member may elect to have all of the Net Proceeds payable as a result of such damage or destruction applied to the prepayment of the Obligations. In such event such Member shall, in its notice of election to the Master Trustee, direct the Master Trustee in writing to apply such Net Proceeds, when and as received, to the prepayment of Obligations on a pro rata basis among all Obligations Outstanding.

(c) **Option C - Partial Restoration and Partial Prepayment of Obligations.** Such Member may elect to have a portion of such Net Proceeds applied to the replacement, repair, reconstruction, restoration and improvement of the Facilities of the Obligated Group or the acquisition of additional Facilities for the Obligated Group or the repayment of Indebtedness incurred for any such purpose pending the receipt of such Net Proceeds with the remainder of such Net Proceeds to be applied to prepay Obligations on a pro rata basis among all Obligations Outstanding, in which event such Net Proceeds to be used for replacement, repair, reconstruction, restoration, improvement and acquisition shall be applied as set forth in subparagraph (a) of this Section 4.12 and such Net Proceeds to be used for prepayment of the Obligations shall be applied as set forth in subparagraph (b) of this Section.

Notwithstanding the foregoing, (i) the disposition and application of such Net Proceeds in excess of the Threshold Amount shall be subject to and controlled by the applicable provisions of any Related Loan Agreement for Related Bonds which are secured by an Obligation, and (ii) the proceeds of business interruption insurance are not subject to the provisions of this Section.

SECTION 4.13. CONDEMNATION. The Master Trustee shall cooperate fully with the Members in the handling and conduct of any prospective or pending condemnation proceedings with respect to their Facilities or any part thereof. Each Member hereby irrevocably assigns to the Master Trustee, as its interests may appear, all right, title and interest of such Member in and to any Net Proceeds of any award, compensation or damages payable in connection with any such condemnation or taking, or payment received in a sale transaction consummated under threat of condemnation (any such award, compensation, damages or payment being hereinafter referred to as an "award"), which exceeds the Threshold Amount. Such Net Proceeds shall be initially paid to the Master Trustee for disbursement or use as hereinafter provided. If such Net Proceeds do not exceed the Threshold Amount and as long as no Event of Default has occurred and is continuing hereunder, such Net Proceeds may be paid to the Member in question. The Members covenant that they will expend or contract to expend an amount not less than the amount of any such Net Proceeds within 24 months of the receipt thereof to (a) restore, replace or repair the condemned Facilities, (b) acquire or construct additional capital assets for any one of more Members, or (c) repay the principal portion of Indebtedness incurred by one or more Members of the Obligated Group to acquire or construct capital assets or to refinance Indebtedness incurred for such purpose.

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Obligations Outstanding, in which event such Net Proceeds to be used for repair, replacement, restoration, improvement and acquisition shall be applied as set forth in subparagraph (a) of this Section 4.13 and such Net Proceeds to be used for prepayment of the Obligations shall be applied as set forth in subparagraph (b) of this Section.

Notwithstanding the foregoing, the disposition and application of the Net Proceeds of an award in excess of the Threshold Amount shall be subject to and controlled by the applicable provisions of any Related Loan Agreement for Related Bonds which are secured by a Obligation.

SECTION 4.14. OTHER PROVISIONS WITH RESPECT TO NET PROCEEDS. Amounts received by the Master Trustee in respect of any awards shall, at the Request of the Obligated Group Representative, be deposited with the Master Trustee in a special trust account and be invested or reinvested by the Master Trustee as directed in writing by the Obligated Group Representative in Permitted Investments subject to any Member's right to receive the same or to have the same applied pursuant to Sections 4.12 and 4.13 hereof. If any Member elects to proceed under either Section 4.12(a) or (c) hereof or 4.13(a) or (c) hereof, any amounts in respect of such Net Proceeds not so paid to such Member shall be used to prepay Obligations as provided in Section 4.12(b) and Section 4.13(b) hereof. In the case of Net Proceeds above the Threshold Amount, the provisions of this Section 4.14 shall be subject to the terms of the last paragraph of each of Sections 4.12 and 4.13 hereof, as applicable.

SECTION 4.15. FINANCIAL STATEMENTS, ETC. (a) The Members covenant that they will keep or cause to be kept proper books of records and accounts in which full, true and correct entries will be made of all dealings or transactions of or in relation to the business and affairs of the Obligated Group in accordance with generally accepted accounting principles consistently applied except as may be disclosed in the notes to the audited financial statements referred to in subparagraph (b) below. To the extent that generally accepted accounting principles would require consolidation of certain financial information of entities which are not Members of the Obligated Group with financial information of one or more Members, consolidated financial statements prepared in accordance with generally accepted accounting principles which include information with respect to entities which are not Members of the Obligated Group may be delivered in satisfaction of the requirements of this Section 4.15 so long as: (i) supplemental information in sufficient detail to separately identify the information with respect to the Members of the Obligated Group is delivered to the Required Information Recipients with the audited financial statements; (ii) such supplemental information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements delivered to the Required Information Recipients and, in the opinion of the Accountant, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole; and (iii) such supplemental information is used for the purposes hereof or for any agreement, document or certificate executed and delivered in connection or pursuant to this Master Trust Indenture.

(b) The Obligated Group Representative will furnish or cause to be furnished to each Required Information Recipient (and the Master Trustee shall have no duty or obligation to review or examine the contents thereof), the information described below along with any appropriate cover letter, explanation or disclaimer as the Obligated Group Representative may deem to be appropriate to the information provided.

(i) [Omitted]

(ii) Semi-Annual Reporting. Within 45 days of the end of each 2nd and 4th quarter, the following items will be prepared in reasonable detail, certified (subject to year-end adjustment) in an Officer's Certificate of the Obligated Group Representative, and delivered as follows:

(A) A semi-annual statement of the Obligated Group as soon as practicable after the information is available but in no event more than 45 days after the completion of such period, containing (1) a summary statement on the status of construction of the Series 2025 Project or any Capital Addition, if applicable, until the issuance of the last certificate of occupancy with respect to such Series 2025 Project or Capital Addition, and (2) occupancy levels of the projects or for any Capital Addition as of the end of such month including the number of units that were Occupied and vacated during that month and on an aggregate basis.

(B) semi-annual unaudited financial statements of the Obligated Group, including a combined or combining statement of revenues and expenses and statement of cash flows of the Obligated Group during such period, and a combined or combining balance sheet as of the end of each such fiscal period;

(C) statistics for occupancy for all units for such fiscal period (similar, in the sole opinion of the Obligated Group Representative,

(iii) Annual Reporting. Within 210 days of the end of each Fiscal Year, the following items will be delivered:

(A) an annual audited financial report of the Obligated Group prepared by Accountants, including a combined and an unaudited combining balance sheet as of the end of such Fiscal Year, a combined and an unaudited combining statement of cash flows for such Fiscal Year, and a combined and an unaudited combining statement of revenues and expenses for such Fiscal Year, showing in each case in comparative form the financial figures for the preceding Fiscal Year; and

(B) a summary of the Obligated Group's annual operating and capital budget for the coming Fiscal Year, including a schedule that shows a summary of the average monthly rents for each unit type by property.

(iv) Periodic Reporting. Upon occurrence of the following events the items described below will be delivered:

(A) at least fifteen (15) days prior to the first day of each Fiscal Year, the Annual Budget for the following Fiscal Year (including a schedule that shows a summary of the average monthly rents for Residential Units);

(B) notification that any Obligated Group Member has received correspondence from the Internal Revenue Service concerning the commencement

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during normal business hours and at such reasonable locations and as often as the Master Trustee or such Related Bond Trustee may reasonably desire.

(f) The Obligated Group Representative may designate a different Fiscal Year for the Members of the Obligated Group by delivering a notice to the Master Trustee designating the first and last day of such new Fiscal Year and whether or not there will be any interim fiscal period (the "Interim Period") of a duration of greater than or less than 12 months preceding such new Fiscal Year. The Members covenant that they will furnish to the Master Trustee and each Related Bond Trustee, as soon as practicable after they are available, but in no event more than 210 days after the last day of such Interim Period, a financial report for such Interim Period certified by Accountants selected by the Obligated Group Representative covering the operations of the Obligated Group for such Interim Period and containing a combined balance sheet as of the end of such Interim Period and a combined statement of changes in fund balances and changes in financial position for such Interim Period and a combined statement of revenues and expenses for such Interim Period, showing in each case in comparative form the financial figures for the comparable period in the preceding Fiscal Year, together with a separate written statement of the Accountants preparing such report a statement that such Accountants have obtained no knowledge of any Event of Default by any Member under the terms, covenants, provisions or conditions of this Master Trust Indenture if applicable, or if such Accountants shall have obtained knowledge of any such Event of Default, they shall disclose in such statement the Event of Default and the nature thereof (but such Accountants shall not be liable directly or indirectly to anyone for failure to obtain knowledge of any Event of Default)

(g) With the exception of the Officer's Certificates provided pursuant to Sections (b)(ii) and (b)(iii) hereof, delivery of the reports, information and documents described in this Section 4.15 to the Master Trustee is for informational purposes only, and the Master Trustee's receipt thereof shall not constitute notice to it of any information contained therein or determinable from information contained therein, including compliance by the Obligated Group or the Members with any of its or their covenants hereunder.

SECTION 4.16. PERMITTED ADDITIONAL INDEBTEDNESS. So long as any Obligations are outstanding, the Obligated Group will not incur any Additional Indebtedness (whether or not incurred through the issuance of an Obligation hereunder) other than:

(a) Funded Indebtedness, if prior to incurrence thereof or, if such Funded Indebtedness was incurred in accordance with another subsection of the provisions described in the Master Indenture and any Member wishes to have such Indebtedness classified as having been issued under this subsection (a), prior to such classification, there is delivered to the Master Trustee:

(i) an Officer's Certificate to the effect that for the most recent Fiscal Year for which audited financial statements have been filed with the Master Trustee as required by this Master Trust Indenture, the Historical Debt Service Coverage Ratio of the Obligated Group plus the expected Net Operating Income plus Funded Interest as applicable of any projects proposed with additional Funded Indebtedness is not less than 1.10:1; or

(ii) an Officer's Certificate to the effect that for the most recent Fiscal Year for which audited financial statements have been filed with the Master Trustee as required by

or conclusion of an audit relating to either (1) the status of an Obligated Group Member as exempt from federal income taxation under Section 501(a) of the Code by virtue of being a disregarded entity whose sole member is an organization described in Section 501(c)(3) of the Code, or (2) to the tax-exempt status of any Related Bonds, promptly upon receipt of such correspondence;

(C) to the extent that any Obligated Group Member incurs permitted Additional Indebtedness in excess of \$200,000 of a form for which there is not a CUSIP number (the "non-Public Debt"), the Obligated Group Representative will provide a copy of the financing document (with non-material or personal information redacted in the sole discretion of the Obligated Group Representative) relating to such non-Public Debt; provided, however, to the extent that the non-Public Debt is used to construct additional units at the Facilities, the Obligated Group Representative will provide monthly reports regarding whether the construction of the additional units is (1) within the construction budget and if not, a brief explanation and a copy of any revised budget, and (2) on schedule with the construction timetable and if not, a brief explanation and a copy of any revised timetable, reconciling the amount of construction contingency remaining and the uses of contingency funds to date;

(D) such additional information as the Master Trustee or any Related Bond Trustee may reasonably request concerning any Member in order to enable the Master Trustee or such Related Bond Trustee to determine whether the covenants, terms and provisions of this Master Trust Indenture have been complied with by the Members.

(c) The Obligated Group Representative shall give prompt written notice of any change of Accountants by the Obligated Group to the Master Trustee and each Related Bond Trustee. The notice shall state: (i) the effective date of such change; (ii) whether there were any unresolved disagreements with the former Accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which the Accountants claimed would have caused them to refer to the disagreement in a report on the disputed matter, if it was not resolved to their satisfaction; and (iii) such additional information relating thereto as such Related Bond Trustee or the Master Trustee may reasonably request.

(d) If any Related Bonds are rated by a Rating Agency, the Obligated Group Representative shall give notice to such Rating Agency promptly after the occurrence of any of the following events: (i) any Event of Default hereunder; (ii) the incurrence by any Obligated Group Member of any Funded Indebtedness (however, notice need not be provided for Finance Leases where the net present value of the minimum Finance Lease payment is less than \$200,000); (iii) any addition to or withdrawal from the Obligated Group; and (iv) the execution of any Interest Rate Agreement entered into by any Obligated Group Member.

(e) Without limiting the foregoing, each Member will permit, upon reasonable notice, the Master Trustee or any such Related Bond Trustee (or such persons as they may designate) to visit and inspect, at the expense of such Person, its Property and to discuss the affairs, finances and accounts of the Obligated Group with its officers and Accountants, all at such reasonable times

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this Master Trust Indenture, the addition of the numerator in the Historical Debt Service Coverage Ratio of the Sponsor's General Revenues was not less than 1.50:1.

(b) Subordinated Indebtedness and Secondary Subordinated Indebtedness, without limit.

It is agreed and understood by the parties hereto that various types of Indebtedness may be incurred under any of the above referenced subsections with respect to which the tests set forth in such subsection are met and need not be incurred under only a subsection specifically referring to such type of Indebtedness.

Each Member covenants that Indebtedness of the type permitted to be incurred under subsection (h) as described above will not be allowed to become overdue for a period in excess of that which is in the ordinary course of business, based on applicable industry standards and taking into consideration the size and type of the facility, without being contested in good faith and by appropriate proceedings.

Each Member covenants that prior to, or as soon as reasonably practicable after, the incurrence of Indebtedness by such Member for money borrowed or credit extended, or the equivalent thereof, after the date of issuance of the Series 2025 Note, it will comply with the requirements of Section 2.01(b) hereof and will also deliver to the Master Trustee an Officer's Certificate which identifies the Indebtedness incurred, identifies the subsection of this Section 4.16 pursuant to which such Indebtedness was incurred, demonstrates compliance with the provisions of such subsection and attaches a copy of the instrument evidencing such Indebtedness; provided, however, that this requirement shall not apply to Indebtedness incurred pursuant to this Section 4.16.

Each Member agrees that, prior to incurring Additional Indebtedness for money borrowed from or credit extended by entities other than issuers of Related Bonds, sellers of real or personal property for purchase money debt, lessors of such property or banks or other institutional lenders, it will provide the Master Trustee with an opinion of Independent Counsel to the effect that, such Member has complied in all material respects with all applicable state and federal laws regarding the sale of securities in connection with the incurrence of such Additional Indebtedness (including the issuance of any securities or other evidences of indebtedness in connection therewith) and such Independent Counsel has no reason to believe that a right of rescission under such laws exists on the part of the entities to which such Additional Indebtedness is to be incurred.

Additional Indebtedness (which is not Subordinated Indebtedness or Secondary Subordinated Indebtedness) may be secured by a parity first lien on the Trust Estate with Outstanding Senior Obligations by the issuance of a Senior Obligation pursuant to this Master Trust Indenture. Additional Indebtedness may be secured by a parity second lien on the Trust Estate with Outstanding Subordinate Obligations by the issuance of a Subordinate Obligation pursuant to this Master Trust Indenture. Additional Indebtedness may be secured by a parity third lien on the Trust Estate with Outstanding Secondary Subordinate Obligations by the issuance of a Secondary Subordinate Obligation pursuant to this Master Trust Indenture. Subject to Section 4.19 hereof, additional Indebtedness may also be secured by (i) a lien on property that is not part of the Mortgaged Property, (ii) a purchase money security interest on a priority basis if such Additional

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Indebtedness is incurred in connection with the purchase of new or replacement equipment or fixtures, (iii) a Funding Agreement, or (iv) Permitted Encumbrances.

The provisions of this Master Trust Indenture notwithstanding, the Members of the Obligated Group may not incur any Additional Indebtedness the proceeds of which will be used for the acquisition of real Property or the construction of any Facilities unless the right, title and interest in any assets to be financed or refinanced with the proceeds of such Additional Indebtedness and the real estate upon which such assets will be located have been mortgaged and assigned to the Master Trustee pursuant to the Mortgage or pursuant to a mortgage in substantially the form of the Mortgage and such assets and real estate are not subject to any other Lien except for Permitted Encumbrances.

Prior to the incurrence of Additional Indebtedness, the members of the Obligated Group must evidence that the then current rating on the most recent Senior Bond issuance issued under this Master Trust Indenture is at least A- (or equivalent) from the Rating Agency and an officers certificate to the effect that a notice of the incurrence of debt has been provided to the Rating Agency. Such evidence may include, but is not limited to an officer's certificate that as of the date of issuance of Additional Indebtedness that the publicly available rating meets the requirement, including confirmation via the applicable online portal of such Rating Agency.

SECTION 4.17. CALCULATION OF DEBT SERVICE AND DEBT SERVICE COVERAGE. The various calculations of the amount of Indebtedness of a Person, the amortization schedule of such Indebtedness and the debt service payable with respect to such Indebtedness required under certain provisions of this Master Trust Indenture shall be made in a manner consistent with that adopted in Section 4.16 hereof and in this Section 4.17.

In determining the amount of debt service payable on Indebtedness in the course of the various calculations required under certain provisions of this Master Trust Indenture, if the terms of the Indebtedness being considered are such that interest thereon for any future period of time is expressed to be calculated at a varying rate per annum, a formula rate or a fixed rate per annum based on a varying index, then for the purpose of making such determination of debt service, interest on such Indebtedness for such period (the "Determination Period") shall be computed by assuming that the rate of interest applicable to the Determination Period is equal to the average of the rate of interest (calculated in the manner in which the rate of interest for the Determination Period is expressed to be calculated) which was in effect (or, with respect to Indebtedness that is being incurred or that has not been outstanding for at least 12 full calendar months, would have been in effect had such Indebtedness been outstanding) on the last date of each of the 12 full calendar months immediately preceding the month in which such calculation is made; provided that if the index or other basis for calculating such interest was not in existence for at least 12 full calendar months next preceding the date of calculation, the rate of interest for such period shall be deemed to be the average rate of interest that was in effect on the last day of each full calendar month next preceding the date of calculation; and if the average rate of interest borne by such Indebtedness for such shorter period cannot be calculated, the rate of interest for such period shall be deemed to be the Projected Rate. No debt service shall be deemed payable upon the exercise by a holder of Extendable Indebtedness of the option to tender such Indebtedness for payment.

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and any payments (regularly scheduled, termination, or otherwise) received by a Member on such Interest Rate Agreement shall be excluded from Revenues or Project Revenues, as applicable, in each case, for all purposes of this Master Trust Indenture.

SECTION 4.18. SALE OR LEASE OF PROPERTY. Each Member agrees that it will not sell, lease, donate, transfer or otherwise dispose (including without limitation any involuntary disposition) of Property (either real or personal property, including Cash and Investments) unless the Obligated Group Representative determines that the Property has been sold, leased, donated, transferred or otherwise disposed of in one or more of the following transfers or other dispositions of Property:

(a) in return for other Property of equal or greater value and usefulness (if such value is estimated to be greater than \$200,000 it shall be evidenced by an independent appraisal of such Property;

(b) in the ordinary course of business consistent with past practices and upon receipt of fair consideration and other reasonable terms;

(c) to any Affiliate if there is compliance with any of subsections (a) and (b) above or if such transaction is pursuant to the reasonable requirements of such Member's activities and upon fair and reasonable terms no less favorable to it than would obtain in a comparable arm's length transaction with a person not an Affiliate.

For purposes of this Section 4.18, payments by the Obligated Group of any development, marketing, operating, or other subordinated fees that have been deferred from the year in which they were originally due as a result of subordination will not be treated as a disposition of Property.

In connection with any sale, lease or other disposition of Property, to the extent the Member of the Obligated Group receives Property in return for such sale, lease or disposition, the Property which is sold, leased or disposed of shall be treated, for purposes of the provisions of this Section 4.18, as having been transferred in satisfaction of the provisions of subsection (a) above to the extent of the fair market value of the Property received by the Member of the Obligated Group. The Member shall be required, however, to satisfy the conditions contained in one of the other provisions of this Section 4.18 with respect to the remaining value, if any, of such Property in excess of the fair market value of the Property received by the Member in return therefor prior to any such sale, lease or other disposition.

Notwithstanding the above, each Member further agrees that for any disposition it will not sell, lease, donate or otherwise dispose of Property (A) which disposition, in and of itself, cause an Event of Default.

Upon Request of the Obligated Group Representative accompanied by an Officer's Certificate and an Opinion of Counsel to the effect that the conditions precedent for the disposition of such property set forth in this Section 4.18 have been satisfied, the rights, title, liens, security interests and assignments herein granted shall cease, determine and be void as to such property only and the lien of this Master Trust Indenture shall be released by the Master Trustee as to such property in due form at the expense of the Obligated Group Members.

Obligations issued to secure Indebtedness permitted to be incurred under Section 4.16 hereof shall not be treated separately as Additional Indebtedness from the Indebtedness secured thereby in a manner which would require such Indebtedness to be included more than one time in the calculations performed under this Master Trust Indenture.

No debt service shall be deemed payable with respect to Commitment Indebtedness until such time as funding occurs under the commitment which gave rise to such Commitment Indebtedness. From and after such funding, the amount of such debt service shall be calculated in accordance with the actual amount required to be repaid on such Commitment Indebtedness and the actual interest rate and amortization schedule applicable thereto. No Additional Indebtedness shall be deemed to arise when any funding occurs under any such commitment or any such commitment is renewed upon terms which provide for substantially the same terms of repayment of amounts disbursed pursuant to such commitment as obtained prior to such renewal. In addition, no Additional Indebtedness shall be deemed to arise when Indebtedness which bears interest at a variable rate of interest is converted to Indebtedness which bears interest at a fixed rate or the method of computing the variable rate on such Indebtedness is changed or the terms upon which Indebtedness, if Put Indebtedness, may be or is required to be tendered for purchase are changed, if such conversion or change is in accordance with the provisions applicable to such variable rate Indebtedness or Put Indebtedness in effect immediately prior to such conversion or change.

For the purpose of determining whether any particular Guaranty may be incurred, including with respect to the Funding Agreement, it shall be assumed that 100% of the Indebtedness guaranteed is Funded Indebtedness of the guarantor under such Guaranty. For the purpose of calculating any historical Debt Service Requirements, the guarantor's Debt Service Requirements under a Guaranty shall be deemed to be the actual amount paid on such Guaranty by the guarantor.

Each Member may elect to have Indebtedness issued pursuant to one provision of Section 4.16 hereof, including without limitation of Section 4.16 hereof, reclassified as having been incurred under another provision of Section 4.16 hereof, by demonstrating compliance with such other provision on the assumption that such Indebtedness is being reissued on the date of delivery of the materials required to be delivered under such other provision. From and after such demonstration, such Indebtedness shall be deemed to have been incurred under the provision with respect to which such compliance has been demonstrated until any subsequent reclassification of such Indebtedness.

Anything herein to the contrary notwithstanding, any portion of any Indebtedness of any Member for which an Interest Rate Agreement has been obtained or will be obtained simultaneously with, or is contemplated to be obtained within sixty (60) days of the issuance of such Indebtedness by such Member shall be deemed to bear interest for the period of time that such Interest Rate Agreement is in effect at a net rate which takes into account the interest payments made by such Member on such Indebtedness and the Regularly Scheduled Payments made or received by such Member on such Interest Rate Agreement; provided that the long term credit rating of the provider of such Interest Rate Agreement (or any guarantor thereof) is rated at least "BBB" (or its equivalent) by any Rating Agency or is at least as high as that of the Obligated Group. In addition, so long as any Indebtedness is deemed to bear interest at a rate taking into account an Interest Rate Agreement, any payments (regularly scheduled, termination, or otherwise) made by a Member on such Interest Rate Agreement shall be excluded from Expenses

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SECTION 4.19. LIENS ON PROPERTY. (a) Each Member covenants that it will not create or permit to be created or remain and, at its cost and expense, promptly discharge or terminate all Liens on its Property or any part thereof which are not Permitted Encumbrances.

(b) Subsection (a) notwithstanding, a Lien on Property of any Member securing Indebtedness shall be classified a Permitted Encumbrance (as provided in clause (b) of the definition thereof) and therefore be permitted if:

(i) such Lien secures Non-Recourse Indebtedness; or

(ii) (A) after giving effect to such Lien and all other Liens classified as Permitted Encumbrances under this subsection (ii)(A), the Book Value or, at the option of the Obligated Group Representative, the Current Value of the Property of the Obligated Group which is Encumbered is not more than 2% of the value of all of the Property of the Obligated Group (calculated on the same basis as the value of the Encumbered Property), and (B) the conditions described in Section 4.16(a) are met for allowing the incurrence of one dollar of additional Funded Indebtedness.

SECTION 4.20. RESERVE COVENANT. The Obligated Group covenants that it will calculate reserve amounts on hand of the Obligated Group as of December 31 and June 30 of each Fiscal Year, commencing with June 30, 2026 (each such date being a "Testing Date"). The Obligated Group Representative shall include such calculation as of December 31 and June 30 in the Officer's Certificates delivered pursuant to Sections 4.15(b)(ii) and 4.15(b)(iii)(C) hereof, respectively.

Each Obligated Group Member is required to conduct its business so that on each Testing Date the Obligated Group shall have reserves available that are sufficient to pay interest requirements (except principal due at the Maturity of any individual bond series) for the next Fiscal Year (excluding any availability of funds from the Funding Agreement). Such calculation shall include any funds held by the Trustee for any purpose, including Debt Service Reserve Funds

Notwithstanding any other provision of this Master Trust Indenture, failure of the Obligated Group to achieve the required Reserve Requirement for any Testing Date shall not constitute an Event of Default under this Master Trust Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for adopting a plan and follows each recommendation contained in such plan to the extent feasible (as determined in the reasonable judgment of the Governing Body of such Member) and permitted by law.

There is no requirement under any Funding Agreement, unless explicitly provided within a future Funding Agreement, to provide funds to meet any required Reserve Fund requirement.

SECTION 4.21. MAINTENANCE OF RATING. The Obligated Group Representative covenants that, once a rating on any Related Bonds has been obtained, it will provide the necessary information and pay such reasonable rating fees as are necessary to continue a rating on any such Related Bonds while the same remain Outstanding; provided that it shall not be a default under this covenant if such rating is decreased or withdrawn by the Rating Agency providing such rating.

SECTION 4.22. APPROVAL OF SUCCESSOR MASTER TRUSTEE. (a) If at any time the Obligated Group Representative appoints a successor Master Trustee under Section 7.09 hereof (a "Successor Master Trustee"), in addition to the requirements of Section 7.09 the Successor Master Trustee shall be engaged in the manner set forth in this Section.

(b) Upon selecting a Successor Master Trustee as required under the provisions of this Master Trust Indenture, the Obligated Group Representative will notify the Master Trustee of such selection.

The Successor Master Trustee Response Period described in (b) above may be extended by the Master Trustee at the direction of the Obligated Group Representative, in order to permit each applicable Related Bond Trustee to give the owners of the applicable Related Bonds seven (7) Business Days (or such other period required by any depository procedures) to respond to the notice given by such Related Bond Trustee. By acceptance of an Obligation securing any Related Bonds, the Related Bond Trustee agrees to comply with the provisions of this Section.

SECTION 4.23. APPROVAL OF SUCCESSOR MANAGER. (a) If at any time the Obligated Group Representative appoints an independent management company or any successor thereto to manage all or a substantial portion of the Facilities (a "Successor Manager"), the Successor Manager shall be engaged in the manner set forth in this Section.

(b) Upon selecting a Successor Manager as required under the provisions of this Master Trust Indenture, the Obligated Group Representative will notify the Master Trustee of such selection.

The Successor Manager Response Period described in (b) above may be extended by the Master Trustee, at the direction of the Obligated Group, in order to permit each applicable Related Bond Trustee to give the owners of the applicable Related Bonds seven (7) Business Days to respond to the notice given by the Related Bond Trustee. By acceptance of an Obligation securing any Related Bonds, the Related Bond Trustee agrees to comply with the provisions of this Section.

SECTION 4.24. MANAGEMENT. The Obligated Group covenants to provide for management of the Facilities through competent and qualified persons having experience in the management of residential facilities similar to the Facilities. Any contract with a manager shall provide that such contract may be terminated by the Obligated Group Representative upon advance written notice based on industry standards. While any Obligations with respect to tax-exempt Related Bonds are Outstanding, the Obligated Group shall not enter into any management contract or contract for services at the Facilities unless the contract complies with Internal Revenue Service Rev. Proc. 2017-13, as may be modified further from time to time.

SECTION 4.25. COMPLIANCE WITH AGREEMENTS. The Obligated Group and each Obligated Group Member covenant to comply with each individual contract or agreement, including a land use restriction agreement and a Funding Agreement, that may be applicable to a respective property or Obligated Group Member.

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Bonds have not been paid to the holders thereof and provision for such payment has not been made in such manner as to have resulted in the defeasance of all Related Bond Indentures, an Opinion of Bond Counsel to the effect that under then existing law the consummation of such transaction would not, in and of itself, adversely affect the validity of any Related Bonds or any exemption from federal or state income taxation of interest payable on such Related Bonds otherwise entitled to such exemption; provided that in making the calculation called for by subsection (d)(i) above, (x) there shall be excluded from Revenues or Project Revenues any Revenues generated by Property of such Person transferred or otherwise disposed of by such Person since the beginning of the Fiscal Year during which such Person's entry into the Obligated Group occurs, and (y) there shall be excluded from Expenses any Expenses related to Property of such Person transferred or otherwise disposed of by such Person since the beginning of the Fiscal Year during which such Person's entry into the Obligated Group occurs.

Except as otherwise expressly provided herein, the Master Trustee shall have no duty to review and shall not be responsible for the contents of such documents and shall hold the same solely as repository. Each successor, assignee, surviving, resulting or transferee corporation of a Member must agree to become, and satisfy the above described conditions to becoming, a Member of the Obligated Group prior to any such succession, assignment or other change in such Member's corporate status.

SECTION 5.02. OBLIGATED GROUP MEMBERS. Upon any Person's becoming an Obligated Group Member as provided in Section 5.01:

(a) the Master Trustee may pursue any remedies consequent upon an Event of Default against any Obligated Group Member, or all of them, without notice to, demand upon or joinder of (and without in any way releasing) any of the others, or against any one or more or all of them at the same time or at different times;

(b) any right of contribution or right acquired by subrogation by any Obligated Group Member against any other Obligated Group Member arising out of the payment of Indebtedness shall be subordinated to the rights of the Master Trustee and the Holders of Obligations; and

(c) each Obligated Group Member shall designate the Obligated Group Representative as its attorney in fact with full power of substitution to perform, satisfy, and discharge every obligation, covenant, duty or liability to be performed on the part of the Obligated Group Member hereunder.

SECTION 5.03. WITHDRAWAL OF OBLIGATED GROUP MEMBERS. Each Member covenants that it will not take any action, corporate or otherwise, which would cause it or any successor thereto into which it is merged or consolidated under the terms of this Master Trust Indenture to cease to be a Member of the Obligated Group unless:

(a) prior to cessation of such status, there is delivered to the Master Trustee an Opinion of Counsel to the effect that, under then existing law, the cessation by the Member of its status as a Member will not adversely affect the validity of any Related Bond and an Opinion of Bond Counsel that the cessation by the Member of its status will not, in and of itself, adversely affect

ARTICLE V MEMBERSHIP IN THE OBLIGATED GROUP

SECTION 5.01. ADMISSION OF OBLIGATED GROUP MEMBERS. Any other Person may become a Member of the Obligated Group if:

(a) Such Person is a business entity;

(b) Such Person shall execute and deliver to the Master Trustee a Supplement which shall be executed by the Master Trustee and the Obligated Group Representative, containing the agreement of such Person (i) to become a Member of the Obligated Group and thereby to become subject to compliance with all provisions of this Master Trust Indenture, and (ii) unconditionally and irrevocably (subject to the right of such Person to cease its status as a Member of the Obligated Group pursuant to the terms and conditions of Section 5.03 hereof) to jointly and severally make payments upon each Obligation;

(c) The Obligated Group Representative and each Member shall have approved the admission of such Person to the Obligated Group; and

(d) The Master Trustee shall have received (i) an Officer's Certificate of the Obligated Group Representative which (A) demonstrates that immediately upon such Person becoming a Member of the Obligated Group, the Historical Pro Forma Debt Service Coverage Ratio of the Obligated Group for the most recent Fiscal Year after adjustment for the addition of the new Member, would be not less than 1.10:1, or that such Historical Pro Forma Debt Service Coverage Ratio of the Obligated Group with such Person is greater than the Historical Debt Service Coverage Ratio of the Obligated Group was for such Fiscal Year without such Person becoming a Member of the Obligated Group, or the requirements under 4.16(a) have been met, and (2) immediately upon such Person becoming a Member of the Obligated Group, the Obligated Group would be in compliance with the Reserve Requirement of Section 4.20 hereof based on the most recent quarterly financial or that such calculation of funds on hand of the Obligated Group is greater than such calculation would be without such Person becoming a Member of the Obligated Group; (B) states that prior to and immediately after such Person becoming a Member of the Obligated Group, no Event of Default exists hereunder and no event shall have occurred which with the passage of time or the giving of notice, or both, would become such an Event of Default; and (C) prior to and immediately after such Person becoming a Member of the Obligated Group, the Members would not be in default in the performance or observance of any covenant or condition to be performed or observed hereunder; (ii) an opinion of Independent Counsel to the effect that (x) the instrument described in Section 5.01(b) above has been duly authorized, executed and delivered and constitutes a legal, valid and binding agreement of such Person, enforceable in accordance with its terms, subject to customary exceptions for bankruptcy, insolvency and other laws generally affecting enforcement of creditors' rights and application of general principles of equity, and (y) the addition of such Person to the Obligated Group will not adversely affect the status as a Tax-Exempt Organization of any Member which otherwise has such status; (iii) evidence from each Rating Agency then maintaining a rating on any series of Related Bonds to the effect that the admission of such Person to the Obligated Group will not result in a lower rating on such series of Related Bonds under A- from S&P or comparable from Fitch or Moody's (or successor Rating Agency, as applicable); (iv) if all amounts due or to become due on all Related

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any existing exclusion of interest on such Related Bonds from gross income of the owners thereof for federal income tax purposes;

(b) prior to the cessation of such status, there is delivered to the Master Trustee an Officer's Certificate of the Obligated Group Representative to the effect that: (i) (A) immediately after such cessation the Historical Pro Forma Debt Service Coverage Ratio of the Obligated Group for the most recent Fiscal Year for which financial statements after adjustment for the removal of the Member, would be not less than 1.10:1 or that such Historical Pro Forma Debt Service Coverage Ratio of the Obligated Group is greater than the Historical Debt Service Coverage Ratio of the Obligated Group was for such Fiscal Year prior to such cessation, or the requirements under 4.16(a) are met, and (B) immediately after such cessation, the Obligated Group would be in compliance with the Reserve Requirement of Section 4.20 hereof for the most recent quarter after adjustment for the removal of the Member, or that such calculation of reserve funds on hand of the Obligated Group is greater than such calculation would be immediately prior to such cessation; (ii) prior to and immediately after such cessation, no Event of Default exists hereunder and no event shall have occurred which with the passage of time or the giving of notice, or both, would become such an Event of Default; and (iii) prior to and immediately after such cessation, the Members would not be in default in the performance or observance of any covenant or condition to be performed or observed hereunder;

(c) prior to such cessation there is delivered to the Master Trustee an opinion of Independent Counsel to the effect that the cessation by such Member of its status as a Member will not, in and of itself, adversely affect the status as a Tax-Exempt Organization of any Member which otherwise has such status;

(d) any Liens in favor of the withdrawing Member on the Property of a remaining Member are released and satisfied unless such Lien constitutes a Permitted Encumbrance after the withdrawing Member is no longer a Member; and

(e) prior to cessation of such status, the Obligated Group Representative and each Member, consents in writing to the withdrawal by such Member.

SECTION 5.04. SUCCESSOR OBLIGATED GROUP REPRESENTATIVE. The initial Obligated Group Member shall serve as the Obligated Group Representative until such time as the Obligated Group Representative either (a) withdraws from the Obligated Group in accordance with this Article VI hereof, or (b) delivers to the Master Trustee its written resignation as the Obligated Group Representative. The Obligated Group Representative covenants to fulfill all of its duties under this Master Trust Indenture. The Obligated Group Representative agrees that it shall not withdraw from the Obligated Group or resign as Obligated Group Representative until it has appointed another Obligated Group Representative and such successor Obligated Group Representative has accepted its duties in writing. Each Obligated Group Member by becoming an Obligated Group Member acknowledges that the Obligated Group Representative has certain powers and duties under this Master Trust Indenture, including but not limited to binding all Obligated Group Members to joint and several liability on all Obligations incurred hereunder, and authorizes the Obligated Group Representative to exercise such powers and carry out such duties.

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**ARTICLE VI
REMEDIES OF THE MASTER TRUSTEE AND HOLDERS
OF SECURED OBLIGATIONS IN EVENT OF DEFAULT**

SECTION 6.01. EVENTS OF DEFAULT. Event of Default, as used herein, shall mean any of the following events, whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

(a) default in the payment of the principal or purchase price of (or premium, if any) or interest on, any Obligation when it becomes due and payable, whether at its Maturity or otherwise and the continuance of such default beyond the period of grace, if any, provided in the instrument creating such Obligation; or

(b) any Obligated Group Member shall fail to duly observe or perform any other covenant or agreement (other than a covenant or agreement whose performance or observance is elsewhere in this Section 6.01 specifically dealt with) on the part of such Person contained in this Master Trust Indenture for a period of 90 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Obligated Group Representative by the Master Trustee, or to the Obligated Group Representative and the Master Trustee by the Significant Holders; provided that if any such default can be cured by such Obligated Group Member but cannot be cured within the 30 day curative period described above, it shall not constitute an Event of Default if corrective action is instituted by such Obligated Group Member within such 90 day period and diligently pursued until the default is corrected; or

(c) a decree or order by a court having jurisdiction in the premises shall have been entered adjudging any Obligated Group Member as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization or arrangement of any Obligated Group Member under the Federal Bankruptcy Code or any other similar applicable federal or state law, and such decree or order shall have continued undischarged and unstayed for a period of 90 days; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver or trustee or assignee in bankruptcy or insolvency of any Obligated Group Member or of its Property, or for the winding up or liquidation of its affairs, shall have been entered, and such decree or order shall have remained in force undischarged and unstayed for a period of 90 days; or

(d) any Obligated Group Member shall fail to pay or make provision for payment of any Indebtedness having a principal balance of not less than \$500,000 and the continuance of such failure beyond the applicable grace period, if any; or

(e) this Master Trust Indenture or any Related Loan Agreement or other agreement or instrument entered into in connection with any Related Bonds and to which any Obligated Group Member is a party (a "Financing Document") or any material provision of this Master Trust Indenture or any of the other Financing Documents shall at any time, for any reason, cease to be the legal, valid and binding obligation of each of the Obligated Group Members, respectively, or shall cease to be in full force and effect, or shall be declared to be unenforceable, invalid or void, or the validity or enforceability thereof shall be contested by an Obligated Group Member, or an

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SECTION 6.03. POWERS OF SALE, TRANSFER, ASSIGNMENT, LEASE, AND OTHER DISPOSITIONS; SUITS FOR ENFORCEMENT. In case an Event of Default shall occur and be continuing, the Master Trustee, in its discretion may, subject to the provisions hereof:

(a) foreclose the Mortgage or any mortgage or deed of trust delivered pursuant to Section 4.16 hereof;

(b) protect and enforce its rights and the rights of the Master Trustee and Holders under this Master Trust Indenture by sale pursuant to judicial proceedings or by a suit, action, or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Master Trust Indenture or in aid of the execution of any power granted in this Master Trust Indenture or for the foreclosure of this Master Trust Indenture or for the enforcement of any other legal, equitable, or other remedy, as the Master Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Master Trustee; or

(c) as to all or part of the personal property (tangible or intangible) and fixtures included in the Trust Estate (such portion of the Trust Estate herein referred to as the "Collateral"),

(i) proceed under the Uniform Commercial Code, or other applicable law, and exercise with respect to the Collateral all the rights, remedies, and powers of a secured party under the Uniform Commercial Code or other applicable law, including, without limitation, the right and power to sell, at public or private sale or sales, or otherwise dispose of, lease, or utilize, the Collateral and any part or parts thereof in any manner authorized or permitted under the Uniform Commercial Code or other applicable law, after default by a debtor, and, to the extent permitted by law, the Obligated Group Representative, on behalf of the Obligated Group, expressly waives any notice of sale or other disposition of the Collateral and any other rights and remedies of a debtor or formalities prescribed by law relative to sale or disposition of the Collateral or exercise of any other right or remedy of the Master Trustee existing after default hereunder, and, to the extent any such notice is required and cannot be waived, the Obligated Group agrees that if such notice is mailed, postage prepaid, to the Obligated Group Representative at its address stated in Section 1.05 hereof at least ten days before the time of the sale or disposition, such notice shall be deemed reasonable and shall fully satisfy any requirement for giving of said notice,

(ii) take possession of the Collateral and enter upon any premises where the same may be situated for such purpose without being deemed guilty of trespass and without liability for damages thereby occasioned and take any action deemed necessary or appropriate or desirable by the Master Trustee, at its option and in its discretion, to repair, refurbish, or otherwise prepare the Collateral for sale, lease, or other use or disposition as herein authorized,

(iii) transfer at any time to itself or to its nominee the Collateral, or any part thereof, and receive the money, income proceeds, or benefits attributable or accruing thereto and hold the same as security for the Outstanding Obligations or apply same as herein provided, and

Obligated Group Member shall repudiate or renounce the same or deny that it has any further liability hereunder or thereunder; or

(f) the Master Trustee has received written notice that an event of default, as therein defined, under any instrument under which Obligations may be incurred or secured, including, without limitation, Related Bond Indentures, Related Loan Agreements, Credit Facilities, the Mortgage or other documents delivered in connection with the issuance of Related Bonds, has occurred and is continuing beyond the applicable period of grace, if any; or

(g) a default under the Funding Agreement has occurred.

SECTION 6.02. ACCELERATION OF MATURITY; RESCISSION AND ANNULMENT. If an Event of Default occurs and is continuing, then and in every such case the Majority Holders may direct the Master Trustee in writing to declare the principal of all the Obligations to be due and payable immediately, by a notice in writing to the Obligated Group Representative and all of the Holders of Obligations, and upon any such declaration, but subject to, and limited by, Sections 3.07 hereof, such principal shall become immediately due and payable; provided that upon the occurrence of an Event of Default under Section 6.01(c) above, without any notice to the Obligated Group or any Member or any other act by the Master Trustee, the entire unpaid principal amount of the Outstanding Obligations, shall be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Obligated Group and each Member thereof.

At any time after such a declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by the Master Trustee as hereinafter in this Article VII provided, the Majority Holders of the affected Outstanding Obligations, by written notice to the Obligated Group Representative and the Master Trustee, shall rescind and annul such declaration and its consequences if:

(a) one or more Obligated Group Members has paid or deposited with the Master Trustee a sum sufficient to pay:

(1) all overdue installments of interest on all Obligations,

(2) the principal of (and premium, if any, on) any Obligations which have become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the Obligations, and

(3) all sums paid or advanced by the Master Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel; and

(b) all Events of Default, other than the nonpayment of the principal of Obligations which have become due solely by such acceleration, have been cured or waived as provided in Section 6.14 hereof.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

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(iv) require the Members to assemble the Collateral and make it available to the Master Trustee at a place to be designated by the Master Trustee that is reasonably convenient to all parties.

The Master Trustee shall be fully subrogated to the rights of all vendor's lienholders and other lienholders whose indebtedness is paid in whole or in part from proceeds of Obligations.

The filing of a suit to foreclose any security interest hereunder shall never be considered an election so as to preclude foreclosure under any power of sale contained herein or in the Mortgage after dismissal of such a suit.

SECTION 6.04. COLLECTION OF INDEBTEDNESS AND SUITS FOR ENFORCEMENT BY MASTER TRUSTEE. The Obligated Group Members covenant (subject to any notice and grace periods contained herein) that if:

(a) default is made in the payment of any installment of interest on any Obligation when such interest becomes due and payable, or

(b) default is made in the payment of the principal or purchase price of (or premium, if any, on) any Obligation at the Maturity thereof, each Obligated Group Member will, upon demand of the Master Trustee, pay to it, for the benefit of the Holders of such Obligations, the whole amount then due and payable on such Obligations for principal or purchase price (and premium, if any) and interest, with interest at the rate borne by the Obligations upon the overdue principal (and premium, if any); and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel.

If the Obligated Group Members fail to pay any of the foregoing amounts forthwith upon demand, the Master Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, and may prosecute such proceeding to judgment or final decree, and may enforce the same against the Obligated Group Members or any other obligor upon the Obligations and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Obligated Group Members or any other obligor upon the Obligations, wherever situated. If an Event of Default occurs and is continuing, subject to the provisions of Section 6.13 herein, the Master Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Obligations by such appropriate judicial proceedings as the Master Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Master Trust Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

If an Event of Default occurs and is continuing, subject to the provisions of Section 6.13 herein, the Master Trustee, as the beneficiary under the Mortgage, may in its discretion proceed to enforce its rights and seek any remedies available to it under the Mortgage.

SECTION 6.05. MASTER TRUSTEE MAY FILE PROOFS OF CLAIM. In case of the pendency of any Proceeding or other judicial proceeding relative to the Obligated Group Members or any other obligor upon the Obligations or the property of the Obligated Group

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Members or of such other obligor or their creditors, the Master Trustee (irrespective of whether the principal of the Obligations shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Master Trustee shall have made any demand on the Obligated Group Members for the payment of overdue principal, premium, or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Obligations and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Master Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel which shall be deemed an administrative claim) and of the Holders of Obligations allowed in such Proceeding; and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any receiver, assignee, trustee, liquidator, sequestrator, custodian, or other similar official in any such judicial proceeding is hereby authorized by each Holder of Obligations to make such payments to the Master Trustee, and in the event that the Master Trustee shall consent to the making of such payments directly to the Holders of Obligations, to pay to the Master Trustee any amount due to it for the reasonable compensation, expenses, disbursements, and advances of the Master Trustee, its agents and counsel, and any other amounts due the Master Trustee under this Master Trust Indenture which shall be deemed an administrative claim.

Nothing herein contained shall be deemed to authorize the Master Trustee to authorize or consent to or accept or adopt on behalf of any Holder of Obligations any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Holder thereof, or to authorize the Master Trustee to vote in respect of the claim of any Holder of Obligations in any such proceeding.

SECTION 6.06. MASTER TRUSTEE MAY ENFORCE CLAIMS WITHOUT POSSESSION OF OBLIGATIONS. All rights of action and claims under this Master Trust Indenture or the Obligations may be prosecuted and enforced by the Master Trustee without the possession of any of the Obligations or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Master Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements, and advances of the Master Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Obligations in respect of which such judgment has been recovered.

SECTION 6.07. APPLICATION OF MONEY COLLECTED. Any money collected by the Master Trustee pursuant to this Article VI and any proceeds of any sale together with any amounts held by the Master Trustee hereunder (after deducting the costs and expenses of such sale, including a compensation to the Master Trustee, its agents and counsel, and any taxes, assessments, or liens prior to the lien of this Master Trust Indenture, except any thereof subject to which such sale shall have been made), whether made under any power of sale granted herein or in the Mortgage or pursuant to judicial proceedings, together with, in the case of any entry or sale as otherwise provided herein, any other sums then held by the Master Trustee as part of the Trust

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remedies of the Master Trustee and the Holders of Obligations shall continue as though no such proceeding had been instituted.

SECTION 6.11. RIGHTS AND REMEDIES CUMULATIVE. No right or remedy herein conferred upon or reserved to the Master Trustee or to the Holders of Obligations is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 6.12. DELAY OR OMISSION NOT WAIVER. No delay or omission of the Master Trustee or of any Holder of any Obligation to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VII or by law to the Master Trustee or to the Holders of Obligations may be exercised from time to time, and as often as may be deemed expedient, by the Master Trustee or by the Holders of Obligations, as the case may be.

SECTION 6.13. CONTROL BY HOLDERS OF OBLIGATIONS. The Majority Holders shall have the right to direct in writing the time, method, manner and place of conducting any proceeding for any remedy available to the Master Trustee or exercising any trust or power conferred on the Master Trustee including, without limitation, all proceedings or enforcement actions under this Article VI and applicable law and in any Proceeding, provided that:

(a) such direction shall not be in conflict with any rule of law or with this Master Trust Indenture,

(b) the Master Trustee may take any other action deemed proper by the Master Trustee which is not inconsistent with such direction;

(c) the Master Trustee shall not be required to act on any direction given to it pursuant to this Section until indemnity as set forth in Section 7.03(e) hereof is provided to it by such Holders;

SECTION 6.14. WAIVER OF PAST DEFAULTS AND FUTURE COVENANT REQUIREMENTS. The Majority Holders may on behalf of the Holders of all the Obligations waive any past default hereunder and its consequences (or future covenant requirements), except a default or covenant requirement with respect to:

(a) the payment of the principal of (or premium, if any) or interest on or other amounts payable under any Obligation, or

(b) a covenant or provision hereof which under Article IX cannot be modified or amended without the consent of the Holder of each Outstanding Obligation affected.

Upon any such waiver, such default shall be deemed to have never occurred, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Master

Estate, shall be deposited in the Revenue Fund created by this Master Trust Indenture, subject to, and as limited by, Sections 3.07 hereof, shall be applied in the order specified in Section 3.03 hereof, at the date or dates fixed by the Master Trustee and, in case of the distribution of such money on account of principal (or premium, if any), upon presentation of the Obligations and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid.

In the event the Master Trustee incurs expenses or renders services in any proceedings which result from the occurrence or continuance of an Event of Default under Section 6.01(c) hereof, or from the occurrence of any event which, by virtue of the passage of time, would become such Event of Default, the expenses so incurred and compensation for services so rendered are intended to constitute expenses of administration under the United States Bankruptcy Code or equivalent law.

SECTION 6.08. LIMITATION ON SUITS. No Holder of any Obligation shall have any right to institute any proceeding, judicial or otherwise, with respect to this Master Trust Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) such Holder has previously given written notice to the Master Trustee of a continuing Event of Default;

(b) the Significant Holders of the Outstanding Obligations shall have made written request to the Master Trustee to institute proceedings in respect of such Event of Default in its own name as Master Trustee hereunder;

(c) such Holder or Holders have offered to the Master Trustee indemnity satisfactory to it against the costs, expenses and liabilities (including, but not limited to, attorney's fees, costs and expenses) to be incurred in compliance with such request;

(d) the Master Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

SECTION 6.09. UNCONDITIONAL RIGHT OF HOLDERS OF OBLIGATIONS TO RECEIVE PRINCIPAL, PREMIUM AND INTEREST.

Notwithstanding any other provision in this Master Trust Indenture, the Holder of any Obligation shall have the right which is absolute and unconditional to receive payment of the principal or purchase price of (and premium, if any) and (subject to Section 2.07 hereof) interest on such Obligation on the respective Stated Maturities or other payment dates expressed in such Obligation (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 6.10. RESTORATION OF RIGHTS AND REMEDIES. If the Master Trustee or any Holder of Obligations has instituted any proceeding to enforce any right or remedy under this Master Trust Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Master Trustee or to such Holder of Obligations, then and in every such case the Obligated Group Members, the Master Trustee and the Holders of Obligations shall, subject to any court determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and

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Trust Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 6.15. UNDERTAKING FOR COSTS. All parties to this Master Trust Indenture agree, and each Holder of any Obligation by its acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Master Trust Indenture, or in any suit against the Master Trustee for any action taken or omitted by it as Master Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant;

SECTION 6.16. WAIVER OF STAY OR EXTENSION LAWS. Each Obligated Group Member covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Master Trust Indenture; and each Obligated Group Member (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay, or impede the execution of any power herein granted to the Master Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

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**ARTICLE VII
CONCERNING THE MASTER TRUSTEE**

SECTION 7.01. DUTIES AND LIABILITIES OF MASTER TRUSTEE.

(a) Except during the continuance of an Event of Default, the Master Trustee undertakes to perform such duties and only such duties as are specifically and expressly set forth in this Master Trust Indenture and no implied covenants or obligations shall be read into this Master Trust Indenture against the Master Trustee. These duties shall be purely ministerial in nature, and the Master Trustee shall not be liable except for the performance of such duties. The Master Trustee shall have no duty to review any financial statements provided by the Obligated Group hereunder, nor shall the Master Trustee be considered to have notice of the content of such statements or a default based on such content. The Master Trustee shall have no duty to verify the accuracy of such financial statements.

(b) In case any Event of Default has occurred and is continuing, the Master Trustee shall exercise such of the rights and powers vested in it by this Master Trust Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of their own affairs.

(c) The Master Trustee shall not be liable for any acts or omissions, except for such losses, damages, or expenses which have been finally adjudicated by a court of competent jurisdiction to have directly resulted from the Master Trustee's gross negligence or willful misconduct. No provision of this Master Trust Indenture shall be construed to relieve the Master Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct, except, that:

(i) this Subsection shall not be construed to limit the effect of subsection (a) of this Section;

(ii) the Master Trustee shall not be liable for any action taken or error of judgment made in good faith by any of its officers, employees, or agents, unless it shall be proved that it was grossly negligent in ascertaining the pertinent facts;

(iii) the Master Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Majority Holders relating to the time, method, and place of conducting any proceeding for any remedy available to the Master Trustee, or exercising any trust or power conferred upon the Master Trustee, under this Master Trust Indenture;

(iv) no provision of this Master Trust Indenture shall require the Master Trustee to expend or risk its funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers; and

(v) the Master Trustee may request, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, and shall incur no liability and shall be fully protected in acting or refraining from acting upon any certificates or opinions furnished to the Master Trustee and conforming to the requirements of this Master Trust Indenture.

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Master Trustee in accordance with the advice of counsel or other professionals retained or consulted by the Master Trustee;

(e) The Master Trustee shall be under no obligation to take any action under this Master Trust Indenture unless Holders shall have provided to the Master Trustee security or indemnity satisfactory to it in its sole and absolute discretion against the costs, expenses, and liabilities which might be incurred by it in connection with such action including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances;

(f) The Master Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture, coupon, or other paper or document but the Master Trustee may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Master Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the Facilities, books, records, and premises of the Obligated Group Members and each other obligor on the Obligations, personally or by agent or attorney;

(g) The Master Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Master Trustee shall not be responsible for any acts or omissions on the part of any agent or attorney appointed with due care hereunder;

(h) The Master Trustee shall not be deemed to have knowledge of (A) any events or other information, or (B) any default (as defined in Section 7.02 hereof) hereunder or under any other agreement, except an Event of Default under Section 6.01(a) hereof, unless a Responsible Officer has actually received notice of such default in writing from any Obligated Group Member or the Holder of any Obligation, referencing the Obligations and describing such default;

(i) The permissive right of the Master Trustee to do things enumerated in this Master Trust Indenture shall not be construed as a duty, and, with respect to such permissive rights, the Master Trustee shall not be answerable for other than its gross negligence or willful misconduct. It shall not be the duty or responsibility of the Master Trustee or any of its directors, officers, employees, agents or affiliates to monitor the action of or see that any duties or obligations herein imposed upon any Obligated Group Member or any other Person are performed, and the Master Trustee shall not be liable or responsible for the failure of any Obligated Group Member or any other Person to perform any act required of it or them by this Master Trust Indenture or any other agreement, nor shall it have any liability in connection with the malfeasance or nonfeasance by any such party. The Master Trustee may assume performance by all such parties of their respective obligations. The Master Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other party;

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(d) Whether or not therein expressly so provided, every provision of this Master Trust Indenture or any related agreements relating to the conduct or affecting the liability of or affording protection to the Master Trustee shall be subject to the provisions of this Article VII, which shall be deemed incorporated therein.

SECTION 7.02. NOTICE OF DEFAULTS. Within 60 days after the occurrence of any default hereunder of which the Master Trustee is deemed to have knowledge as provided in Section 7.03(h) hereof, the Master Trustee shall transmit by mail to all Holders of Obligations, notice of such default, unless such default shall have been cured or waived; provided, however, that in the case of any default of the character specified in Section 6.01(b) hereof no such notice to Holders of Obligations shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default.

SECTION 7.03. CERTAIN RIGHTS OF MASTER TRUSTEE. Except as otherwise provided in Section 7.01 hereof:

(a) The Master Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order or decree of a court of competent jurisdiction, judgment, approval, bond, debenture, note, coupon, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein, and shall not be required to verify the accuracy of any information or calculations required to be included therein or attached thereto;

(b) The Master Trustee shall be entitled to request and receive written instructions from the Obligated Group Representative and shall have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by the Master Trustee in accordance with the written direction of the Obligated Group Representative. Any request or direction of any Person mentioned herein may be sufficiently evidenced by a Request of such Person; and any resolution of the Governing Body of any Person may be evidenced to the Master Trustee by a Board Resolution of such Person;

(c) Whenever in the administration of this Master Trust Indenture the Master Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action hereunder, the Master Trustee (unless other evidence be herein specifically prescribed) may require and rely upon an Officer's Certificate;

(d) The Master Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel (either of which may be by Electronic Means) shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon. The Master Trustee shall be entitled to rely on and shall not be liable for any action taken or omitted to be taken by the

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(j) The Master Trustee is not required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Master Trust Indenture;

(k) In the event the Master Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Holders of Obligations entitled to give direction or instruction to the Master Trustee under the provisions of this Master Trust Indenture, each representing less than a majority in aggregate principal amount of the Obligations Outstanding entitled to give direction or instruction, the Master Trustee, in its sole discretion, may determine what action, if any, shall be taken;

(l) The Master Trustee's immunities and protections from liability in connection with the performance of its duties under this Master Trust Indenture shall extend to the Master Trustee's officers, directors, agents and employees. Such immunities and protections, together with the Master Trustee's right to compensation, shall survive the Master Trustee's resignation or removal and final payment of the Obligations;

(m) Except for information provided by the Master Trustee concerning the Master Trustee, the Master Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to the Obligations or any Related Bonds, and the Master Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Obligations or any Related Bonds;

(n) Notwithstanding anything contained herein or in the Mortgage to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action with respect to real property and which may subject the Master Trustee to liability under any environmental law, statute, regulation or similar requirement relating to the environment, the Master Trustee may require that an environmental survey be provided and a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action, and the Master Trustee shall not be required to take such foreclosure or similar action if it determines that the approval of a governmental regulator that cannot be obtained is necessary for such foreclosure or similar action;

(o) The Master Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Master Trust Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Master Trustee shall use its best efforts to resume performance as soon as reasonably practicable under the circumstances;

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(p) Notwithstanding the effective date of this Master Trust Indenture or anything to the contrary in this Master Trust Indenture, the Master Trustee shall have no liability or responsibility for any act or event relating to this Master Trust Indenture which occurs prior to the date the Master Trustee formally executes this Master Trust Indenture and commences acting as Master Trustee hereunder; and

(q) The Master Trustee shall not be responsible or liable for punitive, special, indirect, incidental, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Master Trustee has been advised of the likelihood of such loss or damage and regardless of the form of actions.

SECTION 7.04. NOT RESPONSIBLE FOR RECITALS OR ISSUANCE OF OBLIGATIONS. The recitals contained herein and in the Obligations (other than the certificate of authentication on such Obligations) shall be taken as the statements of the Obligated Group Members, and the Master Trustee assumes no responsibility for their correctness. The Master Trustee makes no representations as to the validity or sufficiency of this Master Trust Indenture or of the Obligations. The Master Trustee shall not be accountable for the use or application by the Obligated Group Members of any of the Obligations or of the proceeds of such Obligations. The Master Trustee is not a party to, and is not responsible for, and makes no representation with respect to matters set forth in, any preliminary official statement, official statement, or similar document prepared and distributed in connection with the transactions contemplated in this Master Trust Indenture.

SECTION 7.05. MASTER TRUSTEE OR REGISTRAR MAY OWN OBLIGATIONS. The Master Trustee, any Paying Agent, registrar, or any other agent of the Obligated Group Members, in its individual or any other capacity, may become the owner or pledgee of Obligations and may otherwise deal with the Obligated Group Members with the same rights it would have if it were not Master Trustee, Paying Agent, Obligation registrar, or such other agent.

SECTION 7.06. MONEY TO BE HELD IN TRUST. All money received by the Master Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law. The Master Trustee shall be under no liability for interest on any money received by it hereunder other than such interest as it expressly agrees in writing to pay.

SECTION 7.07. COMPENSATION AND EXPENSES OF MASTER TRUSTEE. The Obligated Group Members agree:

(a) to pay to the Master Trustee from time to time compensation for all services rendered by it hereunder in accordance with a written schedule provided by the Master Trustee to the Obligated Group Representative;

(b) to reimburse the Master Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Master Trustee in accordance with any provision of this Master Trust Indenture (including the reasonable compensation and the expenses and disbursements, of its agents and counsel) except any such expense,

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Master Trust Indenture, then, upon 30 days' notice, by act of the Obligated Group Representative delivered to the Master Trustee, or (ii) at any time, upon 30 days' notice, by Act of the Majority Holders delivered to the Master Trustee and to the Obligated Group Representative.

(d) If at any time:

(i) the Master Trustee shall cease to be eligible under Section 7.08 hereof and shall fail to resign after written request therefor by the Obligated Group Representative or by any such Holder of Obligations, or

(ii) the Master Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Master Trustee or of its property shall be appointed or any public officer shall take charge or control of the Master Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Obligated Group Representative by written request, upon 30 days' notice, may remove the Master Trustee, or (B) subject to Section 6.15 hereof, any Holder of Obligations who has been a bona fide Holder of an Obligation for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Master Trustee and the appointment of successor Master Trustee.

(e) If the Master Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Master Trustee for any cause, the Obligated Group Representative, by an Obligated Group Representative Request, shall promptly appoint a successor Master Trustee. If, within thirty (30) days after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Master Trustee shall be appointed by the Majority Holders delivered to the Obligated Group Representative and the retiring Master Trustee, the successor Master Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Master Trustee and supersede the successor Master Trustee appointed by the Obligated Group Representative. If no successor Master Trustee shall have been so appointed by the Obligated Group Representative or the Majority Holders and accepted appointment in the manner hereinafter provided within 30 days, the resigning or removed Master Trustee or any Holder of Obligations who has been a bona fide Holder of an Obligation for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Master Trustee.

(f) The Obligated Group Representative shall give notice of each resignation and each removal of the Master Trustee and each appointment of a successor Master Trustee by mailing written notice of such event by first class mail, postage prepaid, to the registered Holders of Obligations at their addresses as shown in the Obligation Register. Each notice shall include the name and address of the designated corporate trust office of the successor Master Trustee.

SECTION 7.10. ACCEPTANCE OF APPOINTMENT BY SUCCESSOR. Every successor Master Trustee appointed hereunder shall execute, acknowledge and deliver to the Obligated Group Representative and to the retiring Master Trustee an instrument accepting such appointment and certifying that it is eligible to act as successor Master Trustee hereunder, and thereupon the resignation or removal of the retiring Master Trustee shall become effective and

disbursement, or advance as may be finally adjudicated by a court of competent jurisdiction to have directly resulted from its gross negligence or willful misconduct;

(c) each Obligated Group Member shall indemnify the Master Trustee and its officers, directors and employees for, and hold each of them harmless against any loss, liability or expense (including without limitation reasonable attorneys' fees, costs and expenses) incurred by any of them except as finally adjudicated by a court of competent jurisdiction to have directly resulted from gross negligence or willful misconduct, arising out of and in connection with the acceptance or administration of this trust, including the reasonable costs and expenses of defending against any claim or liability in connection with the exercise or performance of any of the powers or duties of the Master Trustee hereunder and such indemnification shall survive the payment in full of all Obligations and the termination of this Master Trust Indenture or the sooner resignation or removal of the Master Trustee; and

(d) In the case of any claim indemnified by the Obligated Group hereunder that is covered by a policy of insurance maintained by or on behalf of the Obligated Group, Master Trustee agrees to reasonably cooperate, at the Obligated Group's expense, with the insurers in the exercise of their rights to investigate, defend or compromise such claim as may be required to retain the benefits of such insurance with respect to such claim.

SECTION 7.08. CORPORATE MASTER TRUSTEE REQUIRED; ELIGIBILITY. There shall at all times be a Master Trustee hereunder which shall be a banking corporation, association, bank or trust company organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000, subject to supervision or examination by Federal or State banking authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Master Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign promptly in the manner and with the effect hereinafter specified in this Article VII.

SECTION 7.09. RESIGNATION AND REMOVAL; APPOINTMENT OF SUCCESSOR. (a) No resignation or removal of the Master Trustee and no appointment of a successor Master Trustee pursuant to this Article VII shall become effective until the acceptance of appointment by the successor Master Trustee under Section 7.10 hereof.

(b) The Master Trustee may resign at any time by giving written notice thereof to the Obligated Group Representative. If an instrument of acceptance by a successor Master Trustee shall not have been delivered to the Master Trustee within 30 days after the giving of such notice of resignation, the resigning Master Trustee may petition any court of competent jurisdiction for the appointment of a successor Master Trustee.

(c) The Master Trustee may be removed (i) if no Event of Default or event with the passage of time would result in an Event of Default has occurred and is continuing under this

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such successor Master Trustee, without any further act, deed, or conveyance, shall become vested with all the rights, powers, trusts, and duties of the retiring Master Trustee; but, on the reasonable written request of the Obligated Group Representative or the successor Master Trustee, such retiring Master Trustee shall, upon payment of its charges and the amounts due to it hereunder, execute and deliver an instrument transferring to such successor Master Trustee all the rights, powers, and trusts of the retiring Master Trustee, and shall duly assign, transfer, and deliver to the successor Master Trustee all property and money held by such retiring Master Trustee hereunder. Upon request of any such successor Master Trustee, the Obligated Group Representative shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Master Trustee all such rights, powers, and trusts.

No successor Master Trustee shall accept its appointment unless at the time of such acceptance such successor Master Trustee shall be qualified and eligible under this Article VII. The indemnity provided for in Section 7.07(c) hereof herein shall continue to be binding upon the Members of the Obligated Group for the benefit of the retiring or removed Master Trustee and its officers, directors and employees.

SECTION 7.11. MERGER OR CONSOLIDATION. Any entity into which the Master Trustee may be merged or with which it may be consolidated, or any entity resulting from any merger or consolidation to which the Master Trustee shall be a party, or any entity succeeding to all or substantially all of the corporate trust business of the Master Trustee, shall be the successor Master Trustee hereunder, provided such entity shall be otherwise qualified and eligible under this Article VII, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Obligations shall have been authenticated, but not delivered, by the Master Trustee then in office, any successor by merger or consolidation to such authenticating Master Trustee may adopt such authentication and deliver the Obligations so authenticated with the same effect as if such successor Master Trustee had itself authenticated such Obligations.

SECTION 7.12. MASTER TRUSTEE AS RELATED BOND TRUSTEE. The Master Trustee may serve as Related Bond Trustee under any Related Bond Indenture so long as the Master Trustee is the Related Bond Trustee for all outstanding Related Bonds. If an entity other than the Master Trustee becomes a Related Bond Trustee, the Master Trustee hereby agrees to promptly resign from its role as Master Trustee or Related Bond Trustee under all Related Bond Indentures, at its option, on its own motion and a successor Master Trustee or Related Bond Trustee, as appropriate, shall be appointed and qualified as set forth in Section 7.09 hereof or in the Related Bond Indenture.

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**ARTICLE VIII
SUPPLEMENTS AND AMENDMENTS**

SECTION 8.01. SUPPLEMENTS WITHOUT CONSENT OF HOLDERS OF OBLIGATIONS. Without the Consent of the Holders of any Obligations, each Obligated Group Member, when authorized by a Board Resolution, and the Master Trustee at any time may enter into one or more Supplements for any of the following purposes:

(a) to evidence the succession of another Person to an Obligated Group Member, or successive successions, and the assumption by the successor Person of the covenants, agreements and obligations of an Obligated Group Member as permitted by this Master Trust Indenture or to evidence additions to, or withdrawals from, membership in the Obligated Group in accordance with the provisions of Article V hereof;

(b) to add to the covenants of the Obligated Group Members for the benefit of the Holders of Obligations, or to surrender any right or power herein conferred upon the Obligated Group Members, or to add to the Events of Default enumerated in Section 6.01 hereof;

(c) to cure any ambiguity or to correct or supplement any provision herein that may be defective or inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Master Trust Indenture that shall not be inconsistent with this Master Trust Indenture, provided such action shall not adversely affect the interests of the Holders of Obligations;

(d) to modify or supplement this Master Trust Indenture in such manner as may be necessary or appropriate to qualify this Master Trust Indenture under the Trust Indenture Act of 1939 as then amended, or under any similar federal or State statute or regulation, including provisions whereby the Master Trustee accepts such powers, duties, conditions and restrictions hereunder and the Obligated Group Members undertake such covenants, conditions or restrictions additional to those contained in this Master Trust Indenture as would be necessary or appropriate so to qualify this Master Trust Indenture; provided, however, that nothing herein contained shall be deemed to authorize inclusion in this Master Trust Indenture or in any Supplements provisions referred to in Section 316(a)(2) of the said Trust Indenture Act or any corresponding provision provided for in any similar statute hereafter in effect;

(e) to create and provide for the issuance of Obligations as permitted hereunder;

(f) to obtain, increase or maintain any credit rating assigned to any series of Related Bonds by a Rating Agency

(g) to change Section 4.15 hereof to permit the financial statements required therein to more accurately reflect the financial position and operations of the Obligated Group or to comply with the requirements of generally accepted accounting principles then in effect;

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SECTION 8.03. EXECUTION OF SUPPLEMENTS. In executing, or accepting the additional trusts created by, any Supplement permitted by this Article or the modifications thereby of the trusts created by this Master Trust Indenture the Master Trustee shall be entitled to receive, and shall be fully protected in conclusively relying upon, an Opinion of Counsel stating that the execution of such Supplement is authorized or permitted by this Master Trust Indenture and that all conditions precedent thereto have been complied with. In connection with the execution and delivery of a Supplement pursuant to Section 8.01(c) hereof, the Master Trustee, in its discretion, may determine whether or not in accordance with such Section the Holders of the Obligations would be adversely affected by such Supplement (and may conclusively rely upon the advice or an Opinion of Counsel in forming such determination) and any such determination shall be binding and conclusive on the Members of the Obligated Group, and the Holders of the Obligations. The Master Trustee may receive and be entitled to rely upon an Opinion of Counsel as conclusive evidence as to whether the Holders of the Obligations would be so adversely affected by any such Supplement. The Master Trustee may, but shall not (except to the extent required in the case of a Supplement entered into under Section 8.01(d) hereof) be obligated to, enter into any such Supplement which affects the Master Trustee's own rights, duties or immunities under this Master Trust Indenture or otherwise. All fees, costs, and expenses (including reasonable attorneys' fees, costs, and expenses) incurred in connection with any amendment, modification, or supplement shall be payable by the Obligated Group.

SECTION 8.04. EFFECT OF SUPPLEMENT. Upon the execution of any Supplement under this Article, this Master Trust Indenture shall, with respect to each series of Obligations to which such Supplement applies, be modified in accordance therewith, and such Supplement shall form a part of this Master Trust Indenture for all purposes, and every Holder of Obligations thereafter or (except to the extent provided pursuant to Section 8.01(h) hereof) theretofore authenticated and delivered hereunder shall be bound thereby.

SECTION 8.05. OBLIGATIONS MAY BEAR NOTATION OF CHANGES. Obligations authenticated and delivered after the execution of any Supplement pursuant to this Article may bear a notation in form approved by the Master Trustee as to any matter provided for in such Supplement. If the Obligated Group Representative or the Master Trustee shall so determine, new Obligations so modified as to conform, in the opinion of the Master Trustee and the Obligated Group Representative, to any such Supplement may be prepared and executed by the applicable Obligated Group Member and authenticated and delivered by the Master Trustee in exchange for Obligations then Outstanding.

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(h) to make any amendment to any provision of this Master Trust Indenture or to any Supplement which is only applicable to Obligations issued thereafter or which will not apply so long as any Obligation then Outstanding remains Outstanding.

SECTION 8.02. SUPPLEMENTS WITH CONSENT OF HOLDERS OF OBLIGATIONS. With the Consent of the Majority Holders, by Act of said Majority Holders delivered to the Obligated Group Representative and the Master Trustee, each Obligated Group Member, when authorized by a Board Resolution, and the Master Trustee may enter into Supplements for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Master Trust Indenture or of modifying in any manner the rights of the Holders of the Obligations under this Master Trust Indenture; provided, however, that no such Supplement shall, (i) without the Consent of the Holder of each Outstanding Obligation modify any of the provisions of Section 3.07 hereof, or (ii) without the Consent of the Holder of each Outstanding Obligation affected thereby,

(a) change the Stated Maturity of the principal of, or the date when due of any installment of principal, interest or other amounts owed under, any Obligations or any date for mandatory redemption thereof, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any Place of Payment where, or the coin or currency in which, any Obligations or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the redemption date), or

(b) reduce the percentage in principal amount of the Outstanding Obligations, the Consent of whose Holders is required for any such Supplement, or the Consent of whose Holders is required for any waiver of compliance with certain provisions of this Master Trust Indenture or certain defaults hereunder and their consequences provided for in this Master Trust Indenture, or

(c) modify any of the provisions of this Section or Section 6.14 hereof, except to increase any such percentage or to provide that certain other provisions of this Master Trust Indenture cannot be modified or waived without the Consent of the Holder of each Obligation affected thereby.

It shall not be necessary for any Act of Holders of Obligations under this Section to approve the particular form of any proposed Supplement, but it shall be sufficient if such Act shall approve the substance thereof.

When the Master Trustee notifies the Holders of Obligations of any such amendment requiring their Consent, the Master Trustee will also request any Related Bond Trustee to send a notice of such amendment to the registered owners of all of the Related Bonds outstanding. Such Related Bond Trustee shall, as the Holder of an Obligation securing such Related Bonds, consent or object to the amendment in accordance with the response of the registered owners of such Related Bonds.

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**ARTICLE IX
SATISFACTION AND DISCHARGE OF INDENTURE;
UNCLAIMED MONIES**

SECTION 9.01. SATISFACTION AND DISCHARGE OF INDENTURE. If at any time the Obligated Group Members shall have paid or caused to be paid the principal or purchase price of (and premium, if any) and interest on all the Obligations Outstanding hereunder, as and when the same shall have become due and payable and if the Obligated Group Members shall also pay or provide for the payment of all other sums payable hereunder and under each Related Loan Agreement by each Obligated Group Member then this Master Trust Indenture shall cease to be of further effect (except as to (a) rights of registration of transfer and exchange, (b) substitution of mutilated, defaced, or apparently destroyed, lost or stolen Obligations, (c) rights of Holders to receive payments of principal or purchase price thereof (and premium, if any) and interest thereon, (d) the rights and immunities of the Master Trustee hereunder, and (e) the rights of the Holders as beneficiaries hereof with respect to the property so deposited with the Master Trustee payable to all or any of them) and the Master Trustee, on the Obligated Group Representative's Request accompanied by an Officer's Certificate and an Opinion of Counsel (both to the effect that all conditions precedent in this Master Trust Indenture relating to the satisfaction and discharge of this Master Trust Indenture have been satisfied) and at the cost and expense of the Obligated Group Representative, shall execute proper instruments acknowledging satisfaction of and discharging this Master Trust Indenture.

Notwithstanding the satisfaction and discharge of this Master Trust Indenture, the obligations of the Obligated Group Members to the Master Trustee under Section 7.07 hereof and, if funds shall have been deposited with the Master Trustee pursuant to Section 9.02 hereof, the obligations of the Master Trustee under Section 9.03 hereof shall survive.

SECTION 9.02. OBLIGATIONS DEEMED PAID. Obligations of any series shall be deemed to have been paid if (a) (i) in case such Obligations are to be redeemed on any date prior to their Stated Maturity, the Obligated Group Representative by Obligated Group Representative Request shall have given to the Master Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Obligations on said redemption date, (ii) there shall have been deposited with the Master Trustee or escrow agent either money sufficient, or Defeasance Obligations the principal of and the interest on which will provide money sufficient without reinvestment (as established by an Officer's Certificate delivered to the Master Trustee accompanied by a verification report of an Accountant setting forth the calculations upon which such Officer's Certificate is based), to pay when due the principal of (and premium, if any) and interest due and to become due on said Obligations or the Related Bonds on and prior to the redemption date or Stated Maturity thereof, as the case may be, and (iii) in the event said Obligations are not by their terms subject to redemption within the next 45 days, the Obligated Group Representative shall have given the Master Trustee in form satisfactory to it irrevocable instructions to give a notice to the Holders of such Obligations that the deposit required by clause (ii) above has been made with the Master Trustee and that said Obligations are deemed to have been paid in accordance with this Section and stating such Maturity or redemption date upon which money is to be available for the payment of the principal of (and premium, if any) and interest on said Obligations or (b) such Obligations are delivered to the Master Trustee by the Related Bond

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Trustee together with instructions from the Obligated Group Representative directing the Master Trustee to retire and cancel such Obligations upon discharge of such Related Bonds.

SECTION 9.03. APPLICATION OF TRUST MONEY. The Defeasance Obligations and money deposited with the Master Trustee pursuant to Section 9.02 hereof and principal or interest payments on any such Defeasance Obligations shall be held in trust, shall not be sold or reinvested, and shall be applied by it, in accordance with the provisions of the Obligations and this Master Trust Indenture, to the payment, either directly or through any Paying Agent (including the Obligated Group Representative acting as Paying Agent) as the Master Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money or Defeasance Obligations were deposited; provided that, upon delivery to the Master Trustee of an Officer's Certificate (accompanied by the verification report of an Accountant setting forth the calculations upon which such Officer's Certificate is based) establishing that the money and Defeasance Obligations on deposit following the taking of the proposed action will be sufficient for the purposes described in clause (ii) of Section 9.02 hereof, any money received from principal or interest payments on Defeasance Obligations deposited with the Master Trustee or the proceeds of any sale of such Defeasance Obligations, if not then needed for such purpose, shall, upon Obligated Group Representative Request be reinvested, to the extent practicable, in other Defeasance Obligations or disposed of as requested by the Obligated Group Representative. For purposes of any calculation required by this Article IX, any Defeasance Obligation which is subject to redemption at the option of its issuer, the redemption date for which has not been irrevocably established as of the date of such calculation, shall be assumed to cease to bear interest at the earliest date on which such obligation may be redeemed at the option of the issuer and the principal of such obligation shall be assumed to be received at its stated maturity.

SECTION 9.04. PAYMENT OF RELATED BONDS. Notwithstanding any other provision of this Article IX, no Obligation will be considered paid or deemed to have been paid unless the Related Bonds, if any, or other Indebtedness evidenced or secured by such Obligation, have been paid or deemed paid pursuant to the Related Bond Indenture or, as applicable the agreement or instrument pursuant to which such other Indebtedness was issued or incurred.

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SECTION 10.06. PROVIDERS OF CREDIT FACILITIES DEEMED HOLDERS. For all purposes hereof including, without limitation, Articles VI and VIII of this Master Trust Indenture, so long as a provider of a Credit Facility securing any Obligations or Indebtedness represented by such Obligations (including, without limitation, Related Bonds) is not in default with respect to its obligations under such Credit Facility, such provider shall be deemed to be the Holder of such Obligations and entitled to provide all consents and control all remedies with respect thereto to the exclusion of the Holders thereof so long as its Credit Facility is in effect.

SECTION 10.07. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS MASTER TRUST INDENTURE, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION HERewith. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY EACH PARTY, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE.

SECTION 10.08. PATRIOT ACT CONFIRMATIONS. To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a trust or other legal entity, the Master Trustee will ask for documentation to verify such non-individual person's formation and existence as a legal entity. The Master Trustee may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

[Signature pages to follow]

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ARTICLE X MISCELLANEOUS PROVISIONS

SECTION 10.01. NO PERSONAL LIABILITY. No recourse under this Master Trust Indenture or any Obligations shall be had against any officer, director, agent or employee, as such, past, present, or future, of any Obligated Group Member, any Affiliate, the Master Trustee or of any successor Master Trustee; it being expressly understood that this Master Trust Indenture and the obligations incurred hereunder are solely obligations of the entities named herein as Members, and that no personal liability whatever shall attach to such Persons or any of them, under this Master Trust Indenture or any Obligations; and that any and all such personal liability of every name and nature, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such Person because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants, or agreements contained in this Master Trust Indenture or in any Obligations are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Master Trust Indenture and the issue of such Obligations.

SECTION 10.02. DELAWARE CONTRACT. This Master Trust Indenture and the Obligations shall be deemed to be contracts made under the laws of the State of Delaware, and for all purposes shall be construed in accordance with the laws of said state applicable to contracts made and to be performed in said state without regard to conflict of law principles.

SECTION 10.03. LEGAL HOLIDAYS. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Master Trust Indenture, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Master Trust Indenture.

SECTION 10.04. BENEFITS OF PROVISIONS OF MASTER TRUST INDENTURE AND OBLIGATIONS. Nothing in this Master Trust Indenture or in the Obligations, expressed or implied, shall give or be construed to give any Person, other than the parties hereto, and the Holders of such Obligations (including any bondholder representative or owner or holder of Related Bonds entitled under any Related Loan Agreement or Related Bond Indenture to direct the actions of any such Holder), any legal or equitable right, remedy, or claim under or in respect of this Master Trust Indenture, or under any covenant, condition, and provision herein contained, and all its covenants, conditions, and provisions being of this Master Trust Indenture being for the sole benefit of the parties hereto and of the Holders of such Obligations and any such bondholder representative or owner or holder of Related Bonds.

SECTION 10.05. EXECUTION IN COUNTERPARTS. This Master Trust Indenture may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including portable document format (e.g., pdf) or any electronic signature complying with the U.S. federal E-SIGN Act of 2000 (e.g., www.docusign.com)), or other transmission method, and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

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IN WITNESS WHEREOF, the parties hereto have caused this Master Trust Indenture to be duly executed by persons thereunto duly authorized, as of the day and year first above written.

**SFRI RESERVE AT WESCOTT
APARTMENTS LLC,** as an Obligated Group
Representative and initial Obligated Group Member

By: _____
Gerald Ciehon
Chief Executive Officer and Secretary

SFRI OTARRE POINTE APARTMENTS LLC,
as an initial Obligated Group Member

By: _____
Gerald Cichon
Chief Executive Officer and Secretary

**WILMINGTON TRUST, NATIONAL
ASSOCIATION,** as Master Trustee

By: _____
Grace Yang, Senior Vice President

Obligor Signature Page for Master Trust Indenture

Master Trustee Signature Page for Master Trust Indenture

EXHIBIT A

LEGAL DESCRIPTION OF THE PREMISES

[TO COME]

EXHIBIT B

EXISTING LIENS

[None.]

EXHIBIT C
TITLE EXCEPTIONS
[TO COME]

EXHIBIT D
EXCLUDED PROPERTY

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FORM OF THE SUPPLEMENTAL MASTER TRUST INDENTURE NUMBER 1

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SUPPLEMENTAL MASTER TRUST INDENTURE NUMBER 1

by and between

SFRI RESERVE AT WESCOTT APARTMENTS LLC,
as Obligated Group Representative and an Obligated Group Member

**AND SUCH OTHER PERSONS AS MAY BECOME OBLIGATED GROUP MEMBERS
HEREUNDER**

and

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Master Trustee

Dated as of December 1, 2025

Authorizing the Issuance of a Master Note as Follows:

§
South Carolina Jobs-Economic Development Authority
Residential Development Revenue Bonds
(Sixteenth Floor Obligated Group Projects – Credit Enhanced),
Series 2025

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SUPPLEMENTAL MASTER TRUST INDENTURE NUMBER 1

This Supplemental Master Trust Indenture Number 1, dated as of December 1, 2025 (this “Supplemental Indenture”), between SFRI RESERVE AT WESCOTT APARTMENTS LLC, a Delaware not-for-profit corporation, as the initial Obligated Group Member and as the Obligated Group Representative (the “Obligated Group Representative”) and WILMINGTON TRUST, NATIONAL ASSOCIATION, a national banking association, as master trustee (the “Master Trustee”),

WITNESSETH:

WHEREAS, the Obligated Group Representative and the Master Trustee have entered into a Master Trust Indenture, dated as of December 1, 2025, as may be amended and supplemented from time to time (the “Master Trust Indenture”); and

WHEREAS, the Obligated Group Representative and the Master Trustee are authorized under the Master Trust Indenture to amend or supplement the Master Trust Indenture, subject to the terms and provisions contained therein, and to provide for the issuance of Obligations (as therein defined); and

WHEREAS, South Carolina Jobs-Economic Development Authority (the “Issuer”) has contemporaneously herewith issued its South Carolina Jobs-Economic Development Authority Industrial Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced), Series 2025 (the “Series 2025 Bonds”) in the aggregate principal amount of \$ _____ under a Trust Indenture, dated as of December 1, 2025 (the “Bond Indenture”), between the Issuer and Wilmington Trust, National Association, as bond trustee (the “Bond Trustee”); and

WHEREAS, pursuant to the Loan Agreement, dated as of December 1, 2025 (the “Loan Agreement”), between the Obligated Group Representative and the Issuer, the Obligated Group Representative has agreed to issue a promissory note to the Issuer hereunder to evidence and secure the obligation of the Obligated Group to make the payments required under the Loan Agreement related to the Series 2025 Bonds; and

WHEREAS, the Obligated Group Representative hereby designates the above-described note as a Senior Obligation issued under the Master Trust Indenture; and

WHEREAS, the Obligated Group Representative is authorized by law and by the Master Trust Indenture, and deems it necessary and desirable, to issue and deliver the note pursuant to the Master Trust Indenture; and

WHEREAS, pursuant to the terms of the Master Trust Indenture, the Obligated Group Representative and any future Obligated Group Members will be jointly and severally liable for payment of the note; and

WHEREAS, all acts and things necessary to make the note authorized by this Supplemental Indenture, when executed by the Obligated Group Representative and authenticated and delivered by the Master Trustee as provided in the Master Trust Indenture and this

Supplemental Indenture, the valid, binding and legal obligations of the Obligated Group Representative, and to constitute these presents, together with the Master Trust Indenture, a valid indenture and agreement according to its terms and the terms of the Master Trust Indenture, have been done and performed and the execution of this Supplemental Indenture and the issue hereunder and under the Master Trust Indenture of the note created by this Supplemental Indenture have in all respects been duly authorized, and the Obligated Group Representative, in the exercise of the legal right and power vested in it, executes this Supplemental Indenture and proposes to make, execute, issue and deliver the note created hereby;

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the note authorized hereby is authenticated, issued and delivered, and in consideration of the premises and the purchase and acceptance of the note created hereby by the holder thereof, the Obligated Group Representative, on behalf of the Obligated Group Members, covenants and agrees with the Master Trustee as follows:

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**ARTICLE I
DEFINITION OF TERMS**

SECTION 1.01. DEFINITIONS. The terms used in this Supplemental Indenture shall, except as otherwise set forth herein, have the meanings assigned to them in the Master Trust Indenture.

**ARTICLE II
SERIES 2025 NOTE**

SECTION 2.01. SERIES 2025 NOTE. There is hereby created as an Obligation under the Master Trust Indenture a promissory note to be known and entitled "[SFRI Reserve at Wescott Apartments LLC Series 2025 Note]" (the "Series 2025 Note") which shall constitute a Senior Obligation under the Master Trust Indenture. The Series 2025 Note, in the principal amount of \$_____ may be executed, authenticated and delivered in accordance with Article II of the Master Trust Indenture.

SECTION 2.02. ISSUANCE OF SERIES 2025 NOTE. The Series 2025 Note created hereby shall be in the form of a fully registered Obligation without coupons, shall be dated as of its date of issuance, shall bear interest on the principal balance thereof in the amount set forth in such Series 2025 Note, payable as described in such Series 2025 Note, and shall be substantially in the form attached hereto as EXHIBIT A.

SECTION 2.03. PREPAYMENT OF SERIES 2025 NOTE. The Series 2025 Note created hereby and its principal installments, if any, shall be subject to prepayment, in whole at any time, or in part from time to time at the option of the Obligated Group Representative upon payment of a sum, in cash and/or obligations, sufficient, together with any other cash and/or obligations held by the Bond Trustee and available for such purpose, to cause an equal aggregate principal amount of outstanding Series 2025 Bonds to be deemed to have been paid within the meaning of Article XIII of the Bond Indenture, and to pay all fees and expenses and all Administration Fees and Expenses, as defined in the Bond Indenture, and all fees, costs and expenses of the Master Trustee and the Bond Trustee, as applicable, accrued and to be accrued to the date of discharge of the Bond Indenture with respect to such Series 2025 Bonds. Any prepayment of the principal of the Series 2025 Note shall be credited against the scheduled principal payment corresponding to the maturity or sinking fund redemption date for the Series 2025 Bonds redeemed with the proceeds of such prepayment.

SECTION 2.04. ADDITIONAL PREPAYMENT OF SERIES 2025 NOTE. The Series 2025 Note created hereby and its principal installments shall also be subject to prepayment, in whole or in part at any time, at the option of the Obligated Group Representative as elected by the Obligated Group Representative pursuant to Sections 4.12 and 4.13 of the Master Indenture.

SECTION 2.05. CREDIT ON SERIES 2025 NOTE. If the Obligated Group Representative (i) shall have elected to apply the Series 2025 Bonds that have been redeemed or otherwise acquired by the Obligated Group Members or the Issuer and delivered to the Bond Trustee for cancellation by the Bond Trustee, in payment of all or a part of a sinking fund requirement under the Bond Indenture, (ii) shall have delivered written notice to the Issuer and a

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IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed by persons thereunto duly authorized, as of the day and year first written above.

**SFRI RESERVE AT WESCOTT
APARTMENTS LLC,** Obligated Group
Representative

By: Sixteenth Floor Residential Inc.,
Its Sole Member

By: _____
Gerald Cichon
Chief Executive Officer and Secretary

copy thereof to the Bond Trustee in accordance with the provisions of Section 4.03 of the Bond Indenture, and (iii) the Issuer shall have received a credit against such sinking fund requirement in the amount of 100% of the principal amount of the Series 2025 Bonds thus applied, then the Bond Trustee shall promptly notify the Master Trustee, whereupon the Obligated Group Representative and the other Obligated Group Members shall receive a credit, equal to the credit received by the Issuer, in respect of the payment of principal due on the Series 2025 Note on the same date as the sinking fund payment date under the Bond Indenture for the sinking fund requirement in payment of which the Series 2025 Bonds have been applied, and the principal amount of the Series 2025 Note created hereby due on such date will be reduced accordingly.

SECTION 2.06. EFFECT OF PREPAYMENT OF SERIES 2025 NOTE. If the Obligated Group Representative shall have complied with the notice requirements of the Loan Agreement, the Series 2025 Note or portion thereof specified in such notice shall become due and payable on the date and at the place stated in such notice at the principal amount thereof, together with interest thereon accrued to the date fixed for prepayment or redemption, and on and after such date fixed for prepayment or redemption (unless the Obligated Group Members shall default in the payment of the Series 2025 Note at the prepayment or redemption price, together with interest accrued to the date fixed for prepayment or redemption) interest on the Series 2025 Note or portion thereof so called for prepayment or redemption shall cease to accrue.

SECTION 2.07. PARTIAL PREPAYMENT OF SERIES 2025 NOTE. In the event of a partial redemption of the Series 2025 Note created hereby pursuant to Section 2.01 hereof, the amount of installments of such Series 2025 Note coming due after such redemption shall, to the extent appropriate and at the direction of the Obligated Group Representative to the Master Trustee, be adjusted and set forth in a new schedule of payments prepared by certified public accountants so that, upon the due payment of all installments thereafter, the entire unpaid principal amount of and interest on such Series 2025 Note shall have been paid in full.

SECTION 2.08. PLACE OF PAYMENT FOR THE NOTES. The place of payment for the Series 2025 Note shall be the designated corporate trust office of the Master Trustee.

[Signature pages to follow]

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**WILMINGTON TRUST, NATIONAL
ASSOCIATION,** as Master Trustee

By: _____
Grace Yang, Senior Vice President

EXHIBIT A

FORM OF SERIES 2025 NOTE

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS NOTE, THIS NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE TRUSTEE IN ACCORDANCE WITH THE INDENTURE, BOTH REFERRED TO HEREIN.

\$
SIXTEENTH FLOOR RESIDENTIAL INC.
SERIES 2025 NOTE

SFRI RESERVE AT WESCOTT APARTMENTS LLC, as an obligated group member and the obligated group representative (the "Obligated Group Representative") on behalf of SFRI Otter Pointe Apartments LLC, as the Borrower and member of the Obligated Group (the "Borrower" and an "Obligated Group Member"), for value received, hereby promises to pay to SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY (the "Issuer"), or registered assigns, at the designated corporate trust office of WILMINGTON TRUST, NATIONAL ASSOCIATION, as bond trustee (the "Bond Trustee"), the principal sum set forth above and to pay interest on the unpaid principal balance hereof, in each case as provided in Article IV of the Loan Agreement, dated as of December 1, 2025 (the "Loan Agreement"), between the Issuer and the Borrower, and on such other dates as may be required by the Loan Agreement, until the principal amount hereof is paid or made available for payment.

Principal of, premium, if any, and interest on this Note are payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts.

The principal hereof, premium, if any, and interest hereon shall be payable in immediately available funds by depositing the same with the Bond Trustee, at or prior to the opening of business on the date the same shall become due and payable.

This Note is issued in the principal amount of \$_____ is dated December 10, 2025 and is designated as the "Sixteenth Floor Residential Inc. Series 2025 Note" (the "Note"), and together with all other Obligations issued under the Master Indenture hereinafter defined, the "Obligations") issued under and pursuant to Supplemental Master Trust Indenture Number 1, dated as of December 1, 2025 (the "Supplemental Indenture"), supplementing and amending the Master Trust Indenture, dated as of December 1, 2025 (the "Master Trust Indenture"), between the Obligated Group Representative and Wilmington Trust, National Association, as master trustee (the "Master Trustee"), and delivered pursuant to the Loan Agreement. The Master Trust Indenture, as supplemented and amended by the Supplemental Indenture and any other Supplemental Indentures, is herein called the "Master Indenture."

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to pay all fees and expenses and all Administration Expenses, accrued and to be accrued to the date of discharge of the Bond Indenture with respect to the Series 2025 Bonds.

If the Obligated Group Representative (i) shall have elected to apply a Series 2025 Bond that has been redeemed or otherwise acquired by the Obligor or the Issuer and delivered to the Bond Trustee for cancellation by the Bond Trustee, in payment of all or a part of a sinking fund requirement under the Bond Indenture, and (ii) shall have delivered written notice to the Issuer and a copy thereof to the Bond Trustee in accordance with the provisions of the Bond Indenture, and the Issuer shall have received a credit against such sinking fund requirement in the amount of 100% of the principal amount of the Series 2025 Bond thus applied, then the Bond Trustee shall promptly notify the Master Trustee, whereupon the Obligated Group Representative and the other Obligor shall receive a credit, equal to the credit received by the Issuer, in respect of the payment of principal due on this Note on the same date as the sinking fund payment date under the Bond Indenture for the sinking fund requirement in payment of which the Series 2025 Bond has been applied, and the principal amount of this Note due on such date will be reduced accordingly.

Any redemption, either in whole or in part, shall be made upon at least 30 days' notice in the manner and upon the terms and conditions provided in the Master Indenture. If this Note shall have been duly called for redemption and payment of the redemption price, together with interest accrued thereon to the date fixed for redemption, shall have been made or provided for, as more fully set forth in the Master Indenture, interest on this Note shall cease to accrue from the date fixed for redemption, and from and after such date this Note shall be deemed not to be Outstanding, as defined in the Master Indenture, and shall no longer be entitled to the benefits of the Master Indenture, and the holder hereof shall have no rights in respect of this Note other than payment of the redemption price, together with accrued interest to the date fixed for redemption.

Upon the occurrence of certain "Events of Default", as defined in the Master Indenture, the principal of all outstanding Obligations may be declared due and payable, and thereupon shall become due and payable as provided in the Master Indenture.

The holder of this Note shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

This Note shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of this Note or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by the recipient thereof, whether as a "voidable transaction," "fraudulent conveyance," "preference" or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, any credit on this Note to which such payment relates shall be rescinded and the amount owing on this Note shall be calculated as if such payment had not been made and this Note shall be reinstated and not so rescinded, reduced, restored or returned.

This Note shall be registered on the register to be maintained by the Master Trustee and this Note shall be transferable only upon said register at said office by the registered owner or by his duly authorized attorney. Such transfer shall be without charge to the holder hereof, but any

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Pursuant to the terms of the Master Indenture, each of the Obligated Group Members described therein will be jointly and severally liable for the payment of this Note and all other Obligations.

This Note is issued for the purpose of securing the payment of the principal of, premium, if any, and interest on South Carolina Jobs-Economic Development Authority Industrial Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced), Series 2025 (the "Series 2025 Bonds"). The Series 2025 Bonds were issued under the Constitution and laws of the State of South Carolina, particularly Section 41-43-10 of the South Carolina Code of Laws, and other applicable provisions of law (the "Act"), and a Bond Trust Indenture, dated as of December 1, 2025 (the "Bond Indenture").

Copies of the Master Indenture are on file at the corporate trust office of the Master Trustee and reference is hereby made to the Master Indenture for the provisions, among others, with respect to the nature and extent of the rights of the holder of this Note, the terms and conditions on which, and the purposes for which, this Note is issued and the rights, duties and obligations of the Obligor and the Master Trustee under the Master Indenture, to all of which the holder hereof, by acceptance of this Note, assents.

Any amounts in the Bond Fund (as defined in the Bond Indenture) at the close of business of the Bond Trustee on the day immediately preceding any payment date on this Note in excess of the aggregate amount then required to be contained in such account of such Debt Service Fund shall be credited against the payments due by the Obligated Group Representative and the other Obligated Group Members on such next succeeding principal or interest payment date on this Note.

To the extent permitted by and as provided in the Master Indenture, modifications or changes of the Master Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Obligated Group Members (as defined in the Master Indenture) and of the holders of the Obligations in any particular may be made with the consent of the Master Trustee and the Obligated Group Members and, in certain circumstances, with the consent of the holders of not less than a majority in aggregate principal amount of the Obligations then Outstanding under the Master Indenture. No such modification or change shall be made which will reduce the percentage of the Obligations, the consent of the holders of which is required to consent to such supplemental indenture, or which will affect a change in the times, amount and currency of payment of the principal of, and premium, if any, or interest on any Obligation or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon, without the consent of the holder of such Obligation. Any such consent by the holder of this Note shall be conclusive and binding upon such holder and all future holders and owners hereof irrespective of whether or not any notation of such consent is made upon this Note.

In the manner and with the effect provided in the Master Indenture, this Note and its principal installments will be subject to prepayment and redemption prior to maturity, in whole at any time, or in part from time to time at the option of the Obligated Group Representative, without penalty, upon payment of a sum, in cash and/or obligations, sufficient, together with any other cash and/or obligations held by the Bond Trustee and available for such purpose, to cause an equal aggregate principal amount of outstanding Series 2025 Bonds to be deemed to have been paid and

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taxes or other governmental charges required to be paid with respect to the same shall be paid by the holder requesting such transfer as a condition precedent to the exercise of such privilege. Upon any such transfer, the Obligated Group Representative shall execute and the Master Trustee shall authenticate and deliver in exchange for this Note a new registered Note without coupons, registered in the name of the transferee.

The Obligated Group Representative and the other Obligated Group Members, the Master Trustee and any paying agent shall deem and treat the person in whose name this Note is registered as the absolute owner hereof for all purposes; and neither the Obligated Group Representative and the other Obligated Group Members, any paying agent, the Master Trustee nor any Obligation registrar shall be affected by any notice to the contrary. All payments made to the registered owner hereof shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on this Note.

No covenant or agreement contained in this Note or the Master Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of any of the Obligated Group Members in his individual capacity, and neither the board of directors of any of the Obligated Group Members nor any officer executing this Note shall be liable personally on this Note or be subject to any personal liability or accountability by reason of the issuance of this Note.

This Note shall not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purpose, until this Note shall have been authenticated by execution by the Master Trustee, or its successor as Master Trustee, of the Certificate of Authentication inscribed hereon.

[Signature page to follow]

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[SIGNATURE PAGE TO NOTE]

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Note to be executed in its name and on its behalf by the manual or facsimile signature of its Authorized Representative.

SFRI RESERVE AT WESCOTT
APARTMENTS LLC, as Obligated Group
Representative

By: Sixteenth Floor Residential Inc.,
Its Sole Member

By: _____
Gerald Cichon
Chief Executive Officer and Secretary

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[Form of Endorsement by Obligated Group Representative]

The undersigned Obligated Group Representative (as defined in the within mentioned Master Indenture) hereby certifies that, pursuant to the provisions of the Master Trust Indenture, the obligor on this Note and all other Obligated Group Members referred to and defined in the Master Trust Indenture are jointly and severally obligated hereon. The Obligated Group Members as of the date of execution and delivery of this Note, including the obligor hereon, are identified on Schedule I attached hereto.

Any person (as defined in the Master Trust Indenture) who shall satisfy the conditions set forth in the Master Trust Indenture and become an Obligated Group Member subsequent to the date of execution and delivery of this Note shall thereupon and thereafter likewise be jointly and severally obligated on this Note, whether or not the name of such person shall appear on or be added to Schedule I.

If any person (including the obligor hereon) who is on the date of execution and delivery of this Note, or who shall thereafter become, an Obligated Group Member and thus jointly and severally obligated hereon, shall satisfy the conditions set forth in the Master Trust Indenture for withdrawal from the Obligated Group and shall withdraw from the Obligated Group pursuant to written release executed by the Master Trustee (as defined in the Master Trust Indenture), such person shall thereupon and thereafter be released from any further liability or obligation on this Note and under the Master Trust Indenture, whether or not the name of such person shall appear on or be deleted from Schedule I.

Promptly after any such withdrawal and release, the Master Trustee shall give written notice thereof by mail to each Related Bond Trustee (as defined in the Master Trust Indenture) and to all other holders of Obligations at their last addresses as they shall appear upon the register maintained as provided in the Master Trust Indenture. Such notice may set forth, in addition to other matters deemed by the Master Trustee to be properly included therein, a statement that Outstanding Obligations must be presented to the Master Trustee for notation of such withdrawal and release thereon or surrendered to the Master Trustee in exchange for one or more substitute Obligations delivered pursuant to the provisions of the Master Trust Indenture.

SFRI RESERVE AT WESCOTT
APARTMENTS LLC, as Obligated Group
Representative

By: Sixteenth Floor Residential Inc.,
Its Sole Member

By: _____
Gerald Cichon
Chief Executive Officer and Secretary

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[Form of Master Trustee's Certificate of Authentication]

This Note is one of the Obligations referred to in the aforementioned Master Indenture.

Date of Authentication: _____, 2025

WILMINGTON TRUST, NATIONAL
ASSOCIATION, not in its individual capacity, but
solely as Master Trustee

By: _____
Authorized Signatory

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[Form of Schedule I]

Member(s) of the Obligated Group

<u>Name</u>	<u>Address for Notices</u>
SFRI Reserve at Wescott Apartments LLC	304 Texas Avenue, 16 th Floor El Paso, Texas 79901 Attention: Gerald Cichon, Chief Executive Officer and Secretary
SFRI Otarre Pointe Apartments LLC	304 Texas Avenue, 16 th Floor El Paso, Texas 79901 Attention: Gerald Cichon, Chief Executive Officer and Secretary

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[Form of Assignment to Bond Trustee]

Pay to the order of Wilmington Trust, National Association, as Bond Trustee for the owners of the Series 2025 Bonds hereinabove mentioned, without warranty and without recourse against the undersigned except warranty of good title, warranty that the Issuer has not assigned this Note to a person or entity other than the Bond Trustee, and that the original principal amount thereof remains unpaid hereunder.

(SEAL)

**SOUTH CAROLINA JOBS-
ECONOMIC DEVELOPMENT
AUTHORITY**

By: _____
Jesse Smith, Executive Director

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FORM OF THE BOND INDENTURE

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TRUST INDENTURE

between

SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY

and

WILMINGTON TRUST, NATIONAL ASSOCIATION
as Trustee

Dated as of December 1, 2025

Relating to:

**South Carolina Jobs-Economic Development Authority
Residential Development Revenue Bonds
(Sixteenth Floor Obligated Group Projects – Credit Enhanced),
Series 2025**

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TRUST INDENTURE

THIS TRUST INDENTURE (this “Indenture”), made and entered into as of December 1, 2025, is by and between the SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY, or JEDA, a public body corporate and politic and an agency of the State of South Carolina (together with its successors and assigns, the “Issuer”) and WILMINGTON TRUST, NATIONAL ASSOCIATION, a national banking association, duly organized and existing under the laws of the United States of America and authorized to accept and execute trusts of the character herein set out, as trustee (“Trustee”).

Capitalized terms used in this Indenture are defined in Section 1.01 of this Indenture (as defined herein).

WITNESSETH:

WHEREAS, pursuant to and in accordance with the laws of the State of South Carolina (the “State”), including S.C. Code Section 41-43-10 of the South Carolina Code of Laws 1976, as amended (the “South Carolina Jobs-Economic Development Fund Act”), the Issuer is authorized and empowered to issue its revenue bonds for the purpose of providing qualified residential rental projects; and

WHEREAS, pursuant to the South Carolina Jobs-Economic Development Fund Act, the Issuer was formed; and

WHEREAS, the Borrower has applied for the financial assistance of the Issuer in the financing and/or refinancing of the “Project” (as more particularly defined herein); and

WHEREAS, portions of the Project are to be located within the territorial limits of Dorchester County, South Carolina (Reserve at Wescott) and Lexington County, South Carolina (Otarre Pointe) (collectively, the “Project Jurisdiction”) and the Issuer, based in part on representations of the Borrower but without independent investigation, has found and determined that the financing and/or refinancing of the Project will promote significant economic, cultural and community development opportunities, including the creation or retention of employment, the stimulation of economic activity and the promotion of improvements in the health, safety and welfare of persons in the Project Jurisdictions, create and preserve affordable housing opportunities for the workforce, and lessen the burdens of government; and

WHEREAS, the Issuer has authorized the issuance of the “Bonds” (as more particularly defined herein), and duly entered into a loan agreement (the “Loan Agreement”) with SFRI Reserve at Wescott Apartments LLC and SFRI Otarre Pointe Apartments LLC, each a Delaware limited liability company (collectively, the “Borrower”), specifying the terms and conditions of the lending of the proceeds of the Bonds (the “Loan”) to the Borrower to provide a portion of the financing of the Borrower’s acquisition of a multifamily rental housing development portfolio known as the “Reserve at Wescott” located at 4976 Wescott Boulevard, Summerville, South Carolina 29485 and Otarre Pointe located at 1137 Fort Congaree Trail, Cayce, South Carolina 29033 (collectively, the “Project,” as more particularly defined herein) and of the payment by the Borrower to the Issuer of amounts sufficient for the payment of the principal of, premium, if any, or interest on the Bonds and costs incidental thereto; and

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Indenture and the Loan Agreement (other than the Unassigned Rights of the Issuer), together with all other Project Revenues and Loan Payments received by the Trustee arising out of or on account of the Trust Estate;

2. All right, title and interest of the Issuer in and to the Master Note, the Loan Agreement and the Funding Agreement (other than the Unassigned Rights of the Issuer);

3. All Funds and accounts established under this Indenture, other than the Rebate Fund, and all Investment Earnings thereon and money, securities and obligations therein (subject to disbursements from any such Fund or account upon the conditions set forth in this Indenture);

4. All money and securities from time to time held by the Trustee under the terms of this Indenture (except money and securities in the Rebate Fund) and any and all other real or personal property of every name and nature concurrently herewith or from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by the Issuer or by anyone on its behalf, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof; and

5. To the extent not covered hereinabove, all proceeds of all of the foregoing;

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, to the Trustee and its respective successors in trust and assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts set forth herein for the equal and proportionate benefit, security and protection of all present and future Owners of the Bonds issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any other Bonds except as expressly provided herein;

PROVIDED, HOWEVER, that if the Issuer, its successors or its assigns shall well and truly pay, or cause to be paid, the principal of and premium, if any, and interest on the Bonds due or to become due thereon, at the times and in the manner mentioned in the Bonds and as provided in Article IX hereof according to the true intent and meaning thereof, and shall cause the payments to be made as required under Article IV hereof, or shall provide, as permitted hereby, for the payment thereof in accordance with Article IX hereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due in accordance with the terms and provisions hereof and of the Mortgage and the other Bond Documents, then upon such final payments or deposits as provided in Article IX, this Indenture and the rights hereby granted shall, except as otherwise provided herein, cease, terminate and be void and the Trustee shall thereupon cancel and discharge this Indenture and execute and deliver to the Issuer such instruments in writing as shall be requisite to evidence the discharge hereof.

THIS INDENTURE FURTHER WITNESSETH, that the Issuer covenants to and agrees with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

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WHEREAS, to evidence and secure its payment obligations under the Loan Agreement with respect to the Bonds, the Borrowers will deliver to the Bond Trustee, as the assignee of the Issuer’s rights under such Loan Agreement, two promissory notes each dated December 10, 2025 (the “Master Notes”) issued under and pursuant to the Master Trust Indenture, dated as of December 1, 2025, as supplemented (the “Master Indenture”) among the Borrowers, as members of the obligated group described therein (the “Obligated Group”), and Wilmington Trust, National Association, as master trustee (the “Master Trustee”); and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and of the interest and premium, if any, thereon, the Issuer has authorized the execution and delivery of this Indenture; and

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when executed by the Issuer, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal limited obligations of the Issuer, and to constitute this Indenture and the Loan Agreement a valid assignment and pledge of the Revenues for payment of the principal of, premium, if any, and interest on the Bonds have been done and performed; and the creation, execution and delivery of this Indenture and the Loan Agreement, and the creation, execution and issuance of the Bonds, subject to the terms hereof, have been in all respects duly authorized.

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, and the interest and premium, if any, on, all Bonds at any time issued and outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and for and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Issuer covenants and agrees with the Trustee, for the benefit of the respective registered owners from time to time of the Bonds, as follows:

GRANTING CLAUSES

The Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the Owners thereof, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, to secure the payment of the principal of and premium, if any, and interest on the Bonds according to their tenor and effect and to secure the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby bargain, sell, convey, mortgage, assign, pledge and grant, without recourse to the Issuer, all of the Issuer’s right, title and interest (whether now or hereafter existing) in and to the Trust Estate and a security interest in the Trust Estate to the Trustee and its successors in trust and assigns forever, for the securing of the performance of the obligations of the Issuer hereinafter set forth, as follows:

1. All right, title and interest of the Issuer in and to all Project Revenues, derived or to be derived by the Issuer or the Trustee for the account of the Issuer under the terms of this

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ARTICLE I

DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

Section 1.1 **Definitions.** Unless the context requires otherwise, the terms defined in this section shall, for all purposes of this Indenture and of any indenture supplemental hereto and of any certificate, opinion or other document mentioned herein, have the meanings specified herein, to be equally applicable to both the singular and plural forms of any of the terms defined herein.

“**Accountant**” means any firm of independent certified public accountants selected by the Borrower.

“**Acquisition Account**” means the account of that name within the Project Fund established pursuant to Section 4.2 hereof.

“**Act**” means Section 41-43-10 of the South Carolina Code of Laws 1976, as amended, all as now in effect and as they may from time to time hereafter be amended or supplemented.

“**Act of Bankruptcy**” means written notice to the Trustee that the Borrower has become insolvent or has failed to pay its debts generally as such debts become due or has admitted in writing its inability to pay any of its indebtedness or has consented to or has petitioned or applied to any court or other legal authority for the appointment of a receiver, liquidator, trustee or similar official for itself or for all or any substantial part of its properties or assets or that any such trustee, receiver, liquidator or similar official has been appointed or that a petition in bankruptcy, insolvency, reorganization or liquidation proceedings (or similar proceedings) has been instituted by or against the Borrower; provided that, if in the case of an involuntary proceeding, such proceeding is not dismissed within 90 days after commencement thereof.

“**Additional Payments**” means the amounts required to be paid by the Borrower to the Issuer, the Trustee or other Person, as applicable, pursuant to Section 4.02 of the Loan Agreement.

“**Administrative Expenses**” means the fees and expenses of the Issuer or the Borrower (except Extraordinary Costs and Expenses) in any way related to the Bonds or the Project, the Trustee, and the Rebate Analyst. The Issuer and the Borrower have the right to engage legal counsel, rating agencies, consultants and other professionals as either determines in its sole discretion appropriate and the fees and expenses of such legal counsel, rating agencies, consultants and other professionals, as approved by the Issuer or the Borrower, shall be conclusively deemed reasonable and appropriate and included as part of such Administrative Expenses.

“**Authorized Denomination**” means \$5,000 or any integral multiple thereof.

“**Authorized Investments**” means:

1. Government Obligations.

2. Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

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(a) Senior debt obligations rated in one of the two highest long-term rating category by at least two nationally recognized rating agencies issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).

(b) Senior debt obligations of the Federal Home Loan Bank System.

(c) Senior debt obligations of other U.S. government sponsored agencies.

3. U.S. dollar denominated deposit accounts, certificates of deposit, federal funds and bankers' acceptances with domestic commercial banks which either (a) have a rating on their short-term certificates of deposit on the date of purchase in the highest short-term rating category of at least two nationally recognized rating agencies, (b) are insured at all times by the Federal Deposit Insurance Corporation, or (c) are collateralized with direct obligations of the United States of America at one hundred two percent (102%) valued daily. All such certificates must mature no more than three hundred sixty (360) days after the date of purchase (ratings on holding companies are not considered as the rating of the bank).

4. Commercial paper that is rated at the time of purchase in the highest short-term rating category of at least two (2) nationally recognized rating agencies and that matures not more than two hundred seventy (270) days after the date of purchase.

5. Investments in (a) money market funds subject to SEC Rule 2a-7 and rated in the highest short-term rating category of at least two nationally recognized rating agencies.

6. Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, authority, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(a) that are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest long-term rating category of at least two (2) nationally recognized rating agencies; or

(b) (i) that are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or direct obligations of the United States of America, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and

(ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

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Office of the Trustee and the office of the Bond Registrar designated from time to time by the Bond Registrar for the transfer or exchange of Bonds are located.

"Capitalized Interest Account" means the account of that name within the Project Fund established pursuant to Section 4.2 hereof.

"Closing Memorandum" means the Memorandum of Bond Closing with respect to the Bonds, prepared by KeyBanc Capital Markets Inc. and dated the Date of Issue.

"Co-Bond Counsel" means Haynsworth, Sinkler Boyd, Charleston, South Carolina, or any other firm of nationally recognized bond counsel designated by the Issuer as its bond counsel for the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code, and (d) the Regulations promulgated under the provisions described in (b) and (c).

"Computation Period" means each period for which the Rebate Amount is determined.

"Condemnation Award" means the total condemnation proceeds actually paid by the condemnor as a result of the condemnation of all or any part of the property subject to the Mortgage, less the actual costs and expenses, including attorneys' fees, incurred by the Issuer and/or the Trustee in obtaining such award.

"Controlling Party" means the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

"Corporate Trust Office" means the office of the Trustee located at (i) for purposes of presentation of Bonds for payment or transfer, the designated corporate trust or operations office of the Trustee, initially at Costa Mesa, California, or (ii) for all other purposes, Wilmington Trust, National Association, 650 Town Center Drive, Suite 800, Costa Mesa, CA 92626, or such other office(s) as the Trustee may designate from time to time.

"Costs of Issuance" means all expenses of issuing the Bonds, including but not limited to legal, fiscal and printing expenses, the initial fees of the Trustee (including any fees and expenses of counsel to the Trustee) under this Indenture, or the initial fee of any bank or other agency for collection or administration of the Bonds, advertising expenses, any underwriter's discount on or placement fee for the Bonds, financial advisor fees and expenses and any and all other similar out-of-pocket expenses incurred for the purpose of issuing the Bonds.

"Costs of Issuance Fund" means the fund of that name created pursuant to Section 4.2 hereof.

"Date of Issue" means the date the Bonds are issued and delivered to the initial purchaser thereof.

7. General obligations of states with a long-term rating in one (1) of the three (3) highest rating categories of at least two (2) nationally recognized rating agencies. If such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually.

8. Other forms of investments (including repurchase agreements) approved in writing by the Issuer (which writing shall be accompanied by an opinion of Bond Counsel and Co-Bond Counsel to the effect that such investment is permitted under applicable State law) and provided or guaranteed by a financial institution with a long-term rating in one (1) of the three (3) highest rating categories of at least two (2) nationally recognized rating agencies at the time the agreement is entered into. In the event such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually.

"Authorized Representative" means, with respect to (i) the Trustee, any officer thereof, (ii) the Issuer, any officer or any other person(s) designated by resolution of the Issuer's Board of Directors as the authorized representative of the Issuer, and (iii) the Borrower, any officer of the sole member of the Borrower.

"Bond" or **"Bonds"** means one or more of the Issuer's Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced), Series 2025, authorized by, and at any time Outstanding pursuant to, this Indenture.

"Bond Counsel" means Cantu Harden Montoya LLP, San Antonio, Texas, or any other firm of nationally recognized bond counsel designated by the Issuer as its bond counsel for the Bonds.

"Bond Documents" means this Indenture, the Bonds, the Loan Agreement, the Funding Agreement, the Mortgage, the Land Use Restriction Agreement, the Tax Certificate, and any other instrument or document securing the Bonds or otherwise executed in connection therewith, together with all modifications, extensions, renewals and replacements thereof.

"Bond Fund" means the fund of that name established pursuant to Section 4.3 hereof.

"Bond Year" means each one-year period that ends on the date selected by the Issuer. The first and last Bond Years may be periods shorter than a one-year period. If no date is selected by the Issuer before the earlier of the final maturity date of the Bonds or the date that is five years after the Date of Issue, Bond Years shall end on each anniversary of the Date of Issue and on the final maturity date of the Bonds.

"Bondowner" means the Owner of any Bond.

"Borrower" means, collectively, SFRI Reserve at Wescott Apartments LLC and SFRI Otter Pointe Apartments LLC, each a Delaware limited liability company, together with their respective permitted successors and assigns.

"Business Day" means any day, other than a Saturday or a Sunday, on which banking institutions are open in the State of South Carolina and in the state(s) in which the Corporate Trust

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"Debt Service Shortfall" has the meaning ascribed to such term in the Funding Agreement.

"Declaration of Acceleration" means a declaration given in accordance with the provisions of Section 7.2 hereof that all principal of and interest on the Bonds are due and payable immediately.

"Determination of Taxability" means a final judgment or order of a court of original jurisdiction, a final order of any other court of competent jurisdiction, or a final ruling or decision of the Internal Revenue Service, in any such case to the effect that the interest on the Bonds is not excludable from the gross income of the owners thereof for federal income tax purposes. With respect to the foregoing, a judgment or order of a court or a ruling or decision of the Internal Revenue Service shall be considered final only if no appeal or action for judicial review has been filed and the time for filing such appeal or action has expired.

"DTC" means The Depository Trust Company.

"Event of Default" means any of the events specified in Section 7.1.

"Extraordinary Costs and Expenses" means any costs and expenses of the Issuer or the Borrower related to the Bonds or the Project not included or paid as Administrative Expenses, including but not limited to Issuer indemnification, hold harmless or defense obligations to the Issuer and the Trustee, and costs and expenses that are not included as an Operating Expense and are due and owing to (i) the Issuer, or (ii) the Trustee.

"Environmental Laws" means all local, state and federal laws, ordinances, regulations, orders and reported state or federal court decisions thereunder related to (i) environmental protection; (ii) the use, storage, generation, production, treatment, emission, discharge, remediation, removal, disposal or transport of any Hazardous Substance; or (iii) any other environmental matter.

"Fair Market Value" means the price at which a willing buyer would purchase an investment from a willing seller in a bone fide, arm's-length transaction, except for specified investments described in Section 1.148-5(d)(6) of the Regulations, including United States Treasury obligations, certificates of deposit, guaranteed investment contracts, and investments for yield restricted defeasance escrows. Fair Market Value is generally determined on the date on which a contract to purchase or sell an investment becomes binding, and, to the extent required by the applicable regulations under the Code, the "investment" will include a hedge.

"Fiscal Year" means the fiscal year of the Borrower, initially the 12-month period ending on December 31 of each year.

"Funding Agreement" means each Funding Agreement dated as of December 1, 2025, between the Borrower and HOME.

"Funds" means the funds created and established pursuant to this Indenture, including, but not limited to, the Bond Fund, the Costs of Issuance Fund and the Project Fund, but excluding the Rebate Fund.

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“**Government Obligations**” means (1) noncallable, nonredeemable, direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments evidencing an ownership interest in securities described in this clause (1); and (2) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following: Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Bank, Federal Land Banks, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association or Federal Housing Administration.

“**Hazardous Substances**” means any substance or material defined or designated as hazardous or toxic waste, hazardous or toxic material, a hazardous, toxic or radioactive substance, or other similar term, by any Environmental Laws, and shall include any such substance or material as may hereafter become defined or designated as a hazardous or toxic material by any Environmental Laws.

“**HOME**” means the Housing Authority of the City of El Paso d/b/a Housing Management Enterprises d/b/a HOME, a housing authority and public body corporate and politic of the State of Texas, and its successors and assigns.

“**Indemnified Party**” and “**Indemnified Parties**” mean, individually and collectively, the Issuer Indemnified Person(s) and the Trustee Indemnified Person(s).

“**Indenture**” means this Trust Indenture, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

“**Initial Bond**” means the initial Bond or Bonds pursuant to this Indenture dated the Closing Date.

“**Insurance Proceeds**” means the total proceeds of casualty insurance (excluding business interruption insurance and other insurance intended to replace lost revenue) actually paid or payable in respect of insurance on the Project, less the actual costs and expenses, including attorneys’ fees and expenses, incurred by the Issuer and/or the Trustee in collecting such proceeds.

“**Interest Payment Date**” means the first day of each June 1 and December 1 after the Date of Issue, commencing June 1, 2026. In the case of payment of defaulted interest, “Interest Payment Date” also means the date of such payment established pursuant to Section 3.1(2) hereof.

“**Investment Earnings**” means all net earnings derived from the investment of money held in any of the Funds.

“**Issuer**” means the South Carolina Jobs-Economic Development Authority, or JEDA, and its successors and assigns.

“**Issuer Indemnified Person(s)**” means, individually or collectively, as applicable, (i) the Issuer, (ii) HOME, and (iii) each and all of the Issuer’s and HOME’s respective past, present and future directors, board members, governing members, trustees, commissioners, elected or

appointed officials, officers, employees, attorneys, contractors, subcontractors, agents and advisers (including counsel and financial advisers), and each of their respective heirs, successors and assigns.

“**Letter of Representations**” means the Blanket Issuer Letter of Representations dated August 6, 2018, from the Issuer to DTC.

“**Loan**” means the loan by the Issuer to the Borrower of the proceeds received from the sale of the Bonds.

“**Loan Agreement**” means the Loan Agreement dated as of December 1, 2025, between the Issuer and the Borrower, as amended or supplemented from time to time.

“**Loan Payments**” means the amounts required to be paid by the Borrower in repayment of the Loan pursuant to the provisions of the Loan Agreement.

“**Mortgage**” means the Mortgage, Assignment of Leases, Security Agreement and Fixture Filing dated as of the Date of Issue, executed by the Borrower, as grantor, to a trustee named therein, in favor of the Trustee, as beneficiary, on behalf of the Owners, as amended, and any other encumbrance on the Project securing the repayment of the Loan.

“**Note**” means the promissory note of the Borrower, dated the Date of Issue, in the principal amount of \$ _____ and dated _____, 2025, issued pursuant to the Master Trust Indenture.

“**Operation and Maintenance Costs**” means all necessary costs to the Borrower of operating and maintaining the Project, including but not limited to administrative and general expenses, costs of insurance (including reasonable contributions for self-insurance reserves, if any), consulting and technical services and repairs and replacements (to the extent not properly classifiable as capital costs), but excluding depreciation (or reserves therefor), amortization of intangibles or other bookkeeping entries of a similar nature.

“**Outstanding**,” when used as of any particular time with reference to Bonds, means all Bonds theretofore, or thereupon being, authenticated and delivered by the Bond Registrar under this Indenture except (1) Bonds theretofore canceled by the Bond Registrar or surrendered to the Bond Registrar for cancellation; (2) Bonds with respect to which all liability of the Issuer shall have been discharged in accordance with Section 9.1 hereof or as described in Section 9.3 hereof, and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Bond Registrar pursuant to this Indenture.

“**Owner**,” whenever used herein with respect to a Bond, means the Person in whose name such Bond is registered on the Bond Register.

“**Person**” means an individual, corporation, firm, association, partnership, limited liability company, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“**Project**” means, collectively, the multifamily rental housing facility consisting of a total of approximately 288 units and related improvements, personal property and equipment known

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initially as the Reserve at Wescott, located at approximately 4976 Wescott Boulevard, Summerville, South Carolina 29485 and the multifamily rental housing facility consisting of a total of approximately 299 units and related improvements, personal property and equipment known initially as the Otter Pointe, located at approximately 1137 Fort Congaree Trail, Cayce, South Carolina 29033.

“**Project Account**” means the account of that name within the Project Fund created pursuant to Section 4.2 hereof.

“**Project Fund**” means the fund of that name created pursuant to Section 4.2 hereof.

“**Project Revenues**” means all amounts payable by the Borrower to the Issuer or to the Bond Trustee, as the assignee of the Issuer’s interests in the Loan Agreement and the Master Note.

“**Rating Agency**” means the nationally recognized rating agency or agencies, if any, at the time rating the Bonds at the request of the Issuer, initially S&P Global Ratings.

“**Rebate Amount**” means an amount equal to the sum of (1) the excess of (a) the aggregate amount earned from the Date of Issue on all nonpurpose investments in which gross proceeds of the Bonds are invested (not including income attributable to the excess amount described in this clause (1)) over (b) the amount that would have been earned if the yield on such nonpurpose investments (not including income attributable to the excess amount described in this clause (1)) had been equal to the yield on the Bonds, plus (2) all income attributable to the excess amount described in clause (1) whether or not that income exceeds the yield on the Bonds (i.e., whether or not that income was earned at a yield higher than the yield on the Bonds), all as determined in accordance with Section 148 of the Code.

“**Rebate Fund**” means the fund of that name, the creation of which is provided for in Section 5.3 hereof.

“**Record Date**” means the 15th day of the calendar month preceding each Interest Payment Date.

“**Regulations**” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“**Special Record Date**” means the date established by the Trustee pursuant to Section 3.1(2) hereof as a record date for the payment of defaulted principal of or interest on the Bonds.

“**State**” means the State of South Carolina.

“**Supplemental Indenture**” means any indenture hereafter duly authorized and entered into between the Issuer and the Trustee, supplementing, modifying or amending this Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

“**Tax Certificate**” means the Tax Regulatory Agreement and No-Arbitrage Certificate dated the Date of Issue.

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“**Trust Estate**” means the trust estate pledged by the Issuer and described in the Granting Clauses of this Indenture.

“**Trustee**” means Wilmington Trust, National Association, a national banking association organized and existing under the laws of the United States of America, or its successor, in its capacity as trustee hereunder.

“**Trustee Indemnified Person(s)**” means, individually or collectively, as applicable, the Trustee and its officers, directors, employees, attorneys and agents, and its successors and assigns.

“**Trustee’s Ordinary Fees and Expenses**” means the annual administration fee for Trustee’s ordinary fees and expenses in rendering its services under this Indenture during each twelve month period, which fee is initially equal to \$4,000 (plus a one-time acceptance fee on the Date of Issue of \$2,000) and shall be payable annually in advance on the Date of Issue and each annual anniversary thereof, together with all third party and out-of-pocket expenses of Trustee (including, but not limited to, the fees and expenses of counsel to Trustee), and other compensation and fees as set forth in the Trustee’s Schedule of Fees.

“**Unassigned Rights**” means the rights of the Issuer under this Indenture, and to the extent not expressly provided in this Indenture, the Issuer’s rights under the other Bond Documents to (i) inspect books and records; (ii) give or receive notices, and other communications, and prior to foreclosure, the appointment of any receiver or trustee for the Project, or an exercise of remedies under this Indenture and the Bond Documents, to give approvals or consents or make requests; (iii) receive payment or reimbursement for expenses; (vi) limitation of liability; (iv) indemnification by the Borrower or any other Person; and further, to enforce, in its own name and on its own behalf, the foregoing rights and those provisions of the Indenture, the Loan Agreement and any other document, instrument or agreement entered into with respect to the Bonds that provides generally for the foregoing enumerated rights or any similar rights of the Issuer.

Section 1.2 **Content of Certificates and Opinions.** Every certificate or opinion provided for in this Indenture with respect to compliance with any provision hereof made or given by an Authorized Representative may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion or representation given by counsel or an accountant, unless such Authorized Representative, as applicable, knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement is based is erroneous. Any such certificate or opinion made or given by counsel or an accountant may be based, insofar as it relates to factual matters with respect to which information is in the possession of the Issuer or the Borrower, as applicable, upon a certificate or opinion of or representation by an Authorized Representative, unless such counsel or accountant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such certificate, opinion or representation is based is erroneous. The same Authorized Representative, or the same counsel or accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers, counsel or accountants may certify to different matters.

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Section 1.3 Interpretation. Unless otherwise clear from the context of the terms, words or phrases, the following principles govern the interpretation of terms, words and phrases used in this Indenture:

(1) Articles, sections, paragraphs and clauses mentioned by number only without reference to another document are those so numbered that are contained in this Indenture.

(2) Captions, titles or headings preceding any article, section or subsection herein, and any table of contents or index attached hereto, are solely for convenience of reference and are not part of this Indenture and shall not affect its meaning, construction or effect.

(3) Terms such as “herein,” “hereunder,” “hereby,” “hereto” and “hereof” refer to this Indenture as a whole and not to any particular section hereof unless so indicated; “heretofore” and “hereafter” mean before and after the date of adoption of this Indenture.

(4) Words importing any gender include masculine, feminine and neuter genders, where applicable.

(5) Words importing the maturity of a Bond do not include or connote the becoming due of such Bond upon redemption thereof prior to maturity or the payment of the redemption price thereof.

(6) Words importing the redemption or redeeming or calling for redemption of a Bond do not include or connote the payment of such Bond at its stated maturity.

(7) Words importing the singular number include the plural number, and vice versa, where applicable.

(8) If not otherwise specifically provided for herein, and subject to Section 8.1(2), any notice required or permitted to be given shall be deemed given where addressed (if address is necessary to transmission) as provided in Section 11.6.

(a) on the day on which it is given by messenger, courier service, or telecopy or other electronic means capable of producing a written notice (provided, however, that if notice is given by telecopy or other electronic means, the Person sending the notice shall promptly mail or deliver the original or print of the notice to the recipient, and if the notice is received (i) on a day other than a Business Day or (ii) after the close of the recipient’s business on a Business Day, such notice shall be deemed given on the first Business Day following the day on which it is received);

(b) on the Business Day following the day on which it is given by overnight delivery service; or

(c) on the fifth day following its mailing by certified or registered mail, return receipt requested.

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(3) No Bond other than the Initial Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless a certificate of authentication on such Bond, substantially in the form set forth in Exhibit A hereto, shall have been manually executed by an authorized officer or signatory of the Bond Registrar, pursuant to the written request and direction of the Issuer, and such executed certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been duly executed, registered, authenticated and delivered under this Indenture. Certificates of authentication on different Bonds need not be signed by the same person.

(4) The Initial Bond shall be identical to the form of the Bond set forth in Exhibit A hereto, except (a) the legend at the top of the form of Bond shall be omitted and (b) CUSIP number(s) shall be added.

The provisions of Exhibit A may be rearranged or re-ordered for purposes of the Initial Bond.

Section 2.4 Mutilated, Lost, Stolen and Destroyed Bonds. In case any Bond issued hereunder shall become mutilated or be destroyed, stolen or lost, the Issuer shall, if not then prohibited by law, cause to be executed and delivered a new Bond of like amount, interest rate, and tenor in exchange and substitution for and upon cancellation of such mutilated Bond, or in lieu of and in substitution for such destroyed, stolen or lost Bond, upon payment by the Owner thereof of any applicable tax or governmental charge and the reasonable expenses and charges of the Issuer and the Bond Registrar in connection therewith, and in the case of a Bond destroyed, stolen or lost, the filing with the Bond Registrar of evidence satisfactory to it that such Bond was destroyed, stolen or lost, and of the ownership thereof, and furnishing the Issuer and the Bond Registrar with indemnity satisfactory to each of them. If the mutilated, destroyed, stolen or lost Bond already has matured or been called for redemption in accordance with its terms it shall not be necessary to issue a new Bond prior to payment.

Section 2.5 Ownership of Bonds. The Issuer, the Bond Registrar and the Trustee may deem and treat the Person in whose name any Bond is then registered on the Bond Register or its nominee, whether or not such Bond shall be overdue, as the Owner of such Bond for the purpose of receiving payment of the principal of and premium, if any, and interest on such Bond and for all other purposes whatsoever, and the Issuer, the Bond Registrar and the Trustee shall not be affected by any notice to the contrary.

Section 2.6 Nature of Security. The Bonds are limited obligations of the Issuer payable solely from and secured by a pledge of the Trust Estate. The Bonds and the interest thereon do not and shall never constitute an indebtedness or a charge against the general credit or taxing powers of the Issuer within the meaning of any constitutional provision or statutory limitation and do not and shall never constitute nor give rise to any pecuniary liability of the Issuer, and neither the faith and credit nor the taxing power of the State, the Issuer, or any political subdivision or any agency thereof is pledged to the payment of the principal of, and the premium, if any, and interest on, the Bonds. The Issuer does not have taxing powers. The Bonds are being issued under the authority of the Act and are payable in the same manner and under the same terms and conditions as provided for the issuance of bonds under the Act. The Bonds are also secured by the Mortgage and the Funding Agreement.

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Notwithstanding the foregoing, any notice required or permitted to be given by the Trustee to any Bondowner shall be deemed effective at the time of its mailing or transmission by telegraphic, email, or other electronic means.

(9) All references herein to particular sections of the Code include any and all successor sections to the referenced sections.

(10) Unless the context indicates otherwise, all references to rating categories shall be deemed to be without regard to any refinement or gradation of such categories by numerical modifiers or otherwise.

(11) As long as the Trustee is also the Bond Registrar hereunder, all references herein to transfers of funds from the Trustee to the Bond Registrar shall be of no effect.

(12) All references herein to “counsel fees,” “attorney fees” or the like include fees and disbursements of in-house or outside counsel, whether or not suit is instituted, and including fees and disbursements preparatory to and during trial and appeal and in any bankruptcy proceeding.

ARTICLE II

THE BONDS

Section 2.1 Authorization of Bonds. The Issuer hereby authorizes the issuance of the Bonds, to be designated “South Carolina Jobs-Economic Development Authority Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced), Series 2025”. This Indenture constitutes a continuing agreement with the Trustee and the Owners from time to time of the Bonds to secure the full payment of the principal of and premium, if any, and interest on all Bonds subject to the covenants, provisions and conditions contained herein.

Section 2.2 Reserved.

Section 2.3 Form and Execution of Bonds.

(1) The Bonds shall be in substantially the form attached as Exhibit A hereto, with such variations, omissions, or insertions as are permitted or required by this Indenture, provided that the Initial Bond shall have such changes as described in Section 2.3(4) below.

(2) The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of an Authorized Representative and attested by the manual or facsimile signature of the Secretary of the Issuer and other than the Initial Bond, authenticated as provided in Section 2.3(3) below. The Bonds may be typed or printed and the required signatures thereon may be either of the officers authorized to execute the Bonds as of the Date of Issue or of those officers holding such offices at the time such Bonds are executed. Neither the death nor infirmity nor the failure of such officers to hold such office subsequent to the date of this Indenture and prior to the execution and delivery of the Bonds or any transferred Bond certificates shall affect the validity or enforceability of such Bonds.

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Subject to the limited sources of payment specified herein, the Issuer covenants that it will promptly pay or cause to be paid the principal of and interest on each Bond issued hereunder at the place, on the dates, and in the manner provided herein and in said Bonds according to the terms thereof. The principal of and interest on the Bonds are payable solely from the Project Revenues and moneys held by the Trustee hereunder, all of which are hereby specifically assigned and pledged to such payment in the manner and to the extent specified herein and nothing herein or in the Bonds shall be construed as assigning or pledging any other funds or assets of the Issuer. The Bonds and the interest and premium, if any, thereon do not and shall never constitute an indebtedness or a charge against the general credit or taxing powers of the Issuer within the meaning of any constitutional provision or statutory limitation and do not and shall never constitute nor give rise to any pecuniary liability of the Issuer, but shall be limited obligations of the Issuer payable solely from the revenues and other funds pledged therefor and shall not be payable from any other assets or funds of the Issuer, and neither the faith and credit nor the taxing power of the State, the Issuer, or any political subdivision or any agency thereof is pledged to the payment of the principal of, and the premium, if any, and interest on, the Bonds. The Issuer does not have taxing powers.

THE ISSUER SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON, THE BONDS SOLELY OUT OF THE TRUST ESTATE. THE BONDS SHALL BE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE. THE BONDS SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE OWNERS THEREOF AGAINST THE TRUST ESTATE, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THE INDENTURE. THE BONDS SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE ISSUER, THE STATE OF TEXAS, THE CITY OF EL PASO, TEXAS (THE “CITY”), HOME (EXCEPT AS PROVIDED IN THE FUNDING AGREEMENT) OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE, WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION WHATSOEVER. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE CITY, HOME, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE INTEREST OR ANY PREMIUM THEREON OR OTHER COSTS INCIDENT THERETO. NEITHER THE MEMBERS OF THE BOARD OF DIRECTORS OF THE ISSUER NOR ANY PERSON EXECUTING BONDS SHALL BE LIABLE PERSONALLY ON THE BONDS BY REASON OF THE ISSUANCE THEREOF. THE ISSUER HAS NO TAXING POWER

NO MEMBER, DIRECTOR, OFFICER, AGENT, EMPLOYEE OR ATTORNEY OF THE ISSUER, INCLUDING ANY PERSON EXECUTING THE INDENTURE OR THE BONDS, SHALL BE LIABLE PERSONALLY ON THE BONDS OR FOR ANY REASON RELATING TO THE ISSUANCE OF THE BONDS. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS, OR FOR ANY CLAIM BASED ON THE BONDS, OR OTHERWISE IN RESPECT OF THE BONDS, OR BASED ON OR IN RESPECT OF THE INDENTURE OR ANY SUPPLEMENTAL INDENTURE, AGAINST ANY MEMBER, DIRECTOR, OFFICER, EMPLOYEE OR AGENT, AS SUCH, OF THE ISSUER OR ANY SUCCESSOR, WHETHER BY VIRTUE OF ANY

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CONSTITUTION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, ALL SUCH LIABILITY BEING, BY THE ACCEPTANCE OF THIS SERIES AND AS PART OF THE CONSIDERATION FOR THE ISSUANCE OF THE BONDS, EXPRESSLY WAIVED AND RELEASED.

Section 2.7 Redemption of Bonds. The Bonds shall be redeemable as provided in Section 3.2. Under certain circumstances, on the conditions, in the manner and with the effect set forth in this Indenture, the principal of all Bonds issued and then Outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

Section 2.8 Cancellation. All Bonds that have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Section 2.9 Open Market Purchases. Notwithstanding anything in this Indenture to the contrary, the Trustee at the written direction of the Borrower may at any time purchase Bonds in the open market. The Borrower shall notify the Issuer in writing of any such purchase and, if the Bonds are in certificated form, the Issuer shall immediately deliver such Bonds to the Bond Registrar for cancellation, together with a certificate specifying the date(s) of such purchase. If the Bonds are not in certificated form, any such purchase shall be deemed to be a redemption of such Bonds upon written notice to the Trustee of such purchase, whether or not such Bonds are otherwise subject to redemption at the time of such purchase. Such Bonds shall not be considered Outstanding for the purposes of Section 10.1 from and after the date of any such purchase.

Section 2.10 Destruction of Bonds. Whenever any Bonds shall be delivered to the Bond Registrar for cancellation pursuant to this Indenture or if received by the Bond Registrar pursuant to Section 2.4, such Bonds shall be canceled promptly, held by the Bond Registrar for its retention period then in effect, and thereafter destroyed by the Bond Registrar in accordance with its general practices and procedures in effect from time to time after payment, if applicable, of the principal amount and premium, if any, and interest accrued thereon, in each case after a reasonable period of time, and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Bond Registrar to the Issuer upon request.

ARTICLE III

FORM AND DETAIL OF THE BONDS

Section 3.1 Authorized Amounts, Interest Rates and Payment.

(1) Authorized Amount. The Bonds shall be dated December 10, 2025, and shall be subject to redemption as provided in Section 3.2. The Bonds shall be in the aggregate original principal amount of \$_____ and shall be in Authorized Denominations. The Bonds shall be fully registered as to principal and interest and shall be numbered consecutively from R-1 upward, provided that the Initial Bond shall be numbered I-1.

The Bonds shall mature on _____, 20____, and shall bear interest at a rate of ____% (\$_____) and ____% (\$_____) per annum.

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account within the United States designated in writing by the Owner not less than 15 days prior to the Record Date. Payments of principal of any Bond shall be made upon presentation and surrender of the Bond to an office of the Bond Registrar designated by the Bond Registrar for that purpose. Notwithstanding the foregoing, as long as the Bonds are registered in the name of DTC or its nominee, payment of principal of and interest on the Bonds shall be made in the manner set forth in the Letter of Representations.

Interest on the Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds from their date or from the most recent date to which interest has been paid shall be payable on each Interest Payment Date until the Bonds mature or are duly called for redemption prior to maturity. Any principal or interest not punctually paid or duly provided for hereunder shall forthwith cease to be payable to the Owners as of the applicable Record Date and shall be paid to the Persons in whose names the Bonds are registered at the close of business on a Special Record Date for the payment of such defaulted principal or interest, such Special Record Date and the date of such payment to be fixed by the Trustee and notice thereof to be given by or on behalf of the Trustee to the Owners not less than 10 days prior to such Special Record Date.

The interest payable on each redemption date or Interest Payment Date shall be that interest which has accrued through the last day preceding the Interest Payment Date or, in the case of the maturity or redemption of the Bonds, the last day preceding the date of such maturity or the date fixed for redemption, as the case may be.

If any Bond is not redeemed when properly presented at its maturity or call date, then interest shall continue to accrue at the interest rate set forth therein until the Bond, both principal and interest, is paid in full or until sufficient money for its payment in full has been deposited in the Bond Fund and the Bond has been called for payment by giving notice to the Owner.

(3) **THIS BOND IS A LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF PROJECT REVENUES (AS DEFINED IN THE INDENTURE HEREINAFTER MENTIONED) AND FUNDS PROVIDED THEREFOR UNDER THE INDENTURE. THIS BOND AND THE INTEREST HEREON DOES NOT AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE ISSUER, THE STATE OF SOUTH CAROLINA OR ANY AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION (OTHER THAN THE CONSTITUTIONAL PROVISION AUTHORIZING OBLIGATIONS PAYABLE SOLELY FROM SOURCES NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE) OR STATUTORY LIMITATION AND DOES NOT AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO ANY PECUNIARY LIABILITY OF THE ISSUER, THE STATE OF SOUTH CAROLINA OR ANY AGENCY THEREOF, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE ISSUER, OR ANY AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL, HEREOF, AND THE PREMIUM, IF ANY, AND INTEREST HEREON. THE ISSUER DOES NOT HAVE TAXING POWERS.**

Section 3.2 Redemption of Bonds. The Bonds are subject to redemption prior to maturity as provided in this section.

The Bonds initially shall be registered in the name of Cede & Co., as the nominee of DTC, provided that the Initial Bond shall be registered in the name of KeyBank Capital Markets Inc. The Bonds so registered shall be held in fully immobilized (book-entry) form by or on behalf of DTC as depository. For so long as the Bonds are held in fully immobilized form, DTC or its successor depository shall be deemed to be the registered owner for all purposes hereunder and all references to registered owners, bondowners, bondholders or the like shall mean DTC or its nominees and shall not, except with respect to Section 6.4 and subject to Section 11.12, mean the owners of any beneficial interests in the Bonds. Registered ownership of the Bonds, or any portions thereof, may not thereafter be transferred except: (i) to any successor of DTC or its nominee, if that successor shall be qualified under any applicable laws to provide the services proposed to be provided by it; (ii) to any substitute depository appointed by the Issuer or such substitute depository's successor; or (iii) to any person as provided herein if the Bonds are no longer held in immobilized form.

While the Bonds are registered in the name of Cede & Co. as nominee of DTC, none of the Issuer, the Trustee or the Bond Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any Person claiming a beneficial ownership interest in such Bonds under or through DTC or any such participant, or any other Person not shown on the Bond Register as being an Owner, with respect to (i) the accuracy of any records maintained by DTC or any such participant; (ii) the payment by DTC or any such participant of any amount in respect of the principal or redemption price of or interest on the Bonds; (iii) the delivery to any participant or to any other Person, other than the Owners as shown on the Bond Register, of any notice with respect to the Bonds, including any notice of redemption; (iv) the selection by DTC or any such participant of any Person to receive payment in the event of a partial redemption of the Bonds; or (v) any consent given or other action taken by DTC as Owner.

Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or a determination by the Issuer that it no longer wishes to continue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Issuer may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

If (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the Issuer determines that the Bonds are to be in certificated form, the ownership of Bonds may be transferred to any Person as herein provided, and the Bonds no longer shall be held in fully immobilized form.

(2) Payment of Bond Principal and Interest. The principal of and interest on the Bonds are payable in lawful money of the United States of America. Payments of interest on each Bond shall be paid by the Bond Registrar on each Interest Payment Date, commencing June 1, 2026, by check or draft mailed by first class mail, postage prepaid, on the Interest Payment Date to the Owner of such Bond as shown on the Bond Register at the close of business on the applicable Record Date at the address of the Owner as it appears on the Record Date in the Bond Register or, at the written request of an Owner of \$1,000,000 or more in aggregate principal amount of Bonds and, if required by the Trustee, upon receipt by the Trustee of the Owner's acknowledgment of the Trustee's applicable wire transfer fee, by wire transfer of immediately available funds to an

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In the case of a redemption of fewer than all of the Outstanding Bonds of a stated maturity pursuant to this Section 3.2, the Trustee shall call or cause to be called Bonds of such stated maturity for redemption selected randomly by lot or, if applicable, by DTC. No Bond shall remain Outstanding having a principal amount that is not an Authorized Denomination. The Bond Registrar shall notify the Issuer and the Trustee promptly in writing of any Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Bonds shall relate, in the case of any Bond redeemed or to be redeemed only in part, to the portion of the principal of such Bond that has been or is to be redeemed.

Notice of redemption shall be given in accordance with the further provisions of Section 3.2(2) below and, if the Bonds are registered in the name of DTC or its nominee, in accordance with the Letter of Representations.

On each redemption date the Trustee shall transfer to the Bond Registrar, but only from and to the extent of funds held by the Trustee hereunder available for that purpose, an amount sufficient to pay the redemption price of all Bonds or portions thereof to be redeemed on that date.

(1) Optional Redemption. The Bonds are subject to redemption at the option of the Borrower on any date on or after _____, 20____, in whole or in part, at a price of par plus accrued interest to the date of redemption.

The principal amount of Bonds required to be redeemed on each date set forth above shall be reduced by the principal amount of the Bonds specified in writing by the Issuer to the Trustee at least 45 days prior to the redemption date that have been either (i) purchased pursuant to Section 2.9, or (ii) redeemed through the operation of the provisions of subsection (1) of this section, and that have not been previously made the basis for a reduction of the principal amount of the Bonds to be redeemed on a mandatory sinking fund redemption date.

(2) [Reserved]

(3) Election to Redeem; Notice to Trustee. The election of the Issuer to redeem any Bonds shall be provided in writing to the Trustee. In case of any optional redemption, the Issuer shall, at least 30 days prior to the redemption date fixed by the Issuer (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee in writing of such redemption date and in the case of an optional redemption pursuant to Section 3.2(1), of the principal amount of Bonds to be redeemed.

(4) Notice and Effect of Call for Redemption. The Trustee, or the Bond Registrar on behalf of the Trustee, shall give notice of redemption by electronic transmission or first class mail, postage prepaid, sent not less than 20 nor more than 60 days prior to the redemption date to each Owner of Bonds to be redeemed at the address of such Owner appearing in the Bond Register, and to such other Persons as the Issuer shall specify to the Trustee in writing.

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All notices of redemption shall state:

- (a) the redemption date;
- (b) the redemption price;
- (c) the CUSIP number of the Bonds, the name of the Bonds, the principal amount of Bonds to be redeemed, and, if less than all Outstanding Bonds are to be redeemed, the principal amount of the Bonds to be redeemed;
- (d) that on the redemption date the redemption price of each such Bond will become due and payable to the extent of funds on deposit with the Trustee for that purpose, and that interest on the principal amount of each such Bond to be redeemed shall cease to accrue on and after such date;
- (e) the place or places where such Bonds must be surrendered for payment of the redemption price thereof; and
- (f) such additional information, including whether and in what circumstances the notice of redemption may be rescinded, as the Trustee or the Issuer shall deem appropriate.

Notice of redemption having been given as aforesaid, the principal amount of the Bonds so to be redeemed shall become due and payable on the redemption date at the redemption price specified, and on and after such date (unless the Trustee does not have funds available for payment of the redemption price) such principal amount of the Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with such notice, such Bond shall be paid at the redemption price thereof to the extent that money is on deposit with the Bond Registrar for that purpose. Neither the failure of an Owner to receive such notice nor any defect in any notice shall affect the sufficiency of the proceedings for such redemption.

If any Bond called for redemption shall not be so paid on the redemption date upon proper surrender of the Bond for redemption, the redemption price and, to the extent lawful, interest thereon shall, until paid, bear interest from the redemption date at the rate borne by the Bond immediately before the redemption date.

With respect to optional redemptions only, if the Bond Registrar does not have funds in its possession on the redemption date sufficient to pay the redemption price (including interest accruing to the redemption date) of all of the Bonds to be optionally redeemed for any reason (including, but not limited to, failure to issue any refunding obligations intended for such purpose on or prior to the redemption date), then the proposed optional redemption and such notice of redemption may be rescinded and shall be void, and the Bond Registrar (if any entity other than the Trustee) shall so notify the Trustee in writing. Such event shall not constitute an Event of Default hereunder, and neither the Trustee nor the Issuer shall be subject to any liability to the Bondowners or any other Person as a result of such failure to redeem Bonds. Notices of optional redemption may be subject to additional conditions as specified by the Issuer.

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Each Fund and account shall be maintained by the Trustee as a separate and distinct trust fund or account to be held, managed, invested, disbursed and administered as provided in this Indenture. All money deposited in the Funds and accounts created hereunder shall be used solely for the purposes set forth in this Indenture. The Trustee shall keep and maintain adequate records pertaining to each Fund and account, and all disbursements therefrom, in accordance with its general practices and procedures in effect from time to time.

The Trustee shall, at the written direction of an Authorized Representative of the Issuer, and may, in its discretion, establish such additional Funds and accounts within any Fund, and subaccounts within any of the accounts, as the Issuer or the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that Fund and its accounts, or for the purpose of complying with the requirements of the Code relating to arbitrage, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of this Indenture with respect to a deposit or use of money in the Funds or the Rebate Fund, or result in commingling of funds not permitted hereunder.

Section 4.3 Bond Fund.

(1) The Trustee shall deposit in or transfer to the Bond Fund, to the extent funds are available for that purpose, and, if applicable, the Issuer shall deliver to the Trustee:

- (a) on or before the 20th day of each May 1 and November 1 (or the immediately preceding Business Day if such day is not a Business Day), commencing in May 1, 2026 (each, a “**Debt Service Deposit Due Date**”), from Loan Payments the amount required to pay principal of and interest on the Bonds on the next Interest Payment Date, taking into account other amounts on deposit in the Capitalized Interest Account of the Project Fund or the Bond Fund available for that purpose; *provided* that principal amounts called for optional redemption on the immediately succeeding Interest Payment Date, in accordance with Section 3.2(1), and interest thereon, shall not be required to deposit to the Bond Fund prior to such Interest Payment Date/redemption date;
- (b) on or before any optional redemption date, an amount equal to the principal of and interest on the Bonds to be redeemed in accordance with Section 3.2(1) on that date, taking into account other amounts on deposit in the Bond Fund available for that purpose;
- (c) all amounts required to be transferred to the Bond Fund from the Costs of Issuance Fund;
- (d) the net earnings on investments of money in the Bond Fund (except as otherwise provided in Section 4.3(2));
- (e) all amounts provided by HOME pursuant to the Funding Agreement;
- (f) all other money required to be transferred to or deposited in the Bond Fund pursuant to any provision of this Indenture, the Master Indenture, the Mortgage and the proceeds of any investment thereof;

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Any notice of optional redemption given pursuant to this Section may be rescinded by written notice given to the Trustee by the Issuer prior to the redemption date. The Trustee shall give notice of such rescission as soon thereafter as practicable in the same manner, and to the same persons, as notice of such redemption was given pursuant to this Section.

Unless registered in the name of DTC, if any Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the Bond Registrar so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Bond Registrar duly executed by, the Owner thereof or its attorney duly authorized in writing) and the appropriate officers of the Issuer shall execute and the Bond Registrar shall authenticate and deliver to the Owner of such Bond, without service charge, a new Bond or Bonds of the same interest rate and stated maturity and of any Authorized Denomination or Authorized Denominations, as requested by such Owner, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond surrendered.

ARTICLE IV

APPLICATION OF BOND PROCEEDS; CREATION OF FUNDS AND ACCOUNTS

Section 4.1 Application of Bond Proceeds. All of the proceeds of the Bonds received by the Issuer from the purchaser thereof shall be paid to the Trustee on the Date of Issue. Promptly upon receipt thereof, the Trustee shall:

- (1) Deposit \$ _____ of Bond proceeds in the Capitalized Interest Account of the Project Fund,
- (2) Deposit \$ _____ of Bond proceeds in the Acquisition Account of the Project Fund,
- (3) Deposit \$ _____ of Bond proceeds in the Project Account of the Project Fund,
- (4) Deposit the remainder of Bond proceeds in the Costs of Issuance Fund.

Section 4.2 Creation of Funds and Accounts. The following Funds and accounts shall be created and established with the Trustee as needed to comply with the provisions of this Indenture:

- (1) the Costs of Issuance Fund;
- (2) the Bond Fund;
- (3) the Project Fund, and within such fund an Acquisition Account, a Project Account and a Capitalized Interest Account; and
- (4) the Rebate Fund, if necessary.

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- (g) any other money required hereunder or in the Loan Agreement to be transferred to or for which no other designation as to a fund or account has been made.

So long as there are any outstanding Bonds, to the extent the Borrower has not received a credit against Loan Payments, all Loan Payments under the Loan Agreement shall be paid on or before each Debt Service Deposit Due Date directly to the Trustee and deposited in the Bond Fund in at least the amount necessary to pay amounts due on the Bonds on such Interest Payment Date (taking into account any credit due to the Borrower in connection with such Loan Payment).

The money and investments in the Bond Fund are irrevocably pledged and shall be used by the Trustee, from time to time, to the extent required, in the following order of priority:

- (A) for the payment of the principal of and/or interest on Bonds coming due on the next Interest Payment Date;
- (B) for the payment of the redemption price of Bonds called for optional redemption; and
- (C) for transfer to the Rebate Fund, if any, to the extent the Trustee has received notice pursuant to the Tax Certificate that a Rebate Amount must be deposited in the Rebate Fund.

The Trustee shall deliver to the Bond Registrar on each redemption date or Interest Payment Date money from the Bond Fund to the extent available therein, in an amount sufficient to pay the principal of and premium, if any, and interest on all Bonds coming due on that date.

(2) Investment of Money in Bond Fund. Pending application of money in the Bond Fund as set forth in this Section 4.3, such money shall be invested and reinvested by the Trustee in Authorized Investments pursuant to Section 5.1. All net earnings on money and investments in the accounts in the Bond Fund shall first be transferred to the Rebate Fund, if any, if so required by Section 4.3(1)(C), and next shall be deposited in the Bond Fund.

(3) Debt Service Shortfall. If the amount on deposit in the Bond Fund following the deposits or transfers described in Section 4.3(1)(a) are insufficient to pay the principal (including pursuant to a mandatory sinking fund redemption through the operation of Section 3.2(2)) and interest due on the next Interest Payment Date, the Trustee shall, no later than two Business Days after the applicable Debt Service Deposit Due Date, notify HOME of the amount of the Debt Service Shortfall and request that pursuant to the Funding Agreement, HOME provide the Trustee with such amount no later than one Business Day prior to the applicable Interest Payment Date.

Section 4.4 Project Fund.

Promptly upon receipt thereof, the Trustee shall deposit into the Project Account within the Project Fund all amounts derived from Bond proceeds required to be deposited therein pursuant to Section 4.1, all net earnings on investments of money in the Project Account, and any amounts received by the Trustee for deposit therein from the Issuer or from any other source for purposes of paying capital expenditures associated with improvement and equipping of the Project.

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The money and investments in the Project Fund shall be held in trust by the Trustee and applied in accordance with and subject to the provisions of this Section 4.4 and, pending such application, shall be held for the further security of the Owners of the Bonds until applied as provided herein.

Immediately upon giving a Declaration of Acceleration pursuant to Section 7.2, the Trustee shall transfer all funds in the Project Fund to the Bond Fund, until the amount on deposit in the Bond Fund equals the amount necessary to pay the principal of and interest on the Bonds coming due by reason of such acceleration.

(1) Payments From Project Fund.

(a) Acquisition Account. For or in connection with the acquisition of the Project, promptly following the deposit set forth in Section 4.1(2), the Trustee shall, without the necessity of a funding requisition, transfer the balance of the Acquisition Account as specified in the Closing Memorandum.

(b) Project Account. Promptly following the deposit set forth in Section 4.1(3), the Trustee shall, without the necessity of a funding requisition, transfer amounts on deposit in the Project Account as specified in the Closing Memorandum. In addition, costs of capital expenditures associated with improvement and equipping of the Project shall be paid by the Trustee from the Project Account, but only to the extent of the balance therein, within five Business Days following receipt by the Trustee of a written request for payment from an Authorized Representative of the Borrower in substantially the form attached hereto as Exhibit B. All payments made from the Project Account pursuant to a written request for payment shall be presumed to be made properly and the Trustee shall not be required to see to the application of any payments made from the Project Account or to make any investigation or inquiry into the purposes for which withdrawals are being made from the Project Account.

(c) Capitalized Interest Account. On the Business Day immediately preceding each Interest Payment Date, commencing with the first Interest Payment Date following the Date of Issue, the Trustee shall transfer from the Capitalized Interest Account of the Project Fund to the Bond Fund, without submission of any request, the greater of the amount necessary to pay interest due on the Bonds on the next succeeding Business Day or the balance of the Capitalized Interest Account.

(2) Establishment of Completion. The deemed completion date of the improvement and equipping of the Project shall be the earliest of (a) the date when the Trustee shall have received a certificate of an Authorized Representative of the Borrower to the effect that all capital costs associated with the improvement and/or equipping of the Project have been paid in full, (b) the date on which no money remains in the Project Account, or (c) the date that is three years after the Date of Issue, unless such date is extended upon receipt by the Trustee of an opinion of Bond Counsel that such extension will not result in a Determination of Taxability.

(3) Application of Balance in Project Account. Within five Business Days of the deemed completion date, as described in Section 4.4(2) above, the Trustee shall transfer any money

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(3) Application of Balance in Costs of Issuance Fund. Within five Business Days of the earlier to occur of (a) the date when the Trustee shall have received a certificate of an Authorized Representative of the Borrower to the effect that all Costs of Issuance have been paid in full, (b) December 10, 2025, or (c) the date on which no money remains in the Costs of Issuance Fund, the Trustee shall transfer any money and investments remaining in the Costs of Issuance Fund (other than any money determined to be a Rebate Amount) to the Bond Fund to be used to make the payment of principal of or interest on Bonds due on the next Interest Payment Date and the Trustee shall close the Costs of Issuance Fund.

(4) Investment of Money in the Costs of Issuance Fund. Pending application of money in the Costs of Issuance Fund as set forth in this Section 4.5, such money shall be invested and reinvested by the Trustee in accordance with the requirements of Section 5.1. All Investment Earnings on money in the Costs of Issuance Fund shall be deposited in that Fund, subject to the provisions of Section 5.2(1)(b).

ARTICLE V

INVESTMENT OF FUNDS; REBATE FUND

Section 5.1 Investment of Funds.

(1) Except as otherwise provided herein, money on deposit in the Project Fund, the Costs of Issuance Fund, and the Bond Fund shall be invested and reinvested by the Trustee in Authorized Investments, as directed in writing by an Authorized Representative of the Borrower at least two Business Days in advance of the investment, which direction shall certify that such investment is an Authorized Investment; but in the event of the failure of the Issuer to provide timely written directions as to such investment or reinvestment, the Trustee shall invest or reinvest any or all money held by it in the Project Fund, the Costs of Issuance Fund, and the Bond Fund in the sweep investment vehicle identified by an Authorized Representative of the Borrower in writing at least one Business Day in advance of the investment, and if no sweep investment vehicle is identified, the Trustee shall hold such funds uninvested. The Trustee may deem such investments as Authorized Investments without independent investigation thereof.

Money in the Bond Fund shall be invested only in Authorized Investments, as evidenced by the certificate of the Issuer described in the preceding paragraph, maturing no later than the date money in such account is needed to make the payments authorized to be made therefrom. The Trustee is hereby authorized and directed to sell or redeem any such investments as it deems necessary to make any payments or distributions required under this Indenture.

(2) Pending application of the money in the Rebate Fund as required pursuant to Section 5.3(4), such money shall be invested and reinvested, without regard to yield, in such Government Obligations maturing on or before the date the money invested therein is required to be paid to the United States pursuant to Section 5.3(4) as an Authorized Representative of the Borrower shall direct in writing at least two Business Days prior to the date of investment. However, if no such investment is available or if no such written direction is given, the Trustee shall invest such money in the sweep investment vehicle identified by an Authorized

and investments remaining in the Project Account to the Bond Fund, and the Trustee shall close the Project Fund. Such funds shall be used to make the payment of principal of and/or interest on the Bonds due on the next Interest Payment Date.

(4) Investment of Money in the Project Fund. Pending application of money in the Project Fund as set forth in this Section 4.4, such money shall be invested and reinvested by the Trustee in accordance with the requirements of Section 5.1. All Investment Earnings on money in the accounts within the Project Fund shall be deposited in such accounts within that Fund, subject to the provisions of Section 5.2(1)(b).

Section 4.5 Costs of Issuance Fund.

(1) Maintenance of Costs of Issuance Fund. Promptly upon receipt thereof, the Trustee shall deposit into the Costs of Issuance Fund all amounts derived from Bond proceeds required to be deposited therein pursuant to Section 4.1, all net earnings on investments of money in the Costs of Issuance Fund and all amounts received by the Trustee from the Issuer or from any other source for purposes of paying Costs of Issuance.

The money and investments in the Costs of Issuance Fund shall be held in trust by the Trustee and applied in accordance with and subject to the provisions of this Section 4.5 and, pending such application, shall be held for the further security of the Owners of the Bonds until applied as provided herein.

Immediately upon giving a Declaration of Acceleration pursuant to Section 7.2, the Trustee shall transfer all funds in the Costs of Issuance Fund to the Bond Fund, until the amount on deposit in the Bond Fund equals the amount necessary to pay the principal of and interest on the Bonds coming due by reason of such acceleration.

(2) Payments From Costs of Issuance Fund. Promptly following the deposit set forth in Section 4.1(4), the Trustee shall, without the necessity of a funding requisition, transfer amounts on deposit in the Costs of Issuance Fund as specified in the Closing Memorandum. Additional Costs of Issuance shall be paid by the Trustee from the Costs of Issuance Fund, but only to the extent of the balance therein, within five Business Days following receipt by the Trustee of a written request for payment from an Authorized Representative of the Borrower in substantially the form attached hereto as Exhibit B (except that the Trustee shall pay those Costs of Issuance set forth in the Closing Memorandum without the necessity of a written request from the Borrower), provided, however, that the Borrower may pay such costs directly, in which case the Trustee shall reimburse the Borrower from the Costs of Issuance Fund, but only to the extent of the balance therein, within five Business Days of the Trustee's receipt of the written request of an Authorized Representative of the Borrower in substantially the form attached hereto as Exhibit B. All payments made from the Costs of Issuance Fund pursuant to a written request for payment from an Authorized Representative of the Borrower shall be presumed to be made properly and the Trustee shall not be required to see to the application of any payments made from the Costs of Issuance Fund or to make any investigation or inquiry into the purposes for which withdrawals are being made from the Costs of Issuance Fund.

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Representative of the Borrower in writing at least one Business Day in advance of the investment (and, if no investment vehicle is identified, all money shall be held uninvested).

(3) The Trustee may invest in any Authorized Investment under this Indenture by or through its own or any affiliate's investment department and may invest funds in its own proprietary money market funds or deposit products.

Section 5.2 Allocation of Income and Losses.

(1) The interest and income received with respect to the investments in any Fund or account held by the Trustee hereunder, and any profit or loss resulting from the sale of any such investments, shall be deposited and credited upon receipt, or charged, as follows:

(a) All interest, income and profit received from the investment of money in the Rebate Fund shall be deposited and credited, upon receipt, to the Rebate Fund;

(b) All earnings received from the investment of money in any Fund or account that has been determined to be a Rebate Amount, as determined in accordance with Section 5.3(2), shall be deposited in and credited to the Rebate Fund (to the extent such money has not been previously disbursed to any Person pursuant to the terms of this Indenture); and

(c) All loss resulting from the sale of any investments in any specified Fund or account shall be charged to such Fund or such account, and all earnings received from the investment of money in any Fund or account shall be credited as described in Article IV.

(2) The Trustee may conclusively rely on the written instructions of the Borrower in investing money in any Fund or account (including that such investments are Authorized Investments and with respect to the suitability and legality of the directed investment) and shall not be accountable for any losses or depreciation in the value of the investments made in accordance with the provisions of this Article V or for any losses incurred upon any authorized disposition thereof. The Trustee is hereby authorized, in making or disposing of any investment permitted by this Indenture, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or any such affiliate is acting as agent of the Trustee or for any third person dealing as principal for its own account. The parties acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.

Section 5.3 Rebate Fund.

(1) The Trustee shall establish a separate special fund designated as the "Rebate Fund" if at any time there is determined, pursuant to Section 5.3(2), to be a Rebate Amount, which fund shall be segregated from all other funds and accounts held by the Trustee. If such a fund is established, the Trustee shall maintain the Rebate Fund until the expiration of 60 days after the retirement of the last Outstanding Bond.

(2) Within 30 days after the end of each Computation Period, the Issuer shall determine or cause to be determined, by an Accountant or other qualified Person selected by the Issuer, in accordance with Section 148 of the Code and applicable Regulations promulgated under Section 148(f) of the Code and written instructions of Bond Counsel and Co-Bond Counsel

delivered to the Trustee and the Issuer from time to time, the Rebate Amount attributable to each account and/or fund for each Computation Period (initially, a five-year period ending on the last day of each fifth Bond Year) on such determination date or dates as may be permitted by Section 148 of the Code and written instructions of Bond Counsel and Co-Bond Counsel delivered to the Issuer and the Trustee, and give written notice to the Trustee not later than 15 days prior to the date on which payment is due to the U.S. Treasury of such Rebate Amount. The Trustee and the Issuer may conclusively rely upon the opinions, calculations, determinations, directions and advice of such Accountant or other Person without further investigation or inquiry, copies of all of which opinions, calculations, determinations, directions and advice shall be given to the Trustee by the Issuer. If the Trustee receives written notice that a Rebate Amount is determined to exist, the Trustee shall, after making the transfers to the Rebate Fund required by Section 4.3(1)(C), notify the Borrower of the amount in the Rebate Fund available to pay the Rebate Amount, and the Borrower shall deliver an amount equal to any deficiency in the Rebate Fund to the Trustee, with written instructions to deposit that amount in the Rebate Fund. If for any Computation Period the amount of money and investments held in the Rebate Fund exceeds the Rebate Amount for that Computation Period, the Trustee shall deposit such excess to the Bond Fund. The Trustee shall not be responsible for calculating Rebate Amounts or for the adequacy or correctness of any rebate report.

(3) The Trustee shall deposit in and credit to the Rebate Fund all amounts described in Sections 5.2(1)(a) and 5.2(1)(b), as determined in accordance with Section 5.3(2), and all earnings received from the investment of those amounts.

(4) The Trustee shall make the following payments from the money and investments in the Rebate Fund to the United States Treasury when and as indicated below as directed in writing by the Issuer (or on such other payment date or dates as may be permitted by Section 148 of the Code and specified in written instructions of the Issuer or Bond Counsel delivered to the Trustee), and shall file with the Internal Revenue Service such forms and/or reports as the Issuer provides to the Trustee for such purpose:

(a) not later than the 60th day following the end of each fifth Bond Year, an amount equal to 90% of the Rebate Amount for the Computation Period ending immediately prior to the date of payment; and

(b) not earlier than the date of payment of the last outstanding Bond, nor later than the 60th day thereafter, the amount, if any, which, when added to amounts previously paid to the United States as Rebate Amounts, will equal 100% of the Rebate Amount with respect to the Bonds.

(5) The Trustee shall retain all records that have been delivered to it regarding the source of and determination of the Rebate Amounts required to be deposited and credited to the Rebate Fund, the proceeds of any investments of money in the Rebate Fund, and of the amounts paid to the United States Treasury from the Rebate Fund for six years after the retirement of the last Outstanding Bond, such other period as may be authorized by Section 148 of the Code, or for such longer period as may be required by the Trustee's policies and procedures.

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(3) that all action on its part for the issuance of the Bonds and for the execution and delivery thereof will be duly and effectively taken; and

(4) that the Bonds in the hands of the Owners thereof will be valid and enforceable special obligations of the Issuer according to the terms thereof.

The Issuer acknowledges and agrees that all covenants contained in this Indenture and the Mortgage are with and for the benefit of all Bondowners and can be enforced by the Trustee, in its discretion or at the direction of the Bondowners as provided herein, or by the Bondowners, in accordance with the provisions of Article VII.

Section 6.2 Reserved.

Section 6.3 Extensions of Payment of Bonds. The Issuer shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of the interest thereon without the consent of the Owners of all Outstanding Bonds.

Section 6.4 Tax Covenants. Subject any relevant provisions of the Tax Certificate, the Issuer covenants not to take any action or omit to take any action that, if taken or omitted, would cause the interest on the Bonds to be includable in gross income for federal income tax purposes. In furtherance thereof, the Issuer covenants to comply with Sections 103 and 141 through 150 of the Code and the provisions set forth in the Tax Certificate. Without limiting the generality of the foregoing, the Issuer shall comply with the following:

(1) No Private Activity Bonds. The Issuer covenants that it will use the proceeds of the Bonds (including investment income) and the property financed, directly or indirectly, with such proceeds so that the Bonds will not be "private activity bonds" within the meaning of Section 141 of the Code. Furthermore, the Issuer will not take a deliberate action (as defined in Section 1.141-2(d)(3) of the Regulations) that causes any Bonds to be a "private activity bond" unless it takes a remedial action permitted by Section 1.141-12 of the Regulations.

(2) No Federal Guarantee. The Issuer covenants not to take any action or omit to take any action that, if taken or omitted, would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code, except as permitted by Section 149(b)(3) of the Code.

(3) No Hedge Bonds. The Issuer covenants not to take any action or omit to take action that, if taken or omitted, would cause the Bonds to be "hedge bonds" within the meaning of Section 149(g) of the Code.

(4) No Arbitrage Bonds. The Issuer covenants that it will make such use of the proceeds of the Bonds (including investment income) and regulate the investment of such proceeds of the Bonds so that the Bonds will not be "arbitrage bonds" within the meaning of Section 148(a) of the Code.

(5) Information Reporting. The Issuer covenants to file or cause to be filed with the Secretary of the Treasury an information statement concerning the Bonds in accordance with Section 149(e) of the Code.

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(6) The Trustee may, in its sole discretion, establish such accounts within the Rebate Fund established under this Indenture, and subaccounts within any of such accounts, as the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from such accounts or subaccounts, but the establishment of any such additional account or subaccount shall not alter or modify any of the requirements of this Indenture with respect to the deposit or use of money in the Rebate Fund established hereunder or result in commingling of funds not permitted hereunder.

(7) The Trustee shall have no responsibility or liability, independent of the specific duties set forth in this Article V resulting from its failure to enforce the Issuer's compliance with any rebate requirements.

Section 5.4 Segregation of Money. All money paid to the Trustee pursuant to this Indenture for deposit and all investments purchased with money so deposited shall at all times be accounted for separately and shall not be commingled with any other funds of the Issuer and the Trustee and shall be held in trust by the Trustee.

Section 5.5 Acquisition, Valuation and Disposition of Investments.

(1) Except as otherwise provided in subsection (2) of this Section, all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Code) will be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value. In determining Fair Market Value of Authorized Investments, the Trustee may use and rely conclusively and without liability upon any generally recognized pricing information service (including brokers and dealers in securities) available to it.

(2) Investments in Funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code (unless valuation is undertaken at least annually) will be valued at their present value (within the meaning of Section 148 of the Code), as determined by the Issuer.

ARTICLE VI

ISSUER COVENANTS

Section 6.1 Performance of and Authority for Covenants. The Issuer covenants and represents:

(1) that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture and the other Bond Documents to which it is a party, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings of its Board of Directors pertaining thereto;

(2) that it is duly authorized under the laws of the State, including particularly and without limitation the Act, to issue the Bonds and to pledge, grant and/or assign a security interest in the Loan Agreement, the Loan Payments, the Funding Agreement, Bond proceeds, the Funds and Investment Earnings in the manner and to the extent set forth herein;

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(6) Record Retention. The Issuer covenants to retain all material records relating to the expenditure of the proceeds (including investment income) of the Bonds and the use of the property financed, directly or indirectly, thereby until three years after the last Bond is redeemed or paid at maturity (or such other period as provided by subsequent guidance issued by the Department of the Treasury) in a manner that ensures their complete access throughout such retention period.

(7) Registration. If the Bonds are "registration-required bonds" under Section 149(a)(2) of the Code, the Bonds will be issued in registered form.

(8) Favorable Opinion of Bond Counsel. Notwithstanding the foregoing, the Issuer will not be required to comply with any of the federal tax covenants set forth above if the Issuer has received an opinion of Bond Counsel to the effect that such noncompliance will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes.

(9) Continuing Compliance. Notwithstanding any other provision of this Indenture, the Issuer's obligations under the federal tax covenants set forth above will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the excludability of interest on the Bonds from gross income for federal income tax purposes.

Section 6.5 Reserved.

Section 6.6 Lien of Indenture. The Issuer will not create or suffer to be created any lien securing repayment of a monetary obligation upon the Trust Estate or any part thereof. The Issuer agrees that except for refunding bonds and Subordinate Obligations, it will issue no other obligations, the payment of which is secured by money or amounts derived from the Trust Estate.

Section 6.7 Reserved.

Section 6.8 Limitation of the Issuer's Liability. The Bonds shall be limited obligations of the Issuer, the principal of, premium, if any, and interest on which shall be payable by the Issuer solely out of the Project Revenues derived by the Issuer pursuant to the Loan Agreement and other funds pledged hereunder, which obligations constitute an indebtedness payable only from a revenue-producing projects or special source within the meaning of Article X, Section 13(9) of the Constitution of the State, which source does not include revenues from any tax or license. The Bonds and the interest and any premiums, if any, thereon do not and shall never constitute a general obligation or indebtedness of the Issuer or of the State within the meaning of any state constitutional provision or statutory limitation and do not and shall never constitute or give rise to any pecuniary liability of the Issuer or of the State or a charge against the general credit of the Issuer or the State or against the taxing power of the State. The Issuer does not have taxing powers. The principal of, premium, if any, and interest on the Bonds shall be secured by the Issuer solely by the aforesaid Project Revenues; by the pledge to the Trustee made hereunder of said Project Revenues and of certain Funds and accounts established hereunder; and by the assignment of the Issuer of its rights under the Loan Agreement, except for certain reserved rights.

No breach by the Issuer of this Indenture or the Bonds or of any provisions or condition hereof or in the Bonds shall result in the imposition of any pecuniary liability upon the Issuer or the State or any charge upon the general credit of the Issuer or the State or against the taxing power

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of the State. The liability of the Issuer under this Indenture and the Bonds, or any provision or condition hereof or thereof, shall be limited solely and exclusively to the Project Revenues derived by the Issuer from the Borrower under the Loan Agreement. The Issuer shall not be required to expend any moneys in the execution and performance of any of its duties, obligations, powers or covenants hereunder or under the Bonds except to the extent that Project Revenues are available therefor.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BONDOWNERS

Section 7.1 Events of Default. The following events shall be Events of Default:

- (1) default in the due and punctual payment of the principal of, premium, if any, or interest on any Bond when and as the same shall become due and payable, whether on any Interest Payment Date, at maturity as expressed therein, by proceedings for redemption (except as otherwise provided in Section 3.2(4)), by acceleration, or otherwise;
- (2) default by the Issuer in the observance of any of the other covenants, agreements or conditions on its part contained in this Indenture or the Bonds; or
- (3) the occurrence of a Loan Default Event under the Loan Agreement or the Master Indenture or the failure by the Borrower to perform or comply with any of the other terms or conditions contained in any other Bond Documents to which the Borrower is a party and continuation of such failure beyond the expiration of any notice, grace or cure period provided in the Loan Agreement or the other Bond Documents (as applicable); or
- (4) if the Trustee receives notice from the Master Trustee that the principal of, and accrued interest, on any Obligation or Master Note thereunder is immediately due and payable.

Section 7.2 Notice and Opportunity to Cure Certain Defaults. No default under Section 7.1(2) shall constitute an Event of Default until a written notice shall have been given to the Issuer and the Borrower by the Trustee or by the Owners of a majority in the aggregate principal amount of the Bonds at the time Outstanding (with a copy of such notice to the Trustee), and the Issuer and Borrower shall have had 60 days after the issuance of such notice to correct such default or cause such default to be corrected, and shall have failed to do so. In the event, however, that the default be such that it cannot be corrected within such 60 day period, it shall not constitute an Event of Default if corrective action is instituted within such period and is diligently pursued until the default is corrected; provided that such cure period shall not extend more than one year from receipt of written notice of such default as described in this Section 7.2. Written notice of default provided hereunder shall (a) specify the default, (b) require that such default be remedied, and (c) request that the Issuer and Borrower provide written confirmation of its receipt of such notice to the Trustee within five days of the receipt of such notice. If the Trustee has not received such written confirmation of receipt within 15 days of the Issuer's and Borrower's deemed receipt of the initial notice, the Trustee shall provide a second written notice of default marked "Second Notice" to the Issuer (in substantially, the same form as, or including a copy of, the initial notice

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- (6) by action or suit in equity enjoin any acts or things that may be unlawful or in violation of the rights of the Owners of the Bonds.

Upon instituting any such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Project and other assets pledged under this Indenture or the Mortgage, pending resolution of such proceeding. The Trustee shall have the right to decline to follow any direction of Bondowners that in the sole discretion of the Trustee would be unjustly prejudicial to the Trustee or to Bondowners not parties to such direction, that would expose the Trustee to unreasonable liability or financial exposure or that is not in accordance with law or the provisions of this Indenture, shall be entitled to rely without further investigation or inquiry upon any direction given by the Owners of a majority in aggregate principal amount of the Bonds Outstanding, and shall not be responsible for the propriety of or liable for the consequences of following any such direction. Notwithstanding anything to the contrary contained herein, the Trustee shall not be required to foreclose the Mortgage or bid on behalf of Bondowners at any foreclosure sale (a) if, in the Trustee's sole discretion, such action would subject the Trustee to personal liability for the cost of investigation, removal and/or remedial activity with respect to Hazardous Substances or (b) if the presence of any Hazardous Substance on the property subject to the Mortgage results in such property having no or nominal value. It is acknowledged and agreed that the Trustee has no authority to manage, own, or operate the Project, or any portion thereof, except as necessary to exercise remedies upon default.

Section 7.5 Application of Project Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Project Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture (subject to Sections 5.3 and 9.2), the Master Trust Indenture, the Loan Agreement, the Funding Agreement, or the Mortgage shall be applied by the Trustee as follows and in the following order: [this does not work, we have a revenue fund in the MTI, concept is after EOD, revenues of all members of the Obligated Group flow into the Revenue Fund in the MTI, so I suppose we can make this section [Intentionally Omitted].

- (1) To the payment of any expenses necessary in the sole discretion of the Trustee to protect the interests of the Owners of the Bonds and reimbursement of the Trustee for any advances made by the Trustee for such purposes, and payment of reasonable fees, charges and expenses of the Trustee, including the Trustee's Ordinary Fees and Expenses (and including reasonable fees of its counsel, agents and advisors) incurred in and about the performance of its powers and duties under this Indenture, the Master Trust Indenture, the Loan Agreement, and the Mortgage;
- (2) If the Trustee appoints a receiver or exercises remedies under the Mortgage, to the payment of Operation and Maintenance Costs and Extraordinary Maintenance Expenses;
- (3) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Indenture, as follows:

- (a) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

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of default), and the Trustee shall, if it has a telephone number for the Issuer, telephonically contact the Issuer to alert the Issuer to the delivery of such written notice.

Section 7.3 Acceleration of Maturity. If an Event of Default described in Section 7.1(1) shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee shall be entitled, upon written notice to the Issuer and the Borrower, or the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding shall be entitled, upon notice in writing to the Issuer, the Borrower and the Trustee, to declare the principal of all of the Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything contained in this Indenture or in the Bonds to the contrary notwithstanding.

The Trustee shall give or cause to be given notice of any such Declaration of Acceleration to the respective Owners of the Bonds at their addresses appearing on the Bond Register. Notice of such Declaration of Acceleration having been given as aforesaid, anything to the contrary contained in this Indenture or in the Bonds notwithstanding, interest shall cease to accrue on such Bonds from and after the date established for payment of the Bonds pursuant to the Declaration of Acceleration if and to the extent that money to make such payment is on hand with the Trustee in any of the Funds on that date, as determined under Section 7.5.

Section 7.4 Remedies Upon Default. Upon the occurrence and during the continuance of any Event of Default, then and in every such case the Trustee in its discretion may (subject to the provisions of Section 7.6), and upon the written direction of the Owners of a majority in principal amount of the Bonds then Outstanding and receipt of indemnity against anticipated fees and expenses, including counsel fees, and liability satisfactory to the Trustee in its sole discretion (which indemnity is a condition precedent to its duties hereunder) shall, in its capacity as the Trustee of an express trust, pursue any one or more of the following remedies to the extent permitted by applicable law:

- (1) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners and require the Issuer or the Borrower to carry out any agreements with or for the benefit of the Bondowners and to perform its or their duties under the Act and this Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of those agreements, the Act, the Loan Agreement, the Mortgage or this Indenture, as the case may be;
- (2) bring suit upon the Bonds;
- (3) by mandamus, or other suit, action or proceeding at law or in equity, require HOME to carry out its agreements and obligations under the Funding Agreement;
- (4) foreclose the Mortgage to the extent permitted thereby, or exercise any remedies thereunder;
- (5) by action or suit in equity require the Issuer to account as if it were the trustee of an express trust for the Owners of the Bonds; or

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First: To the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the Persons entitled thereto of the unpaid principal of any Bonds that shall have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all of the principal due on the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the Persons entitled thereto, without any discrimination or preference, or

- (b) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on the overdue principal at the rate borne by the Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference; and

- (4) To the Borrower.

Section 7.6 Trustee to Represent Bondowners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be deemed to have so appointed the Trustee) as trustee for and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, this Indenture, the Master Trust Indenture, the Loan Agreement, the Mortgage, and applicable provisions of any law. All rights of action under this Indenture, the Master Trust Indenture, the Loan Agreement, the Mortgage, or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all Owners of Bonds, subject to the provisions of this Indenture. The foregoing notwithstanding, the Trustee shall not be entitled to vote in favor of any plan of reorganization or similar restructure plan in any bankruptcy or other insolvency proceeding, to the extent that such a vote by the Trustee would alter this Indenture, or the rights of the Owners of any Outstanding Bonds, in any manner not permitted by Article X.

Section 7.7 Bondowners' Direction of Proceedings. No Owner of any Bond shall have the right to institute any proceeding, judicial or otherwise, for the enforcement of the covenants contained herein, without the written concurrence of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding; but the Owners of such principal

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amount of Bonds may, subject to the limitations of and upon compliance with Section 7.8, either at law or in equity, by suit, action, mandamus, application for appointment of a receiver or other proceeding, protect and enforce the rights of all Owners of Bonds, and may enforce the performance of all covenants and duties of the Issuer and its officials as set forth in this Indenture, including but not limited to foreclosure of the Mortgage and the collection and proper segregation and application of all Loan Payments. Nothing herein shall be construed as limiting or otherwise modifying the rights of the Owners and the Trustee under this Indenture, nor shall anything herein impair the absolute and unconditional right of the Owner of each Bond to receive payment of the principal thereof and interest thereon at the times provided in such Bond and in this Indenture, and to institute suit for the enforcement of any such payment. Before the Owners may take any action hereunder, the Trustee may require that it be furnished an indemnity bond satisfactory to it in its sole discretion for the reimbursement of all expenses to which it may be put (including the costs and expenses and disbursements of its in-house and outside counsel, independent appraisers, accountants, consultants, agents and other experts) and to protect it against all liability by reason of any action so taken by the Owners, except liability which is finally adjudicated by a court of competent jurisdiction to have directly resulted from the gross negligence or willful misconduct of the Trustee.

Section 7.8 Limitation on Bondowners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, or take any other action described in Section 7.7, for the protection or enforcement of any right or remedy under this Indenture, the Loan Agreement, the Mortgage or any applicable law with respect to such Bond, unless (1) the Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in their names; (3) such Owner or Owners shall have tendered to the Trustee indemnity satisfactory to the Trustee in its sole discretion against the costs, expenses and liabilities to be incurred in compliance with such request (including the costs and fees of its counsel, and the costs and expenses and disbursements of independent appraisers, accountants, consultants, agents and other experts); and (4) the Trustee shall have refused or failed to comply with such request for a period of 60 days after such written request shall have been received by, and such tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or failure are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Bondowners shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture, the Master Trust Indenture, the Loan Agreement, or the Mortgage or the rights of any other Bondowners, or to enforce any right under this Indenture or applicable law with respect to the Bonds, except in the manner provided herein, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided herein, and for the benefit and protection of all Owners of Outstanding Bonds, subject to the provisions of this Indenture.

Section 7.9 Absolute Obligation of the Issuer. Nothing in Section 7.8 or in any other provision of this Indenture, or in the Bonds, shall affect or impair the obligation of the Issuer,

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(2) All notices or other instruments required by this Indenture to be delivered in writing to the Trustee, in order to be effective, must be delivered at the address for notices to the Trustee set forth in Section 11.6, or at such other location as the Trustee may designate to the Issuer in writing. With respect to (i) an Event of Default pursuant to Section 7.1(2), or a default under any other agreement, or (ii) any events or other information, the Trustee shall not be deemed to have notice of any such Event of Default, default or events or other information unless and until a responsible officer of the Trustee shall have received actual notice thereof, and in the absence of such notice so received, the Trustee may conclusively assume that there is no such Event of Default, default or event or other information.

(3) The Trustee shall not be liable with respect to any action taken or omitted to be taken hereunder except for such losses, damages or expenses which have been finally adjudicated by a court of competent jurisdiction to have directly resulted from the Trustee's own gross negligence or willful misconduct; provided that:

(a) The duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture; the Trustee shall be obligated to take only such actions as are specifically set forth herein or as are specifically required to be taken by the Trustee when requested in writing from time to time in accordance with this Indenture by the Issuer or by the Owners of not less than the aggregate principal amount of Outstanding Bonds specified herein with respect to the action in question (subject to the restrictions set forth in Section 7.4);

(b) The Trustee may conclusively rely, without any independent investigation or inquiry, as to the truth of the statements and to the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee conforming to the procedural requirements of this Indenture;

(c) The Trustee shall not be liable for any action taken or error of judgment made in good faith by the Trustee or any of its officers, employees or agents unless it shall be proved that the Trustee was grossly negligent in ascertaining the pertinent facts, as finally adjudicated by a court of competent jurisdiction;

(d) Notwithstanding the restrictions on the Trustee's duty to act set forth in Section 7.4, the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding (or such lesser amount as may be specified herein) or otherwise in accordance with the express provisions of this Indenture; and

(e) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through affiliates, attorneys, accountants and other experts, agents, servicers, receivers, officers or employees, and shall not be responsible for the acts or omissions of any such parties appointed with due care. All reasonable costs incurred by the Trustee and all reasonable compensation to all such attorneys, accountants and other experts, agents and receivers as may reasonably be employed in connection with the trusts hereof shall be paid by the Borrower.

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which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at the times stated therein out of the Trust Estate pledged therefor in this Indenture, or affect or impair the rights of such Owners, which are also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Section 7.10 Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Bondowners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Owners, then in every such case the Issuer, the Borrower, the Trustee and the Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Issuer, the Borrower, the Trustee and the Owners shall continue as though no such proceedings had been taken. The Trustee shall restore the balance in each fund or account to its level prior to the occurrence of the Event of Default from and to the extent of money transferred from such fund or account as a result of the occurrence of such Event of Default and not disbursed in accordance herewith.

Section 7.11 Remedies Not Exclusive. Except with respect to the limitations on Owners' rights to sue set forth in Section 7.8, no remedy herein conferred upon or reserved to the Trustee or the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.12 No Waiver of Default. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy given by this Indenture to the Trustee or to the Owners may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VIII

CONCERNING THE TRUSTEE

Section 8.1 Acceptance of Trust and Prudent Performance Thereof

(1) The Trustee, as evidenced by its due execution of this Indenture, hereby accepts the conveyance set forth in the preamble, in trust, and agrees to keep, perform and observe faithfully all of the duties, conditions and requirements expressly imposed upon it in this Indenture. Except during the continuance of an Event of Default, the Trustee undertakes to perform such functions and duties and only such functions and duties as are specifically set forth in this Indenture, these duties shall be deemed purely ministerial in nature, the Trustee shall not be liable except for the performance of such duties, and no implied duties or obligations shall be read into this Indenture against the Trustee. In case an Event of Default has occurred and is continuing, the Trustee shall continue to perform the specific duties set forth in this Indenture, and shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs, subject to the limitations on liability set forth in Sections 7.4, 8.1(3) and 8.2, and subject to the provisions of Section 8.5.

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Section 8.2 Trustee May Rely Upon Certain Documents and Opinions

(1) Subject to Section 8.1(3)(b), the Trustee may conclusively rely on and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order or decree of a court of competent jurisdiction, judgment, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein.

(2) In the event that any of the Trust Estate shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the Trust Estate, the Trustee is hereby expressly authorized, in its sole discretion, to respond as it deems appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction. In the event that the Trustee obeys or complies with any such writ, order or decree it shall not be liable to any parties or to any other person, firm or corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

(3) The Trustee shall be entitled to request and receive written instructions from the Issuer and shall have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by the Trustee in accordance with the written direction of the Issuer. Any request, direction, election, order, certification or demand of the Issuer or Borrower shall be sufficiently evidenced by an instrument signed by an Authorized Representative (unless specifically prescribed otherwise in this Indenture), and any resolution may be evidenced to the Trustee by a certified resolution.

(4) The Trustee may, in its sole discretion and at the expense of the Issuer, consult with its counsel, Bond Counsel, Co-Bond Counsel, or counsel to the Issuer, or other professionals and request the legal advice or opinion of such counsel or advice of such other professionals which shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee hereunder in accordance with such legal advice or opinion of counsel or Bond Counsel or Co-Bond Counsel. The Trustee may, at the expense of the Issuer, request, rely on and act in accordance with officer's certificates, and shall incur no liability and shall be fully protected in acting or refraining from acting in accordance with such officer's certificates.

(5) Whenever, in the administration of the trust created by this Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof is specifically prescribed herein) may be deemed to be proved and established by a certificate of an Authorized Representative of the Issuer; and, in the absence of gross negligence or willful misconduct on the part of the Trustee, such certificate shall constitute full authority for any action taken, suffered or omitted by the Trustee under the provisions of this Indenture in reliance thereon.

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(6) The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any money that shall be released or withdrawn in accordance with the provisions hereof.

(7) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, accountants, affiliates, agents or receivers, shall not be responsible for the acts or omissions of any such attorney, accountant, affiliate, agent or receiver appointed with due care, and may, in all cases, pay, and be reimbursed for, the reasonable fees and expenses thereof.

(8) Any action taken or omitted to be taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any Person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds executed and delivered in exchange therefor or in place thereof.

(9) All of the provisions of this Indenture related to the duties, obligations, standard of care, protections and immunities from liability afforded the Trustee under this Indenture shall apply to the Trustee in the performance of its duties and obligations, if any, under any of the Bond Documents or other related documents or instruments.

Section 8.3 Trustee Not Responsible for Indenture Statements, Validity. The Trustee shall not be responsible for any recital or statement herein, in the Bonds or in any official statement or other disclosure document prepared or distributed in connection with the Bonds or for the validity of the execution by the Issuer of this Indenture or the Bonds, or for the validity of the execution of any other or supplemental instrument by the Issuer, or for the validity or sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value of or title to the Trust Estate. Except as otherwise expressly provided herein, the Trustee shall have no duty to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein, or as to the existence of an Event of Default hereunder, but the Trustee may require of the Issuer full information and advice as to the performance of such covenants, conditions and agreements and of the condition of the physical property included in the Trust Estate. The Trustee shall have no obligation to give, execute, deliver, file, record, authorize or obtain any financing statements, notices, instruments, documents, agreements, consents or other papers as shall be necessary to (i) create, preserve, perfect or validate the security interest granted to the Trustee pursuant to this Indenture or (ii) enable the Trustee to exercise and enforce its rights under this Indenture with respect to such pledge and security interest. In addition, the Trustee shall have no responsibility or liability (i) in connection with the acts or omissions of any party in respect of the foregoing or (ii) for or with respect to the legality, validity and enforceability of any security interest created in the Trust Estate or the perfection and priority of such security interest.

The Trustee makes no representation or warranty, express or implied, as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose for the use contemplated by the Issuer of the Project. In no event shall the Trustee be responsible or liable for punitive, incidental, indirect, special or consequential damages whatsoever (including, but not limited to, loss of profit) arising out of, under or in connection with the Mortgage or this Indenture irrespective of whether

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Section 8.6 Costs for Maintenance of Suit; Indemnification.

(1) Other than to the extent described herein with respect to making the payments of principal of and interest on the Bonds when due from money held by the Trustee hereunder, and with respect to the redemption or acceleration of payment of the Bonds, the Trustee shall be under no obligation to institute any suit, to take any proceeding under this Indenture, to enter any appearance in or in any way defend any suit in which it may be defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, at the request or direction of any party, until it shall be assured that repayment of all costs and expenses, including the fees, costs, and expenses of its counsel, will occur in a timely manner, and until security or indemnity against all fees, costs, expenses, risk and liability which may be incurred by it in compliance with such request or direction is assured to it to its sole and absolute satisfaction. However, the Trustee may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without assurance of reimbursement or indemnity, and in such case the Trustee shall be reimbursed or indemnified by the Issuer or the Owners for all counsel fees, costs, and expenses and other disbursements incurred in connection therewith, unless such liability or disbursement is finally adjudicated by a court of competent jurisdiction to have directly resulted from the gross negligence or willful misconduct of the Trustee. If the Issuer and/or the Owners shall fail to make such reimbursement or indemnification, the Trustee may reimburse itself from any money in its possession under the provisions of this Indenture subject only to the prior lien of the Bonds for the payment of the principal thereof and interest thereon, except as otherwise provided in Section 7.5. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization, or other debtor relief law.

(2) **The Borrower shall indemnify the Trustee for any claims, loss, liability, outlays, counsel fees, costs, and expenses, disbursements, expenses or advances incurred or made, except to the extent the same shall have been finally adjudicated by a court of competent jurisdiction to have been directly caused by gross negligence or willful misconduct on the part of the Trustee, arising out of or in connection with its acceptance or administration of the trust or performance of its duties hereunder, and shall reimburse the Trustee for any amounts paid to the Trustee by the Owners pursuant to Section 8.6(1) that the Trustee has spent for the purposes of that section and that the Trustee has subsequently been required to return to the Owners.**

(3) None of the provisions contained in this Indenture, the Master Trust Indenture, the Bonds, or the Mortgage shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder. The Trustee is only required to make disbursements from collected funds.

(4) All indemnifications and releases from liability granted to the Trustee hereunder shall extend to its directors, officers, employees, officials, affiliates and agents.

the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

Section 8.4 Limits on Duties and Liabilities of Trustee. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty of the Trustee and, with respect to such permissive rights, the Trustee shall be answerable only for its own gross negligence or willful misconduct, as finally adjudicated by a court of competent jurisdiction. The Trustee shall not be required to give any bond or surety in respect of the execution of its trusts and powers hereunder or otherwise in respect of the premises.

Nothing contained herein or in the Bonds or the Mortgage shall be construed to impose any duties upon the Trustee beyond those expressly contained in this Indenture. All immunities, indemnities and other provisions of this Indenture as related to the duties and liabilities of the Trustee shall apply to the Bonds. The Trustee shall have no liability in respect of any investment advice rendered by others to any Bondowner, or for the management of the Project or any portion thereof, except for its own gross negligence or willful misconduct, as finally adjudicated by a court of competent jurisdiction.

The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; pandemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility.

The Trustee shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument, or document other than this Indenture, whether or not an original or a copy of such agreement has been provided to the Trustee. The Trustee shall have no duty to know or inquire as to the performance or nonperformance of any provision of any other agreement, instrument, or document other than this Indenture.

Neither the Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the Issuer, any other obligor, or any of their directors, members, officers, agents, affiliates or employee, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee may assume performance by all such persons of their respective obligations. The Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other person.

Section 8.5 Money Held in Trust. All money held by the Trustee hereunder is held in trust for the purposes set forth herein and shall be segregated and kept apart from other funds held by it in accordance with its general practices and procedures in effect from time to time.

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Section 8.7 Intervention in Judicial Proceedings. In any judicial proceeding to which the Issuer is a party and that, in the opinion of the Trustee in its sole discretion, has a substantial bearing on the interest of the Owners of the Bonds, the Trustee may intervene on behalf of the Owners, and must do so if requested in writing by the Owners of not less than a majority in aggregate principal amount of Outstanding Bonds upon written assurance from such Owners satisfactory to the Trustee of indemnity and reimbursement for costs and expenses, including reasonable fees of its counsel, incurred in so intervening. The rights and obligations of the Trustee under this Section 8.7 are subject to the approval of the court having jurisdiction in the premises.

Section 8.8 Trustee to Retain Rebate Records. The Trustee shall retain all records (solely to the extent such records are provided to it) relating to the determination and payment of the Rebate Amount to the United States in connection with any Bonds for six years after the last Outstanding Bond is retired, or for such shorter period as may be permitted by Section 148 of the Code.

Section 8.9 Reports of Activities. The Trustee shall keep and maintain accurate and complete records of fund balances, any investments thereof and all transactions involving any part of the Trust Estate held by the Trustee pursuant to this Indenture and furnish monthly reports (which may be in the form of the customary account statements of the Trustee or provided by access to Trustee's online portfolio system) thereof to the Issuer. The Issuer acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Issuer the right to receive brokerage confirmations of security transactions as they occur, the Issuer specifically waives receipt of such confirmations. The Issuer and its agents shall have the right to inspect all such records at all reasonable times during regular business hours and upon reasonable notice and to make such copies and extracts, at their expense, as they may desire. The Trustee and its agents have the right, but not the responsibility or duty, to inspect the facility and books and records related to the facility.

Section 8.10 Compensation of Trustee. All advances, counsel fees and other expenses reasonably made or incurred by the Trustee or its agents, directors, officials, officers, affiliates and employees in and about the execution of the trust hereby created; any and all reasonable compensation to the Trustee for its services in the premises including, but not limited to, the Trustee's Ordinary Fees and Expenses; and any all claims, damages, demands, expenses, liabilities and taxes of any character or nature whatsoever (including but not limited to claims for loss or damage to any property or injury to or death of any person) asserted by or on behalf of any Person arising out of, resulting from, or in any way connected with the Project or the real property and improvements thereon conveyed by the Mortgage; and any and all costs and expenses (including reasonable fees of its counsel, agents and other experts) incurred by or on behalf of the Trustee in defending any such claims, damages, demands, liabilities or claims for taxes of any character whatsoever (unless such claims, damages, demands or liabilities are finally adjudicated by a court of competent jurisdiction to have directly resulted from the gross negligence or willful misconduct of the Trustee), shall be paid in accordance herewith and in accordance with the Loan Agreement. The compensation of the Trustee shall not be limited to or by any provision of law in regard to the compensation of trustees of an express trust and the Trustee may increase its fees for extraordinary circumstances or as the cost of business dictates, as negotiated with the Borrower. The Trustee shall have a lien against all money and other property or security held pursuant to this Indenture (except for money and other assets in the Rebate Fund), with right of payment therefrom, subject

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only to the prior lien of the Bonds for the payment of the principal thereof and interest thereon when due (except as provided in Section 7.5(1)), for (1) the Trustee's reasonable compensation, expenses, advances and counsel fees, including, but not limited to, the Trustee's Ordinary Fees and Expenses, incurred on and about the execution of the trusts created hereby and the exercise and performance of the powers and duties of the Trustee hereunder; and (2) any and all claims, damages, demands, expenses, liabilities and taxes incurred by the Trustee or its agents, directors, officials, affiliates, officers and employees, and any and all costs and expenses incurred by or on behalf of the Trustee in defending against the same, of any character whatsoever (unless such damage or liability is finally adjudicated by a court of competent jurisdiction to have directly resulted from the gross negligence or willful misconduct of the Trustee).

Section 8.11 Trustee May Hold Bonds. The Trustee and its officers and directors may acquire and hold or become pledgees of Bonds and other obligations of the Issuer and otherwise may deal with the Issuer in the same manner and to the same extent and with like effect as though it were not Trustee hereunder, and may act as depository for and permit any of its officers and directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Bondowners, whether or not such committee represents the Owners of the majority in aggregate principal amount of the Bonds then Outstanding.

Section 8.12 Qualifications of Trustee. There shall at all times be a Trustee hereunder which shall be an association or a corporation organized and doing business under the laws of the United States of America or any state thereof, authorized under such laws to exercise corporate trust powers. Any successor Trustee shall have a combined capital and surplus of at least \$50,000,000 (or shall be a wholly owned subsidiary of an association or corporation that has such combined capital and surplus) and be subject to supervision or examination by federal or state authority or shall have been appointed by a court of competent jurisdiction pursuant to Section 8.15(2). If such association or corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority referred to above, then for the purposes of this Section 8.12, the combined capital and surplus of such association or corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time any successor Trustee shall cease to be eligible in accordance with the provisions of this Section 8.12 and another association or corporation is eligible, the Trustee shall resign in the manner and with the effect specified in Section 8.13.

Section 8.13 Resignation of Trustee. The Trustee may resign and be discharged from the trusts created by this Indenture by giving to the Issuer and the Borrower at least 30 days' advance written notice. Such resignation shall take effect on the day specified in such notice, but the Trustee shall not be discharged from the trusts hereby created until a successor Trustee has been approved and appointed as provided herein. Subsequent to such date, the Trustee shall have no further duties and obligations under this Indenture.

Section 8.14 Removal of Trustee.

(1) The Trustee may be removed at any time, either with or without cause, by 30 days' advance written notice from the Issuer so long as there has been no Event of Default which then remains uncured and provided that all fees and expenses of the Trustee that are due and owing pursuant to Section 8.10 and that are not disputed shall first be paid.

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Section 8.17 Transfer of Rights and Property to Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer a written instrument accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with the Trust Estate and the rights, powers, trusts, duties and obligations of its predecessor. Such predecessor shall, nevertheless, on the written request from an Authorized Representative of the Issuer or from its successor execute and deliver a written instrument transferring to such successor all the Trust Estate and the rights, powers, trusts, duties and obligations of such predecessor hereunder, and every predecessor trustee shall deliver all funds held by it as Trustee hereunder to its successor. Should any assignment, conveyance or written instrument from the Issuer be required by any successor Trustee for more fully and certainly vesting in such successor Trustee the Trust Estate and rights, powers, trusts, duties and obligations hereby vested or intended to be vested in the predecessor Trustee, any and all such assignments, conveyances and written instruments shall, on request, be executed, acknowledged and delivered by the Issuer. Each successor Trustee shall give, or cause the Bond Registrar to give, notice of its appointment to all Owners appearing on the Bond Register as of the date of appointment. The Borrower shall reimburse the predecessor Trustee for any expenses (including counsel fees) incurred under this Section 8.17.

Section 8.18 Survival of Rights. The Trustee's rights to immunity and protection from liability hereunder, its right to receive payment of its fees and expenses, including the Trustee's Ordinary Fees and Expenses, and its rights to indemnification hereunder and under the Mortgage and Loan Agreement shall survive its removal or resignation and the final payment, defeasance or discharge of the Bonds and the termination of the lien of this Indenture.

Section 8.19 Appointment of a Co-Trustee. It is the intent of the Issuer and the Trustee that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture and, in particular, in case of the enforcement of any remedies on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies granted herein to the Trustee or hold title to the properties in trust, as granted herein, or take any other action that may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint, with the consent of the Issuer, an additional individual or institution as a separate trustee or co-trustee. The following provisions of this Section 8.19 are adopted to these ends.

If the Trustee appoints an additional individual or institution as a separate trustee or co-trustee, in the event of the incapacity or lack of authority of the Trustee, by reason of any present or future law of any jurisdiction, to exercise any of the rights, powers, trusts and remedies granted to the Trustee herein or to hold title to the Trust Estate or to take any other action that may be necessary or desirable in connection therewith, each and every remedy, power, right, obligation, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be imposed upon, exercised by or vested in or conveyed to the Trustee with respect thereto shall be imposed upon, exercisable by and vest in such separate trustee or co-trustee, but only to the extent necessary to enable such separate trustee or co-trustee to exercise such powers, rights, trusts and remedies, and every covenant and obligation necessary to the exercise thereof by such separate trustee or co-trustee shall run to and be enforceable by either of

(2) The Trustee may be removed at any time, either with or without cause, by 30 days' advance written notice from the Issuer or at the written request of the Owners of a majority in aggregate principal amount of Outstanding Bonds if an Event of Default has occurred and remains uncured, provided that all fees and expenses of the Trustee that are due and owing pursuant to Section 8.10 and that are not disputed shall first be paid.

(3) Any removal of the Trustee pursuant to this Section 8.14 shall be effected by delivery to the Trustee and the Issuer (if applicable) of a written instrument to that effect signed by an Authorized Representative of the Issuer, or representatives of the Owners of a majority in aggregate principal amount of Outstanding Bonds, as applicable.

(4) Such removal shall take effect on the day specified in such notice, but the Trustee shall not be discharged from the trusts hereby created until a successor Trustee has been approved and appointed as provided herein. Subsequent to such date, the Trustee shall have no further duties and obligations under this Indenture.

Section 8.15 Appointment of Successor Trustee.

(1) In case at any time the Trustee shall resign, be removed or otherwise become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Trustee or of its property shall be appointed, or if a public supervisory office shall take charge or control of the Trustee or of its property or affairs, a vacancy shall forthwith and automatically be created in the office of such Trustee hereunder, and the Issuer shall promptly appoint a successor trustee. Any such appointment shall be made by a written instrument executed by an Authorized Representative of the Issuer. The Issuer shall direct the successor Trustee to mail notice by first class mail, postage prepaid, at least once within 30 days of such appointment, to the Owners of all Outstanding Bonds at their addresses on the Bond Register.

(2) If, in a proper case, no appointment of a successor Trustee shall be made pursuant to Section 8.15(1) within 30 days after the receipt by the Issuer of the Trustee's notice of resignation given pursuant to Section 8.13 or of removal of the Trustee pursuant to Section 8.14, the retiring Trustee, at the expense of the Issuer, or any Owner, may apply to any court of competent jurisdiction to appoint a successor Trustee. The court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Section 8.16 Merger of Trustee. Any Person into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, automatically shall be and become successor Trustee hereunder and shall be vested with all of the title to the Trust Estate and all the rights, trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding, but only if such resulting entity is entitled under state or federal law to exercise corporate trust powers.

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them. Such separate trustee or co-trustee shall deliver an instrument in writing acknowledging and accepting its appointment hereunder to the Issuer and the Trustee.

Should any instrument in writing from the Issuer be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. If the Issuer shall fail to deliver the same with 15 days of such request, the Trustee is hereby appointed attorney-in-fact for the Issuer to execute, acknowledge and deliver such instruments in the Issuer's name and stead. In case any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

Section 8.20 Trustee's Rights and Responsibilities and Obligations under the Master Indenture. The Trustee, in its capacity as Master Trustee and holder of the Master Note, shall be entitled to exercise all rights and remedies available to the holders of obligations under the Master Indenture. Subject only to the rights of the Owners hereunder, the Trustee shall be the exclusive agent of the Owners for such purpose and shall not be required to obtain any consents or approvals of the Owners in connection therewith.

ARTICLE IX

DISCHARGE OF OBLIGATIONS TO BONDOWNERS

Section 9.1 Defeasance of Bonds. If, in accordance with a refunding or defeasance plan, the Issuer shall issue refunding bonds or shall have money available from any other lawful source to pay the principal of and interest on the Bonds or such portion thereof included in the refunding or defeasance plan as the same become due and payable and to refund or defease such then Outstanding Bonds and to pay the costs of refunding or defeasance and any fees and expenses then due to the Trustee, and the Issuer shall have set aside irrevocably in a special fund for and pledged to such payment, refunding or defeasance, money and/or Government Obligations described in paragraph (1) of the definition of Government Obligations in Section 1.1 that are not subject to redemption prior to maturity sufficient in amount, together with known earned income from the investments thereof, to make such payments and to accomplish the refunding or defeasance as scheduled (the "trust account"), and shall make irrevocable provisions for redemption of such Bonds, if applicable, then in that case all right and interest of the Owners of the Bonds to be so retired, refunded or defeased (collectively, the "defeased Bonds") in the covenants of this Indenture, in the Trust Estate, and in the funds and accounts obligated to the payment of such defeased Bonds, other than the right to receive the funds so set aside and pledged, thereupon shall cease and become void, except that such Owners shall have the right to receive payment of the principal of and premium, if any, and interest on the defeased Bonds from the trust account and, in the event the funds in the trust account are not available for such payment, shall have the residual right to receive payment of the principal of and premium, if any, and interest on the defeased Bonds from the Trust Estate (but only if this Indenture has not been discharged as described in Section 9.2) without any priority of lien or charge against the Trust Estate or those covenants with respect

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thereto except to be paid therefrom (except that such rights as exist with respect to payment, exchange and transfer of such Bonds under the pertinent provisions of this Indenture shall continue in full force and effect). The Issuer shall include in the refunding or defeasance plan such provisions as the Issuer deems necessary for the random selection of any defeased Bonds that constitute less than all of the Bonds, for notice of the defeasance to be given to the Owners of the defeased Bonds and to such other Persons as the Issuer shall determine, for any required replacement of Bond certificates for defeased Bonds, and for new CUSIP numbers to be assigned to all or a portion of the defeased Bonds if less than all of the Bonds are to be defeased. After the establishing and full funding of such trust account, the defeased Bonds shall be deemed to be discharged and the Issuer then may cause any money in any other fund or account established for the payment or redemption of the defeased Bonds to such lawful purposes as it shall determine, subject only to the rights of the Owners of any other Bonds then Outstanding and the rights of the Trustee hereunder.

If the Bonds are registered in the name of DTC or its nominee, notice of any defeasance of Bonds shall be given to DTC in the manner prescribed in the Letter of Representations for notices of redemption of Bonds.

The Issuer shall notify the Trustee in writing of the defeasance of any Bonds. The Trustee may rely on any notice provided to it by the Issuer pursuant to this Section 9.1. However, the Trustee may in its discretion request that the Issuer provide to the Trustee (a) an opinion of Bond Counsel stating that the defeased Bonds are no longer deemed Outstanding under this Indenture and (b) unless cash and/or Government Obligations in a combined principal amount equal to the amount needed to pay principal of and interest on the defeased Bonds to their maturity or earlier date of redemption, without the need for any earnings on any such Government Obligations, is deposited in the trust account, written verification by an Accountant of the conformity of the trust account with the provisions of this section. The Trustee may rely on any notice provided to it by the Issuer pursuant to this Section 9.1.

Section 9.2 Discharge of Indenture. The obligations of the Trustee hereunder shall remain in effect with respect to all Bonds until the principal of and premium, if any, and interest on all Bonds shall have been paid in full or discharged, notwithstanding that the lien of this Indenture may have been discharged with respect to some of the Bonds pursuant to Section 9.1. Any money held by the Trustee after payment or discharge of principal of and interest on all of the Bonds and all amounts due to the Trustee hereunder shall be free from the trust hereof and, except for any money held in the Rebate Fund, shall promptly thereafter be transferred to the Issuer, and the Trustee shall be released and discharged with respect thereto.

None of the Issuer, the Trustee or the Bond Registrar shall be responsible for accounting for, or paying to, any Bondowner any return on or benefit from money held for the payment of unredeemed Bonds or outstanding checks, and no calculation of the same shall affect or result in any offset against fees and expenses due to the Trustee or the Bond Registrar under this Indenture.

Section 9.3 Nonpresentation of Bonds. If any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, if funds sufficient to pay the principal and interest accrued thereon to such date shall have been made available to the Bond Registrar for the benefit of the Owner thereof, the

Bond Registrar shall hold such principal and interest accrued thereon to such date, without liability to the Owner for further interest thereon, for the benefit of the Owner of such Bond, for a period of one year from the date such Bond shall have become due, either at maturity or upon earlier redemption or otherwise, and thereafter the Bond Registrar shall remit such funds to the Issuer unless otherwise required by South Carolina law. In the event South Carolina law should require other action to be taken by the Bond Registrar, then the Bond Registrar shall comply with such law and this section shall be deemed amended. After remittance as provided herein, the Bond Registrar's liability for payment to the Owner of such Bond shall forthwith cease, terminate and be completely discharged and thereafter the Owner shall be restricted exclusively to his or her rights of recovery provided under South Carolina law. Any money held pursuant to this Section 9.3 shall be held uninvested.

ARTICLE X

AMENDMENT OF INDENTURE, LOAN AGREEMENT, FUNDING AGREEMENT AND MORTGAGE

Section 10.1 Amendments to Indenture.

(1) This Indenture shall not be supplemented or amended in any respect subsequent to the initial issuance of the Bonds, except as provided in and in accordance with and subject to the provisions of this section. This Indenture may be amended, modified, supplemented, superseded, rescinded, or canceled only by a written instrument executed by each of the parties hereto. All fees, costs and expenses (including attorneys' fees, costs and expenses) incurred by the Trustee in connection with any amendment, modification or supplement shall be payable by the Issuer or the Owners of the Bonds.

(2) The Issuer and the Trustee may from time to time and at any time, without the consent of or notice to the Owners of the Bonds, enter into Supplemental Indentures for the following purposes:

- (a) to cure any formal defect, omission, inconsistency or ambiguity in this Indenture in a manner not materially adverse to the Owner of any Bond;
- (b) to impose upon the Trustee (with its consent) for the benefit of the Owners of the Bonds any additional rights, remedies, powers, authority, security, liabilities or duties that may lawfully be granted, conferred or imposed and that are not contrary to or inconsistent with this Indenture or the rights of the Trustee hereunder as theretofore in effect;
- (c) to add to the covenants and agreements of, and limitations and restrictions upon, the Issuer in this Indenture other covenants, agreements, limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with this Indenture as theretofore in effect;
- (d) to confirm, as further assurance, any pledge under, and the subjection to any claim, lien or pledge created or to be created by, this Indenture of any other money, securities or funds;

(iii) a reduction in the aggregate principal amount of Bonds, the consent of the Owners of which is required for any such Supplemental Indenture, or

(iv) the creation of any lien or pledge of Project Revenues (other than the lien of any bonds issued to defease Bonds pursuant to Section 9.1) ranking prior to or on a parity with the lien of the Bonds, or

(v) the modification of any of the provisions of this Section 10.1.

If the Bonds are registered in the name of DTC or its nominee, then for purposes of obtaining the consent of the Owners of the Bonds the Trustee shall establish a record date for determining the identity of beneficial owners in accordance with the Letter of Representations and notice to DTC of such record date shall be given to the address specified in the Letter of Representations.

(b) If at any time the Issuer shall notify the Trustee and Borrower in writing of its desire to enter into any Supplemental Indenture for any of the purposes of this Section 10.1(3), the Trustee shall, within 30 days of its receipt of such notice, cause notice (in the form provided by the Issuer) of the proposed Supplemental Indenture to be given by first class mail, postage prepaid, to all Owners of the then Outstanding Bonds and to the Rating Agency, if any. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture, shall request the consent of each Bondowner and shall state that a copy of the proposed Supplemental Indenture is on file at the office of the Trustee for inspection by all Owners of Outstanding Bonds.

(c) After the date of the mailing of such notice, the Issuer and the Trustee may enter into such Supplemental Indenture substantially in the form described in such notice, but only if there shall have first been or is simultaneously delivered to the Trustee (i) the required consents, in writing, of the Owners of at least the required percentage of the aggregate principal amount of the Bonds Outstanding, and (ii) an opinion of Bond Counsel and Co-Bond Counsel, stating that such Supplemental Indenture is authorized or permitted by this Indenture and, upon the execution and delivery thereof, will be valid and binding upon the Issuer in accordance with its terms and will not in and of itself cause interest on the Bonds to be includable in gross income of the Owners for federal income tax purposes.

(d) If the Owners of not less than the percentage of Bonds required by this Section 10.1(3) shall have consented to and approved the execution and delivery thereof as provided herein, no Owner of any Bond shall have any right to object to the adoption of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Issuer or the Trustee from entering into the same or from taking any action pursuant to the provisions thereof. Any written consent to a permitted amendment may be embodied in and evidenced by one or any number of concurrent written instruments of substantially similar tenor signed by Bondowners in person or by an agent duly appointed in writing, and such consent shall become effective when such instrument or instruments are delivered to the Issuer or the Trustee.

(e) to comply with any future federal law, regulation or interpretation to prevent the occurrence of an event that in the opinion of Bond Counsel would lead to a Determination of Taxability;

(f) to authorize different denominations of the Bonds and to make correlative amendments and modifications to this Indenture regarding exchangeability of Bonds of different Authorized Denominations, redemptions of portions of Bonds of particular Authorized Denominations and similar amendments and modifications of a technical nature;

(g) to make such changes as are required to provide for the conversion of the Bonds to certificated form;

(h) to make such changes as are required by the Rating Agency to obtain or maintain a rating for the Bonds;

(i) to make such changes as are elsewhere expressly permitted by this Indenture; and

(j) to modify, alter, amend or supplement this Indenture in any other respect which is not materially adverse to the Owners of the Bonds to be Outstanding after the effective date of the change and which does not involve a change described in Section 10.1(3).

Before the Issuer and the Trustee shall adopt any such Supplemental Indenture pursuant to this subsection or simultaneously with such adoption, there shall be or have been delivered to the Issuer and the Trustee an opinion of Bond Counsel and Co-Bond Counsel, to the effect that such Supplemental Indenture is authorized or permitted by this Indenture and will, upon the execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms and will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes.

(3) (a) Except for any Supplemental Indenture entered into pursuant to Section 10.1(2), subject to the terms and provisions contained in this Section 10.1(3) and not otherwise, the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding shall have the right from time to time to consent to and approve the entering into by the Issuer and the Trustee of any Supplemental Indenture deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this Indenture; except that, unless approved in writing by the Owners of all Bonds then Outstanding, nothing contained in this section shall permit, or be construed as permitting:

(i) a change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Bond, or a reduction in the principal amount or redemption price of any Outstanding Bond or a change in the method of redemption or redemption price of any Outstanding Bond, or

(ii) a preference or priority of any Bond over any other Bond, or

(4) Proof of the execution of any such consent or of a writing appointing any such agent shall be sufficient for any purpose and shall be conclusive in favor of the Issuer if made in the following manner: the fact and date of the execution by any Person of any such consent or appointment may be proved by the affidavit of any witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the Person signing such consent or appointment acknowledged to him the execution thereof. The fact and date of execution of such consent or appointment may also be proved in any other manner that the Issuer may deem sufficient; but the Issuer may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. Any consent by the Owner of any Bond shall bind any future Owner of the same Bond with respect to any Supplemental Indenture executed by the Issuer pursuant to such consent.

To the extent that it is necessary for the Trustee to determine whether any Person is a beneficial owner, the Trustee shall make such determination based on a certification of such Person (on which the Trustee may conclusively rely) setting forth in satisfactory detail the principal balance and bond certificate owned and any intermediaries through which such bond certificate is held. The Trustee shall be entitled to rely conclusively on information it receives from DTC or other applicable depository, its direct participants and the indirect participating brokerage firms for such participants with respect to the identity for a beneficial owner. The Trustee shall not be deemed to have actual or constructive knowledge of the books and records of DTC or its participants.

(5) Upon the execution and delivery of any Supplemental Indenture pursuant to the provisions of this Section 10.1, this Indenture shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee and all Owners of Bonds then Outstanding shall thereafter be determined, exercised and enforced under this Indenture subject in all respects to such modifications and amendments.

Section 10.2 Amendments to Master Trust Indenture, Loan Agreement, Funding Agreement, or Mortgage.

(1) Subject to the provisions of Section 10.2(3) hereof, but without the consent of or notice to any of the Owners of the Bonds, the Trustee, the Borrower and the Issuer may enter into any amendment, change or modification of the Loan Agreement, the Funding Agreement, or the Mortgage in connection with (a) carrying out the provisions of the Indenture, (b) curing any ambiguity or formal defect or omission in the Loan Agreement, the Funding Agreement, the Mortgage, or this Indenture, (c) adding any additional rights acquired in accordance with the provisions of the Indenture, (d) in the case of the Mortgage, as needed to allow for release of a portion of the Project as permitted by this Indenture, (e) any other change therein which is not to the material prejudice of the Trust Estate or the Owners of the Bonds to be Outstanding after the effective date of the change. The Trustee may rely on the opinion of Bond Counsel and Co-Bond Counsel described in Section 10.2(3) in executing the amendments described herein. The Issuer, the Borrower and the Trustee shall, without the consent of or notice to any of the Owners of the Bonds, enter into any amendment, change or modification of the Loan Agreement, the Funding Agreement, or the Mortgage as may be necessary, in the opinion of Bond Counsel and Co-Bond Counsel, to comply fully with all applicable rules, rulings, policies, procedures, regulations or

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circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions contained herein invalid, inoperative or unenforceable to any extent whatsoever. The invalidity of any one or more phrases, sentences, clauses or paragraphs contained in the Indenture shall not affect the remaining portions of the Indenture or any part thereof.

Section 11.2 Payments or Performance Due on Saturdays, Sundays and Holidays. In any case where the date of payment of principal of the Bonds, whether at the stated maturity thereof, on a date fixed for redemption or otherwise, or payment of interest thereon or the date for the performance of any act required hereunder, is not a Business Day, then such payment need not be made nor such act performed on such date, but such payment may be made or such act may be performed on the next succeeding Business Day with the same force and effect as if made on the date of maturity or redemption or the date such interest or performance was due, as the case may be, and no interest shall accrue for the period from and after such date.

Section 11.3 Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the Issuer or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements contained in this Indenture by or on behalf of the Issuer and the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.4 Limitation of Rights to Parties and Bondowners. Nothing expressed or implied in this Indenture or in the Bonds is intended or shall be construed to give to any Person other than the Issuer, the Trustee and the Owners of the Bonds any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision contained herein or in the Bonds, and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Issuer, the Trustee and the Owners of the Bonds.

Section 11.5 Waiver of Notice. Except as otherwise provided herein, whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.6 Notices. All notices to Bondowners shall be given by first class mail. Any notice to or demand upon the following parties shall be given by registered or certified mail, return receipt requested, or overnight express delivery, or electronic means, as follows, or to such other address as is specified by the Issuer, Borrower, HOME, the Rating Agency or the Trustee to the others in writing:

If to the Issuer, to:

South Carolina Jobs-Economic Development Authority
1201 Main Street, Suite 1600
Columbia, South Carolina 29201
Attention: Executive Director

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other official statements promulgated by the Department of the Treasury or the Internal Revenue Service pertaining to obligations issued under Section 103 of the Code.

(2) Except for the amendment, changes or modifications as provided in Section 10.2(1) hereof, and subject to the provisions of Section 10.2(3) hereof, the Issuer, the Borrower and Trustee shall not enter into any other amendment, change or modification of the Loan Agreement, the Funding Agreement, or the Mortgage without the written approval or consent of the Owners of a majority of the principal amount of Bonds then Outstanding, procured in the same manner as set forth in Section 10.1(3) hereof.

(3) The Issuer, the Borrower and the Trustee shall not enter into or consent to any amendment, change or modification to the Loan Agreement, the Funding Agreement, or the Mortgage unless the Issuer has received an opinion of Bond Counsel and Co-Bond Counsel to the effect that such amendment will comply with this Section 10.2 and will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes. The Issuer, the Borrower and the Trustee may rely upon any such opinion of Bond Counsel and Co-Bond Counsel.

Section 10.3 Notice of Amendment. The Trustee shall notify or cause the Bond Registrar to notify the Bondowners and the Rating Agency, if any, by mail of all amendments made to this Indenture or the Mortgage whether or not such amendment required the consent of Bondowners.

Section 10.4 Amendments to Master Indenture. (a) The Bond Trustee, in its capacity as Master Trustee and as the holder of the Master Notes, is hereby authorized to consent to any amendments, change or modification to, or waiver of any requirement of, the Master Indenture (if such consent is required under the Master Indenture), and no prior notice to or consent of the Owners shall be required for any such amendment which does not materially adversely affect the rights of the Owners.

(b) In the case of any amendment, change or modification to, a waiver of any requirement of, the Master Indenture, which, in the judgment of the Bond Trustee may materially adversely affect the rights of the Owners of the Bonds, the Bond Trustee shall consent thereto (solely in its capacity as the holder of the Master Notes) only after notice to the Owners of the Bonds then Outstanding and the approval thereof by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or 100% in aggregate principal amount thereof in the case of any amendment, change or modification to any provision of, or waiver of any requirement of, the Master Indenture which requires the consent of the holders of 100% of the Obligations outstanding thereunder and affected thereby).

ARTICLE XI

MISCELLANEOUS

Section 11.1 Severability. If any provision of this Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of any constitution or statute or rule of public policy, or for any other reason, such

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If to HOME, to:

Housing Authority of the City of El Paso d/b/a Housing Opportunity Management
Enterprises d/b/a HOME
304 Texas Avenue, Suite 1600
El Paso, Texas 79901
Attention: Gerald Cichon

If to the Borrower, to:

SFRI Reserve at Wescott Apartments LLC
304 Texas Avenue, 16th Floor
El Paso, Texas 79901
Attention: Gerald Cichon, Chief Executive Officer and Secretary

And

SFRI Otarré Pointe Apartments LLC
304 Texas Avenue, 16th Floor
El Paso, Texas 79901
Attention: Gerald Cichon, Chief Executive Officer and Secretary

If to the Trustee, to:

Wilmington Trust, National Association
650 Town Center Drive, Suite 800
Costa Mesa, California 92626
Attention: Grace Yang

If to the Rating Agency, to:

S&P Global Ratings Public Finance Department
55 Water Street
New York, New York 10041-0003

The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent in writing or by electronic means, provided, however, that such instructions or directions shall be signed by an Authorized Representative. If the Issuer elects to give the instructions by electronic means, the Trustee may deem such instructions controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer agrees to assume all risks arising out of the use of such electronic means to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 11.7 Replacement of Bond Registrar. The Bond Registrar may resign or be removed in the same manner as set forth in Article VIII for resignation or removal of the Trustee.

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Section 11.8 Waiver of Personal Liability. No commissioner, officer, agent or employee of the Issuer or the Trustee nor any person executing the Bonds shall be individually or personally liable for the payment of the principal of or premium, if any, or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing contained herein shall relieve any such commissioner, officer, agent, employee or other person from the performance of any official duty provided by law or by this Indenture.

Section 11.9 Applicable Provisions of Law. This Indenture shall be governed by and construed in accordance with the laws and judicial decisions of the State, without reference to choice-of-law principles, except as such laws may be preempted by any federal rules, regulations and laws applicable to the Issuer or the Borrower. All claims of whatever character arising out of this Indenture, or under any statute or common law relating in any way, directly or indirectly, to the subject matter hereof shall be brought in any state or federal court of competent jurisdiction located in the County of Dorchester or the County of Richland in the State. By executing and delivering this Indenture, each party hereto irrevocably: (i) accepts generally and unconditionally the exclusive jurisdiction and venue of such courts; (ii) waives any defense of forum non conveniens; and (iii) agrees not to seek removal of such proceedings to any court or forum other than as specified above. The foregoing shall not be deemed or construed to constitute a waiver by the Issuer of any prior notice or procedural requirements applicable to actions or claims against or involving governmental units of the State that may exist at the time of and in connection with such matter.

Section 11.10 Execution in Several Counterparts. This Indenture may be executed in counterparts and each such counterpart shall for all purposes be deemed to be an original, and all such counterparts, or as many of them as the Issuer and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.11 Notice to Rating Agency. The Trustee shall give written notice to the Rating Agency, if any, within 10 days after the Trustee receives notice of the occurrence, of any of the following events: the replacement of the Trustee (such notice to be given by the successor trustee) and any redemption or defeasance of all the Bonds. Unless otherwise directed in writing by the Rating Agency, notice shall be mailed to the address provided in Section 11.6.

Section 11.12 Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds that are actually known by an Authorized Representative of the Trustee to be owned or held by or for the account of the Issuer, or by any other obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Issuer or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, unless all Bonds are owned or held by or for the account of the Issuer, or by any other obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under director or indirect common control with, the Issuer or any other obligor on the Bonds, in which case all such Bonds shall be deemed Outstanding. Bonds so owned that have been pledged in good faith may be regarded as Outstanding for the purposes of this section if the pledgee shall establish to the satisfaction of the Bond Registrar the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the

Issuer or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Bond Registrar taken upon the advice of counsel shall be full protection to the Bond Registrar.

Section 11.13 Waiver of Trial by Jury. EACH OF THE PARTIES HERETO HEREBY WAIVES THE RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS INDENTURE.

[Signatures on following page]

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IN WITNESS WHEREOF, South Carolina Jobs-Economic Development Authority has caused this Indenture to be signed in its name by its authorized officer and Wilmington Trust, National Association, as Trustee and Bond Registrar hereunder and in acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

SOUTH CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY

By: _____
Jesse Smith, Executive Director

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee and Bond Registrar

By: _____
Grace Yang, Senior Vice President

EXHIBIT A

FORM OF BOND

REGISTERED

REGISTERED

No. [I][R]-_____

\$

Unless this bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange, or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

THIS BOND IS A LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF PROJECT REVENUES (AS DEFINED IN THE INDENTURE HEREINAFTER MENTIONED) AND FUNDS PROVIDED THEREFOR UNDER THE INDENTURE. THIS BOND AND THE INTEREST HEREON DOES NOT AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE ISSUER, THE STATE OF SOUTH CAROLINA OR ANY AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION (OTHER THAN THE CONSTITUTIONAL PROVISION AUTHORIZING OBLIGATIONS PAYABLE SOLELY FROM SOURCES NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE) OR STATUTORY LIMITATION AND DOES NOT AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO ANY PECUNIARY LIABILITY OF THE ISSUER, THE STATE OF SOUTH CAROLINA OR ANY AGENCY THEREOF, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE ISSUER, OR ANY AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL HEREOF, AND THE PREMIUM, IF ANY, AND INTEREST HEREOF. THE ISSUER DOES NOT HAVE TAXING POWERS.

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY
RESIDENTIAL DEVELOPMENT REVENUE BONDS
(SIXTEENTH FLOOR OBLIGATED GROUP PROJECTS – CREDIT ENHANCED),
SERIES 2025

Interest Rate	Maturity Date	Dated Date	CUSIP No.
_____%	_____	December 1, 2025	
Registered Owner:			
Principal Amount: _____ DOLLARS			

SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY (the “Issuer”), promises to pay to the Registered Owner identified above on the Maturity Date identified above, but only from the Bond Fund created and established by the Trust Indenture dated December 1, 2025 (the “Indenture”), between the Issuer and Wilmington Trust, National Association, as trustee (the “Trustee” and the “Bond Registrar”), and other sources specified in the Indenture, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) thereon from the date of this Bond or from the most recent Interest Payment Date to which interest has been paid at the Interest Rate per annum set forth above, payable semiannually on each May 1 and November 1, commencing May 1, 2026, to the maturity or earlier redemption of this Bond. If this Bond is not redeemed when properly presented at its maturity or call date, then interest shall continue to accrue at the Interest Rate identified above until this Bond, both principal and interest, is paid in full or until sufficient money for its payment in full has been deposited in the Bond Fund and this Bond has been called for payment by giving notice to the Registered Owner.

Both principal of and interest on this Bond are payable in lawful money of the United States of America. Principal is payable only to the Registered Owner upon presentation and surrender of this Bond at an office of the Bond Registrar designated for that purpose. Payment of each installment of interest shall be made to the registered owner at the close of business on the 15th day of the month preceding the Interest Payment Date (the “record date”) and shall be paid by check or draft of the Bond Registrar mailed on the Interest Payment Date to the registered owner, at the request of the registered owner of \$1,000,000 or more in aggregate principal amount of Bonds and upon acknowledgment of the Trustee’s wire transfer fee, if any, by wire transfer on any Interest Payment Date to an account in the United States designated by such registered owner in accordance with the Indenture. Notwithstanding the foregoing, as long as this Bond is registered in the name of Cede & Co., as nominee of DTC, payment of principal and interest shall be made in accordance with the Blanket Issuer Letter of Representations given by the Issuer to DTC.

This Bond is one of an authorized issue of bonds designated South Carolina Jobs-Economic Development Authority Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced), Series 2025 in the original aggregate principal amount of \$[_____] (the “Bonds”), for the purpose of providing a loan to SFRI Reserve at Wescott Apartments LLC and SFRI Otter Pointe Apartments LLC, each a Delaware limited liability company whose sole member is an affiliate of the Issuer, with which to pay for certain costs associated with acquisition, improvement and equipping of the Project, and to pay all or a portion of the costs of issuance of the Bonds. This Bond has been issued by the Issuer to aid in financing residential developments to provide decent, safe and sanitary housing primarily for persons of low and moderate income. The Bonds are of like date, tenor and effect, except as to options of redemption, denominations and numbers. The Bonds are issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof.

In connection with the issuance of the Bonds, the Issuer has loaned the proceeds of the Bonds to the Borrower pursuant to a Loan Agreement, dated as of December 1, 2025 (the “Loan Agreement”) between the Borrower and the Issuer under which the Borrower has agreed to make payments to the Issuer in amounts and at times sufficient in the aggregate to enable the Issuer to pay the principal of and interest on the Bonds. To evidence and secure its respective payment obligations under the Loan Agreement, the Borrower has delivered to the Bond Trustee, as the

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ACCEPTANCE OF THIS SERIES AND AS PART OF THE CONSIDERATION FOR THE ISSUANCE OF THE BONDS, EXPRESSLY WAIVED AND RELEASED.

The Bonds are subject to redemption as provided in Section 3.2 of the Indenture. Any notice of optional redemption may be rescinded by written notice given to the Trustee by the Issuer. With respect to an optional or redemption, if the Bond Registrar does not have funds in its possession on the redemption date sufficient to pay the redemption price (including interest accruing to the redemption date) of all of the Bonds to be optionally redeemed for any reason (including, but not limited to, failure to issue any refunding obligations intended for such purpose on or prior to the redemption date), then the purported optional redemption and such notice of redemption shall be void, and the Bond Registrar shall so notify the Trustee. Such event shall not constitute an Event of Default, and neither the Trustee nor the Issuer shall be subject to liability to the Bondowners or any other Person as a result of such failure to redeem Bonds. Notwithstanding the foregoing, for so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, selection of Bonds for redemption shall be in accordance with the Letter of Representations.

Upon certain other events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all or some Bonds issued and then Outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

Any Bond in the principal amount of greater than \$5,000 may be redeemed partially in any integral multiple of \$5,000. In such event, upon surrender of that Bond at an office of the Bond Registrar designated for that purpose, there shall be issued to the Registered Owner a new Bond (or Bonds, at the option of the Registered Owner) of the same interest rate and stated maturity in any Authorized Denominations in the aggregate principal amount remaining unredeemed, without charge therefor.

Except under certain circumstances when shorter notice is required, notice of any intended redemption of Bonds shall be given not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner of each Bond to be redeemed at the address appearing on the Bond Register at the time the Bond Registrar prepares the notice, and the requirements of the Indenture shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the owner of any Bond. In addition, the redemption notice shall be mailed within the same period, postage prepaid, to such other persons and with such additional information as the Issuer shall determine, but these additional mailings shall not be a condition precedent to the redemption of Bonds. Notwithstanding the foregoing, for so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, notice of redemption shall be given in accordance with the Letter of Representations.

The Issuer further reserves the right and option to purchase any or all of the Bonds in the open market at any time.

Reference is made to the Indenture for other covenants and declarations of the Issuer and other terms and conditions upon which this Bond has been issued, which terms and conditions, including, but not limited to, terms pertaining to defeasance, are made a part hereof by this

assignee of the Issuer’s rights under the Loan Agreement, two promissory notes each dated December 10, 2025 (the “Master Notes”) issued under and pursuant to the Master Trust Indenture, dated as of December 1, 2025, as supplemented (the “Master Indenture”) among the Borrower, as representative of the obligated group described therein, and Wilmington Trust, National Association, as master trustee. The interests of the Issuer in and to the Loan Agreement (except for its right to receive payment of its Administrative Expenses) and the Master Notes have been assigned to the Bond Trustee for the benefit of the Owners of all Bonds issued under this Bond Indenture, including the Bonds.

The Bonds are secured in part by (i) a funding agreement between the Issuer and the Housing Authority of the City of El Paso d/b/a Housing Management Enterprises d/b/a HOME, a housing authority and public body corporate and politic of the State of Texas, and its successors and assigns (“HOME”), and (ii) a mortgage, assignment of leases, security agreement and fixture filing encumbering the Project.

THE ISSUER SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON, THE BONDS SOLELY OUT OF THE TRUST ESTATE. THE BONDS SHALL BE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE. THE BONDS SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE OWNERS THEREOF AGAINST THE TRUST ESTATE, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THE INDENTURE. THE BONDS SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE ISSUER, THE STATE OF TEXAS, THE CITY OF EL PASO, TEXAS (THE “CITY”), HOME (EXCEPT AS PROVIDED IN THE FUNDING AGREEMENT) OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE, WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION WHATSOEVER. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE CITY, HOME, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE INTEREST OR ANY PREMIUM THEREON OR OTHER COSTS INCIDENT THERETO. NEITHER THE MEMBERS OF THE BOARD OF DIRECTORS OF THE ISSUER NOR ANY PERSON EXECUTING BONDS SHALL BE LIABLE PERSONALLY ON THE BONDS BY REASON OF THE ISSUANCE THEREOF. THE ISSUER HAS NO TAXING POWER

NO MEMBER, DIRECTOR, OFFICER, AGENT, EMPLOYEE OR ATTORNEY OF THE ISSUER, INCLUDING ANY PERSON EXECUTING THE INDENTURE OR THE BONDS, SHALL BE LIABLE PERSONALLY ON THE BONDS OR FOR ANY REASON RELATING TO THE ISSUANCE OF THE BONDS. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS, OR FOR ANY CLAIM BASED ON THE BONDS, OR OTHERWISE IN RESPECT OF THE BONDS, OR BASED ON OR IN RESPECT OF THE INDENTURE OR ANY SUPPLEMENTAL INDENTURE, AGAINST ANY MEMBER, DIRECTOR, OFFICER, EMPLOYEE OR AGENT, AS SUCH, OF THE ISSUER OR ANY SUCCESSOR, WHETHER BY VIRTUE OF ANY CONSTITUTION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, ALL SUCH LIABILITY BEING, BY THE

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reference. The Issuer irrevocably and unconditionally covenants that it will keep and perform all of the covenants of this Bond and of the Indenture. Reference also is made to the Indenture for the definitions of capitalized terms used and not otherwise defined herein.

In the manner and subject to the limitations set forth in the Indenture, this Bond may be transferred by the Registered Owner or by such Owner’s authorized agent at the Bond Registrar on completion of the assignment form appearing hereon and surrender and cancellation of this Bond. Upon such transfer, a new Bond (or Bonds, at the option of the new Registered Owner) of an equal aggregate principal amount of the same interest rate and stated maturity in any Authorized Denominations will be issued to the new Registered Owner in exchange therefor. This Bond and other Bonds may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds in any Authorized Denominations. The Bond Registrar shall not be obligated to transfer or exchange any Bond called for redemption, or any Bond during the period in which the Bond Registrar is selecting Bonds for redemption or during the 15 days preceding any Interest Payment Date.

The Issuer, the Bond Registrar and the Trustee may deem and treat the Registered Owner of this Bond as its absolute owner for the purpose of receiving payment of principal and interest and for all other purposes, and none of the Issuer, the Bond Registrar, or the Trustee shall be affected by any notice to the contrary other than proper notice of assignment. As used herein, Registered Owner means the person or entity named as Registered Owner of this Bond on the first page hereof and on the Bond Register.

The principal of and interest on this Bond shall be paid only to the Registered Owner as of the record date and to no other person or entity, and this Bond may not be assigned except on the Bond Register.

It is certified that all acts, conditions and things required to be done precedent to and in the issuance of this Bond have been done, have happened and have been performed as required by law.

Neither the Issuer, the Bond Registrar nor any person executing the Bonds shall be subject to any personal liability or accountability by reason of the issuance thereof.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon has been signed by the Bond Registrar.

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IN WITNESS WHEREOF, South Carolina Jobs-Economic Development Authority has caused this Bond to be executed on its behalf by the manual or facsimile signature of its undersigned officer.

SOUTH CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY

By: _____
Name: Jesse Smith
Title: Executive Director

CERTIFICATE OF AUTHENTICATION

This Bond is one of the fully registered South Carolina Jobs-Economic Development Authority Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced), Series 2025, described in the Indenture.

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Bond Registrar

By: _____
Authorized Signer

Date of Authentication: _____, 2025

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ASSIGNMENT

For value received, the undersigned Registered Owner does sell, assign and transfer unto:

(name, address and social security or other identifying number of assignee)

the within-mentioned Bond and irrevocably constitutes and appoints to transfer the same on the Bond Register with full power of substitution in the premises.

DATED: _____

Registered Owner

(NOTE: The signature above must correspond with the name of the Registered Owner as it appears on the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.)

Signature Guaranteed:

(NOTE: Signature must be guaranteed pursuant to law.)

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EXHIBIT B

FORM OF REQUISITION FOR PAYMENTS FROM
PROJECT ACCOUNT/COSTS OF ISSUANCE FUND

TO: Wilmington Trust, National Association, as Trustee under the Trust Indenture dated as of December 1, 2025 (the “Indenture”), between you and South Carolina Jobs-Economic Development Authority (the “Issuer”) with respect to the Issuer’s Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced), Series 2025 (the “Bonds”)

The undersigned, _____, Authorized Representative of the Borrower, delivers the following requisition for payment from the [Project Account/Costs of Issuance Fund] maintained by you as Trustee pursuant to the Indenture, and directs you to disburse from the [Project Account/Costs of Issuance Fund] the sum indicated below to be disbursed pursuant to this Requisition in accordance with Section [4.4][4.5] of the Indenture, as follows:

1. Requisition Number _____.
2. As evidenced by the invoices/requests for payment attached hereto, the Borrower has incurred payment liabilities with respect to [capital costs associated with the improvement and equipping of the Project/Costs of Issuance] in the aggregate amount of \$ _____ (the “Liability”).
3. The Liability relates to the following [capital costs associated with improvement and equipping of the Project/Costs of Issuance]: _____.
4. Payment of the Liability should be made as follows:

AMOUNT TO BE PAID:
PAY TO:
ADDRESS/WIRE INSTRUCTIONS:

5. The Liability has been properly incurred for payment of [Costs of Issuance/capital costs associated with improvement and equipping of the Project] and is a proper charge against the [Project Account/Costs of Issuance Fund]. None of the costs of the [Costs of Issuance/capital costs associated with the improvement and equipping of the Project] for which payment is hereby requested to be made has formed the basis for any payment heretofore made from the [Project Account/Costs of Issuance Fund]. The money received pursuant hereto shall be promptly applied to the payment or reimbursement of payment of the Liability.
6. To my knowledge, no Event of Default under the Indenture, or any condition, event or act that, with notice or laps of time or both, would constitute such an Event of Default, presently exists or will arise from payment of the Liability.
7. To the best of my knowledge, after due inquiry, there is no vendor’s lien, mechanic’s lien or security interest that should be satisfied or discharged before the payment of the Liability is made or that will not be discharged by such payment.

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Capitalized terms used in this Requisition have the same meaning given such terms in the Indenture.

DATED: _____, 2025.

SFRI RESERVE AT WESCOTT APARTMENTS LLC,
a Delaware limited liability company

By: Sixteenth Floor Residential Inc., a Texas
Nonprofit corporation, Its Sole Member

By: _____
Gerald Cichon
Chief Executive Officer and Secretary

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Capitalized terms used in this Requisition have the same meaning given such terms in the Indenture.

DATED: _____, 2025.

SFRI OTARRE POINTE APARTMENTS LLC, a
Delaware limited liability company

By: Sixteenth Floor Residential Inc., a Texas
Nonprofit corporation, Its Sole Member

By: _____
Gerald Cichon
Chief Executive Officer and Secretary

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FORM OF THE LOAN AGREEMENT

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Pursuant to the Trust Indenture dated as of December 1, 2025, the rights of the South Carolina Jobs-Economic Development Authority under this Loan Agreement, other than the Unassigned Rights of the Issuer (as defined herein), have been assigned to Wilmington Trust, National Association, as trustee under said Trust Indenture.

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between	
SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY, as Issuer	
and	
SFRI RESERVE AT WESCOTT APARTMENTS LLC, AND SFRI OTARRE POINTE APARTMENTS LLC collectively, the Borrower	
Relating to	
South Carolina Jobs-Economic Development Authority Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced), Series 2025	
Dated as of December 1, 2025	

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LOAN AGREEMENT

This LOAN AGREEMENT, dated as of December 1, 2025 (this "Loan Agreement"), is between the SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY, or JEDA, a public body corporate and politic and an agency of the State of South Carolina (together with its successors and assigns, the "Issuer"), and SFRI Reserve at Wescott Apartments LLC and SFRI Otarre Pointe Apartments LLC, each a Delaware limited liability company (collectively, the "Borrower") (capitalized terms used in the recitals and granting clauses and not defined therein are as defined in the Trust Indenture and Master Trust Indenture defined below).

WITNESSETH:

WHEREAS, pursuant to the Act, the Issuer is authorized to issue bonds to finance the acquisition of residential developments located within the Town of Summerville, South Carolina and the Town of Cayce, South Carolina and intended to be occupied substantially by persons of low and moderate income; and

WHEREAS, as more fully set forth in the Trust Indenture of even date herewith (the "Indenture") between the Issuer and Wilmington Trust, National Association, as trustee, the Issuer is issuing the Bonds; and

WHEREAS, pursuant to this Loan Agreement, the Issuer will make the Loan relating to the Bonds to SFRI Reserve at Wescott Apartments LLC and SFRI Otarre Pointe Apartments LLC, each a Delaware limited liability company (collectively, the "Borrower") for the purpose of financing costs of acquiring the Project, operating expenses, capitalized interest, paying costs of issuance and funding certain reserves in connection therewith; and

WHEREAS, the Borrower has delivered that certain Note related to the Bonds to the Issuer, evidencing the Borrower's obligation to repay the Loan; and

WHEREAS, to evidence and secure its payment obligations under the Loan Agreement with respect to the Bonds, the Borrower will deliver to the Bond Trustee, as the assignee of the Issuer's rights under such Loan Agreement, two promissory notes securing each of the Bonds dated December 10, 2025 (the "Master Notes") issued under and pursuant to a Master Trust Indenture, dated as of December 1, 2025, as amended and supplemented (the "Master Indenture") among the Borrower, as members of the obligated group described therein (the "Obligated Group"), and Wilmington Trust, National Association, as master trustee (the "Master Trustee"); and

WHEREAS, to secure the payment of all of the principal of and premium, if any, and interest on the Bonds, the Issuer has assigned (with certain exceptions described herein and in the Indenture) its right, title and interests in this Loan Agreement to the Trustee; and

WHEREAS, the Bonds are secured by payments from the Obligated Group on obligations issued under the Master Indenture on a parity with other obligations issued thereunder by the Obligated Group from time to time; and

WHEREAS, the obligation of the Borrower to pay all amounts necessary to pay principal of, premium, if any, and interest on the Bonds will be evidenced by this Loan Agreement and the Note; and

WHEREAS, pursuant to the Act, the Issuer has duly authorized the execution and delivery of this Loan Agreement and, pursuant to the Act, the Indenture, and the Master Indenture, the Issuer has duly authorized the issuance of the Bonds; and

WHEREAS, the parties hereto acknowledge the matters set forth in the Recitals to the Indenture and the Master Indenture;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

Section 1.01. Definitions. Certain terms are defined in the Indenture and the Master Indenture and by this reference incorporated herein. Unless the context otherwise requires, the terms defined in the Indenture and the Master Indenture shall for all purposes of this Loan Agreement and of any certificate, opinion or other document herein or therein mentioned, have the meanings therein specified.

Section 1.02. Rules of Construction. (a) The terms defined herein expressed in the singular shall, unless the context otherwise indicates, include the plural and vice versa.

(b) The use herein of the masculine, feminine or neuter gender is for convenience only and shall be deemed and construed to include correlative words of the masculine, feminine or neuter gender, as appropriate.

(c) References herein to a document shall include all amendments, supplements or other modifications to such document, and any replacements, substitutions or novation of, that document.

(d) Any term defined herein by reference to another document shall continue to have the meaning ascribed thereto whether or not such other document remains in effect.

(e) The use herein of the words “including” and “includes,” and words of similar import, shall be deemed to be followed by the phrase “without limitation.”

(f) Headings of Articles and Sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(g) All references herein to designated “Articles,” “Sections,” “Exhibits,” “subsections,” “paragraphs,” “clauses,” and other subdivisions are to the designated Articles,

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(c) when executed and delivered by the respective parties thereto, the Bond Documents to which Issuer is a party will constitute the legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases; and

(d) the Issuer has not pledged, assigned or granted, and will not pledge, assign or grant any of its rights or interest in or under this Loan Agreement for any purpose other than as provided in the Indenture or the Master Indenture.

The Issuer makes no representation or warranty that the amount of the Loan will be adequate or sufficient to finance the Project or that the Project will be adequate or sufficient for the purposes of the Borrower.

Section 2.02. Representations and Warranties of the Borrower. The Borrower represents and warrants to the Issuer and to the initial purchasers of the Bonds that, as of the Date of Issue:

(a) the Borrower is a limited liability company, the sole member of which is an affiliate of HOME, duly organized and validly existing under the laws of the state of Delaware and is authorized to do business in the State, has full power and authority to enter into and to perform its obligations under the Bond Documents to which it is a party and has all requisite power and authority to operate the Project and to execute and deliver this Loan Agreement and the other Bond Documents to which it is a party and to carry out the terms thereof;

(b) by proper action, the Borrower has authorized and approved the execution and delivery of the Bond Documents to which it is a party and the consummation by the Borrower of the transactions contemplated thereby;

(c) the Authorized Representatives of Borrower who have executed or are executing the Bond Documents are duly and properly in office and fully authorized to execute the same; and

(d) when executed by the respective parties thereto, the Bond Documents to which it is a party will constitute the legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases;

(e) the Loan Payments due under this Loan Agreement are in an amount at least sufficient to pay the principal of, premium, if any, and interest on the Bonds, and the Borrower will pay or provide for the payment of all costs of maintenance, repair, taxes, if any, payments in lieu of taxes, if any, insurance premiums, Trustee’s fees and expenses, including, but not limited to, Trustee’s Ordinary Fees and Expenses, and all other expenses

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Sections, Exhibits, subsections, paragraphs, clauses, and other subdivisions of this Loan Agreement.

(h) The words “hereof” (except when preceded by a specific Section or Article reference) “herein,” “hereby,” “hereunder,” “hereinaabove,” “hereinafter,” and other equivalent words and phrases used herein refer to this Loan Agreement and not solely to the particular portion hereof in which any such word is used.

Section 1.03. Content of Certificates and Opinions. Every certificate or opinion (other than legal opinions) provided for in this Loan Agreement, the Indenture, or the Master Indenture with respect to compliance with any provision hereof or thereof shall be made on behalf of the entity named therein and not made individually by the person signing such certificate and shall include (1) a statement that the person making or giving such certificate or opinion, on behalf of the entity named therein and not individually, has read such provision and the definitions relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the entity’s certificate or opinion is based; (3) a statement that the entity has made or caused to be made such examination or investigation as is necessary to enable the entity to express an informed opinion with respect to the subject matter referred to in the certificate or opinion which such entity is delivering; and (4) a statement as to whether, in the opinion of such person, such provision has been complied with.

Notwithstanding any provision hereof to the contrary, whenever any certificate or opinion is required by the terms of this Loan Agreement, the Indenture, or the Master Indenture to be given by the Borrower on its own behalf, any such certificate or opinion may be made or given by an Authorized Representative of Borrower (and in no event individually) and may be based (i) insofar as it relates to factual matters, upon a certificate of or representation from a third party; and (ii) insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel or an accountant, in each case under clauses (i) and (ii) without further investigation or inquiry by such Authorized Representative or otherwise on behalf of the Borrower.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01. Representations and Warranties of the Issuer. The Issuer represents and warrants to the Borrower and to the initial purchasers of the Bonds that, as of the Date of Issue:

(a) the Issuer is a public body corporate and politic and agency of the State created in 1983 under and pursuant to the Act, is authorized and empowered by the provisions of the Act and the Resolution to enter into the transaction contemplated by this Loan Agreement, the Indenture, and the Master Indenture and to enter into and to perform its obligations under the Bond Documents to which it is a party;

(b) by official action of the Issuer prior to or concurrently herewith, the Issuer has authorized and approved the execution and delivery of the Bond Documents and the consummation by the Issuer of the transactions contemplated thereby;

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relating to the Project, and the Borrower acknowledges and agrees that the Issuer will not incur any expenses or make any payments on account of the Project, other than those that are covered by the payments by the Borrower provided for herein;

(f) the property to be encumbered by the Mortgage is not and will not be mortgaged, pledged or hypothecated in any manner or for any purpose and has not been and will not be the subject of a grant of a security interest by the Borrower other than as provided in the Deed of Trust as security for its obligations under this Loan Agreement, or as otherwise consented to by the Issuer;

(g) the Borrower has made such diligent inquiry as is reasonable under the circumstances concerning its representations and warranties in this Loan Agreement.

All representations and warranties of the Borrower in this Section shall remain operative and in full force and effect until no Bonds are any longer Outstanding.

Section 2.03. Payment of Expenses of the Trustee and the Issuer; Transcript. In addition to all other payments hereunder and under the Note, the Borrower agrees to pay the following items to the following persons, which payments shall not be credited against the payments due under the Note:

(a) To the Trustee, when due, all reasonable costs, fees and expenses of the Trustee for services rendered under the Indenture or the Master Indenture, and all reasonable fees and charges of any paying agent, registrar, counsel, accountant or other person incurred in the performance of services under the Indenture or the Master Indenture on request of the Trustee for which the Trustee and such other person are entitled to payment or reimbursement.

(b) To the Issuer, upon demand: (1) the reasonable fees and expenses of the Issuer and counsel to the Issuer and all other costs, fees and expenses incidental to the financing hereunder, the issuance of the Bonds and the costs of producing the documents referred to herein, including the expenses of any audit of the Internal Revenue Service or investigation or proceeding of the Securities and Exchange Commission or other federal or state regulatory authority after the Date of Issue, (2) all taxes of any kind whatsoever lawfully assessed, levied or imposed with respect to the transactions contemplated by this Loan Agreement, (3) all taxes of any kind whatsoever lawfully assessed, levied or imposed with respect to the filings or recordings pursuant to the Bond Documents, and (4) all costs of collection (including reasonable counsel fees) in the event of a default in the payment of the principal of, or interest on the Bonds or other charges payable under the Bond Documents. The Borrower shall pay or cause to be paid when due and payable the reasonable fees and expenses of Issuer related to issuance of the Bonds or the administration of this Loan Agreement or any Bond Documents, including without limitation, reasonable attorney’s fees and expenses. Borrower further agrees to pay to Issuer when due, Issuer’s Annual Fee (hereinafter defined) beginning on the first anniversary of the Date of Issue and on each subsequent Date of Issue anniversary for so long as the Bond is outstanding. For purposes of this Section, “Issuer’s Annual Fee” shall mean a fee paid annually to the Issuer in an amount equal to the lesser of \$10,000 or an

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amount equal to 0.015% of the principal amount of the Bonds outstanding on each Date of Issue, for so long as the Bonds are outstanding, provided however, that the amount of the Issuer's Annual Fee shall never be less than \$500. The Issuer's Annual Fee and due date or amount may be modified with the consent of the Issuer and without the consent of the Borrower.

No later than forty-five (45) days after the issuance of the Bonds, the Borrower shall deliver to the Issuer and Issuer's counsel (i) an electronic transcript and/or (ii) a flash drive, in each case, of all closing documents with respect to the issuance of the Bonds, including, this Loan Agreement and the other Bond Documents, and such transcript shall (A) contain fully-executed documents (as applicable); (B) be in searchable .pdf format; (C) contain a closing index; and (D) be tabbed according to such closing index.

ARTICLE III

THE BONDS; LOAN OF PROCEEDS

Section 3.01. The Bonds; Assignment of Loan Agreement; Security.

(a) The Issuer has authorized the issuance of the Bonds in the original principal amount of \$ _____.

(b) As security for the payment of the Bonds, the Issuer is, pursuant to the Indenture and the Master Indenture, simultaneously with the execution and delivery of this Loan Agreement, assigning, conveying and transferring to the Trustee, for the benefit of the Owners, all of the Issuer's right, title and interest in and to this Loan Agreement and the other Loan Documents, except the Unassigned Rights of the Issuer. The Borrower hereby consents to such assignment.

(c) In consideration of the Issuer making the Loan, as provided herein, and in order to induce the Trustee to accept the assignment, conveyance and transfer by the Issuer to the Trustee, for the benefit of the Owners, pursuant to the Indenture and the Master Indenture, of all of the Issuer's right, title and interest in and to the Loan Agreement, except the Unassigned Rights of the Issuer, the Borrower shall, in order to secure the payment of the Bonds and the performance and observance of the Borrower's obligations under the Bond Documents (i) execute and, simultaneously with the execution and delivery of this Loan Agreement, deliver the Mortgage, and (ii) as necessary or appropriate to protect the security of the Trustee thereunder, keep, record, register or file, or cause to be kept, recorded, registered or filed, all security instruments, financing statements and all supplements thereto and other instruments in such manner and in such places as may be required by law.

Section 3.02. Loan of Proceeds. The Issuer hereby lends and advances to the Borrower, solely from the proceeds of and other value received from the sale of the Bonds, and the Borrower hereby borrows and accepts from the Issuer, the Loan, from the proceeds of the Bonds, which are to be applied under the terms and conditions of the Indenture and the Master Indenture. The Issuer and the Borrower agree that the application of the proceeds of the sale of the Bonds as provided in the Indenture shall be deemed to be and treated for all purposes as a loan to the Borrower of an amount equal to the full original aggregate principal amount of the Bonds. The Borrower

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Section 4.06. Title Insurance. On or before the Date of Issue (a) the Borrower shall obtain a standard owner's title insurance policy issued by the Title Company, insuring the Borrower's fee simple interest in the Land and any improvements thereon, including the Facilities, and (b) the Borrower shall provide the Trustee with a standard mortgagee's title insurance policy issued by the Title Company, insuring the mortgagee's interest of the Master Trustee, subject only to Permitted Encumbrances, in an amount not less than the original aggregate principal amount of the Bonds. Such policies shall be in the form of title insurance issued by the Title Company in the State, including deletion of customary standard exceptions, where applicable and permitted, and may not permit the title insurer to purchase any Bonds in lieu of providing payment under the policy.

Section 4.07. Obligations of Borrower Unconditional. The obligations of the Borrower to make the Loan Payments, the Additional Payments and the other payments required to be made by it hereunder and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, and until such time as the Loan Payments, the Additional Payments and such other payments shall have been paid in full, the Borrower shall not discontinue or suspend any Loan Payment, any Additional Payment or any such other payment when due or fail to observe such other agreements (a) whether the Project or any part thereof is operating or operable, or its use is suspended, interfered with, reduced, curtailed or terminated in whole or in part, or (b) as a result of any failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, or change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State of South Carolina or any political subdivision of either thereof, any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Loan Agreement, whether express or implied, or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture or the Master Indenture, whether express or implied.

The Borrower may at its own cost and expense and in its own name or in the name of the Issuer (without expense to the Issuer and with the Issuer's prior written consent), prosecute or defend any action or proceeding or take any other action involving third Persons that the Borrower deems reasonably necessary in order to secure or protect its rights of possession, occupancy and use of the Project; provided, however, that any such prosecution, defense or action taken by the Borrower in the name of the Issuer shall not submit the Issuer to jurisdiction outside of the State or preclude or prohibit in any way the Issuer from prosecuting, defending, joining or intervening in such action or proceedings, or taking any other action it deems necessary, in its own name and of its own accord.

ARTICLE V

ADDITIONAL COVENANTS, REPRESENTATIONS AND AGREEMENTS

Section 5.01. Power to Enter Into Loan Agreement, Issue Note and Pledge Assets. The Borrower is duly authorized under all applicable laws to issue and deliver the Notes, to enter into this Loan Agreement and to pledge the assets in the manner and to the extent provided in this Loan Agreement and no other authorization or consent is required therefor. The assets pledged under

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acknowledges and agrees that it has received and reviewed the Indenture and the Master Indenture and hereby approves the Indenture, the issuance of the Bonds thereunder by the Issuer and the assignment, conveyance and transfer thereunder to the Trustee of all of the Issuer's right, title and interest in and to this Loan Agreement and the other Loan Documents, except the Unassigned Rights. The Borrower's obligation to repay the Loan relating to the Bonds shall be evidenced by the Note, the form of which is attached hereto as Exhibit A.

ARTICLE IV

REPAYMENT OF LOAN; SECURITY PROVISIONS; PROVISIONS FOR PAYMENT

Section 4.01. Loan Payments. The Borrower shall pay, or cause to be paid to the Trustee, in immediately available funds, as a Loan Payment, on or before each Debt Service Deposit Due Date as provided the Indenture for the payment of principal of (whether at maturity or upon redemption or acceleration), premium, if any, and interest then payable on the outstanding Bonds, until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with Article IX of the Indenture, a sum equal to the amount then payable as principal of (whether at maturity or upon redemption or acceleration) and premium, if any, and interest on the outstanding Bonds as provided in the Indenture. The Project Revenues securing the Loan Payments and the Additional Payments are hereby pledged to the Loan Payments and the Additional Payments.

Section 4.02. Additional Payments. (a) In addition to the Loan Payments, the Borrower shall also pay to the Trustee for remittance to the Issuer, the Trustee or other Person, as the case may be (i) any and all Additional Payments constituting Administrative Expenses, and (ii) any and all Additional Payments constituting Extraordinary Costs and Expenses.

(b) The Borrower's obligation to pay Additional Payments constitutes an obligation under this Loan Agreement, which shall be secured by the Deed of Trust.

Section 4.03. Prepayment of the Loan. The Loan is subject to prepayment as follows:

(a) At any time the Bonds are subject to optional redemption in accordance with applicable provisions of the Indenture, the Borrower may prepay the Loan in whole or in part by directing the Trustee in writing to call Bonds for optional redemption in whole or in part in accordance with the applicable provisions of Section 3.2 of the Indenture providing for optional redemption at the price stated in the Indenture.

(b) The Borrower shall prepay the Loan in whole and not in part in accordance with the applicable provisions of Section 3.2 of the Indenture providing for mandatory redemption of the Bonds at the price stated in the Indenture.

Section 4.04. Reserved.

Section 4.05. Security for the Loan. The Borrower's obligations with respect to the Loan and under this Loan Agreement, shall only be secured to the extent and in the manner set forth in, and pursuant to the terms of, this Loan Agreement and the Bond Documents.

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this Loan Agreement are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto granted by the Borrower except the pledge granted by this Loan Agreement or the Bond Documents to the extent provided herein or therein, and all action on the part of the Borrower to that end has been and will be duly and validly taken. This Loan Agreement has been duly and lawfully entered into by the Borrower, is in full force and effect and is valid and binding upon the Borrower in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases. The Note is and will be the valid and binding obligations of the Borrower. The Borrower shall at all times, to the extent permitted by law, defend, preserve and protect its interest in the Revenues and other assets pledged under this Loan Agreement and all the rights of the Issuer and the Trustee under this Loan Agreement against all claims and demands of all persons whomsoever.

Section 5.02. Legal Existence; Consolidation or Merger; No Assignment. The Borrower shall maintain its legal existence, shall continue to be a single member limited liability company with Sixteenth Floor Residential Inc. as its sole member and duly qualified to do business and in good standing in the State, and shall not merge or consolidate with any Person without the prior written consent of the Controlling Party. This Loan Agreement may not be assigned by the Borrower.

Section 5.03. Single Purpose; Bankruptcy Remote Covenants.

The Borrower shall: (i) maintain full and complete books and records, separate from any other person, (ii) maintain its assets in such a manner that it is not costly or difficult to segregate, identify or ascertain such assets, (iii) maintain its bank accounts separate from any other person, (iv) not commingle its assets or funds with those of any other person and shall hold all of its assets in its own name, (v) conduct its own business in its own name, (vi) have sufficient agents, officers, contractors or employees to run its business operations, (vii) pay its own obligations only out of its own funds and not permit any affiliate to pay its obligations, (viii) prepare and maintain separate, full, and complete tax returns and financial statements, showing its assets and liabilities separate and apart from those of any other person or if part of a consolidated group, then there will be an appropriate notation on the financial statements indicating the separate existence of the Borrower and its assets and liabilities, (ix) not assume, guarantee, become obligated for, or pay the debts or obligations of any other person, (x) not hold out its credit as being available to satisfy the obligations of any other person, (xi) not acquire the obligations or securities of any affiliate, (xii) not make loans or advances to any person or entity or buy or hold evidence of indebtedness issued by any other person, (xiii) not pledge its assets for the benefit of any person, except as contemplated and permitted under the Bond Documents, (xiv) hold itself out as a legal entity separate and distinct from any other entity, (xv) correct any known misunderstanding regarding its separate identity, and (xvi) not identify itself as a division of any other person.

Section 5.04. Operation of the Project. The Borrower shall cause the Project to be operated as is normally operated by prudent owners of similar property in the area in which the Project is located.

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Section 5.05. Access to the Project. The Borrower hereby grants to the Trustee all rights of access to the Project necessary for the Trustee to carry out its obligations and to enforce its rights hereunder and under the Indenture and the Master Indenture. The Trustee and its agents have the right, but not the responsibility or duty, to inspect the facility and books and records related to the facility.

Section 5.06. Amendment of Certain Bond Documents. Except as otherwise provided in this Loan Agreement or in the Indenture, the Master Indenture, this Loan Agreement, and the other Loan Documents may not be effectively amended, supplemented or modified except in accordance with Article X of the Indenture.

Section 5.07. Borrower's Duties Under Indenture. The Borrower acknowledges having read the Indenture and agrees to perform all duties imposed on it by the Indenture. Insofar as any section of the Indenture imposes duties and responsibilities on the Borrower, such section is specifically incorporated herein by reference. The Borrower further agrees that Bond proceeds and any other amounts held or to be held in any of the Funds and accounts shall be collected, deposited, held, invested, transferred, disbursed and applied as set forth in, and subject to the provisions of, the Indenture.

Section 5.08. Amounts Remaining in Funds and Accounts Under Indenture. Any amounts remaining in the Funds and accounts upon expiration of the term of this Loan Agreement and payment of all amounts owed hereunder shall be applied by the Trustee in accordance with the Indenture.

Section 5.09. Limitations on Incurrence of Additional Indebtedness. The Borrower shall not incur indebtedness, other than the Note, other than in accordance with the Master Indenture.

Section 5.10. Sale, Lease or Other Disposition of the Project. The Borrower shall not cause any sale, lease, transfer or other disposition of the Borrower's right, title and interest in and to the Project other than in accordance with the Master Indenture.

Section 5.11. Limitation on Encumbrances. The Borrower covenants and agrees that it will not knowingly directly or indirectly create, assume or suffer to exist any mortgage, deed of trust, pledge, security interest, encumbrance, lien or charge of any kind upon the Project other than (a) the Mortgage, (b) Permitted Encumbrances, (c) as detailed in the Master Indenture, or (d) to further secure the Note.

Section 5.12. Security Interest Filings. The Borrower shall cause the pledges and security interests otherwise described in the Indenture, the Master Indenture, this Loan Agreement, and the Deed of Trust to be perfected by the filing of financing statements that fully comply with the South Carolina Uniform Commercial Code in the office of the Secretary of State of the State, and in such other office as is at the time provided by law as the proper place for the filing thereof, to the extent that such pledges and security interests may be perfected by so filing. The Borrower shall file or cause to be filed continuation statements within the time prescribed by the South Carolina Uniform Commercial Code in order to continue such security interests.

Section 5.13. Compliance with Applicable Laws. The Borrower shall not knowingly fail to comply with any applicable laws, which failure would have a material adverse effect on the

Borrower's performance of its obligations hereunder except those that shall be contested in good faith and by appropriate proceedings diligently conducted by the Borrower.

Section 5.14. [Intentionally Omitted].

Section 5.15. Tax Covenants. The Borrower shall not take any action or fail to take any action if such action or failure to take such action would adversely affect the excludability from gross income of interest on the Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Borrower shall comply with the requirements of the Tax Certificate, which is hereby incorporated as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Bonds.

Section 5.16. Continuing Disclosure. In connection with the issuance of the Bonds, the Borrower shall enter into a continuing disclosure agreement with the Dissemination Agent, as defined in the Land Use Restriction Agreement.

Section 5.17. Authority of Authorized Representatives.

(a) Whenever under the provisions of this Loan Agreement, the Indenture, or the Master Indenture the approval of the Borrower is required, or the Issuer or the Trustee is required to take some action at the request of the Borrower, such approval or such request shall be made by an Authorized Representative unless otherwise specified in this Loan Agreement, the Indenture, or the Master Indenture. The Issuer or the Trustee, as the case may be, shall be authorized to act on any such approval or request and the Borrower shall have no complaint against the Issuer or the Trustee as a result of any such action taken in accordance with such approval or request. The execution of any document or certificate required under the provisions of this Loan Agreement, the Indenture, or the Master Indenture by an Authorized Representative shall be on behalf of the Borrower and shall not result in any personal liability of such Authorized Representative.

(b) Whenever under the provisions of this Loan Agreement, the Indenture, or the Master Indenture the approval of the Issuer is required, or the Trustee or the Borrower is required to take some action at the request of the Issuer, such approval or such request shall be made by the Authorized Representative unless otherwise specified in this Loan Agreement, the Indenture, or the Master Indenture. The Trustee or the Borrower, as the case may be, shall be authorized to act on any such approval or request and the Issuer shall have no complaint against the Borrower (except as otherwise provided in Section 8.05 hereof) or the Trustee as a result of any such action taken in accordance with such approval or request. The execution of any document or certificate required under the provisions of this Loan Agreement, the Indenture, or the Master Indenture by an Authorized Representative shall be on behalf of the Issuer and shall not result in any personal liability of such Authorized Representative.

Section 5.18. Further Assurances. The Issuer and the Borrower shall, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of or facilitating the performance of this Loan Agreement.

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ARTICLE VI

LIMITATIONS ON LIABILITY; EXPENSES; INDEMNIFICATION

Section 6.01. Limited Obligation of Issuer. This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Borrower and the Trustee for the benefit of the Owners, and their respective successors and assigns, subject to the limitation that any obligations of the Issuer created by or arising out of this Loan Agreement shall be special limited obligations of the Issuer, payable solely as set forth in the Indenture from the Trust Estate and, to the extent provided in the Indenture, from the Funds and accounts under the Indenture.

Section 6.02. Issuer's Performance. None of the provisions of this Loan Agreement shall require either of the Issuer or the Trustee, as applicable, to expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless payable from the Trust Estate pledged under the Indenture, or the Issuer or Trustee, as applicable, shall first have been adequately indemnified to its satisfaction against the cost, expense, and liability which may be incurred thereby. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions expressly contained in this Loan Agreement, the Indenture, the Master Indenture, and in any and every Bond executed, authenticated and delivered under the Indenture.

Section 6.03. No Obligation to Enforce Assigned Rights. Notwithstanding anything to the contrary in this Loan Agreement, the Indenture, or the Master Indenture, the Issuer shall have no obligation to and instead the Trustee and/or the Owners, as the case may be, in accordance with this Loan Agreement, the Indenture, or the Master Indenture, shall have the right, without any direction from or action by the Issuer, to take any and all steps, actions and proceedings, to enforce any or all rights of the Issuer under this Loan Agreement, the Indenture, and the Master Indenture (other than the Unassigned Rights of the Issuer), including the rights to enforce the remedies upon the occurrence and continuation of a Loan Default Event and the obligations of the Borrower under this Loan Agreement.

Section 6.04. No Warranty by Issuer. THE BORROWER ACKNOWLEDGES AND AGREES THAT THE ISSUER HAS NOT HAD AND WILL NOT HAVE ANY INVOLVEMENT IN THE OPERATIONS OF THE PROJECT AND THAT THE ISSUER HAS NOT MADE AND WILL NOT MAKE ANY INSPECTION OF THE PROJECT OR OF ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF. THE ISSUER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE PROJECT OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY THE BORROWER. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER PATENT OR LATENT, THE ISSUER SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY

WARRANTIES OR REPRESENTATIONS BY THE ISSUER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT.

Section 6.05. Indemnification.

(a) To the extent permitted by applicable law, the Borrower shall pay, defend, protect, indemnify and hold each of the Indemnified Parties harmless for, from and against any and all liabilities directly or indirectly arising from or relating to this Loan Agreement, the Loan, the Indenture, the Master Indenture, the Bonds, the Bond Documents, the Project or any document related to the issuance and sale of the Bonds, including the following:

- (i) any injury to or death of any person or damage to property in or upon the Project or growing out of or connected with the use, non-use, condition, or occupancy of the Project or any part thereof;
- (ii) any violation of any agreement, covenant or condition of any of the Bond Documents;
- (iii) any violation of any agreement, contract or restriction relating to the Project;
- (iv) any violation of any law, ordinance, or regulation affecting the Project or any part thereof or the ownership, occupancy or use thereof;
- (v) any liability growing out of or connected with the construction, use, non-use, condition or occupancy of the Project or any part thereof;
- (vi) the issuance and sale of the Bonds;
- (vii) any environmental condition of the Project;
- (viii) any statement, information or certificate furnished by the Borrower to the Issuer or the Trustee that is materially misleading, untrue, incomplete, or incorrect in any respect; and
- (ix) any breach, other than by the Issuer, of any of the representations, warranties or agreements contained in this Loan Agreement.

(b) **SUBSECTION (A) OF THIS SECTION IS INTENDED TO PROVIDE INDEMNIFICATION TO EACH INDEMNIFIED PARTY FOR SUCH PERSON'S ACTIVE OR PASSIVE NEGLIGENCE**; provided, however, that nothing in said subsections shall be deemed to provide indemnification to any Indemnified Party with respect to any Liabilities finally adjudicated by a court of competent jurisdiction as having been directly caused by the fraud, gross negligence or willful misconduct of such party claiming indemnification.

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(c) Any Indemnified Party entitled to indemnification hereunder shall notify the Borrower of the existence of any claim, demand or other matter to which the indemnification obligation of the Borrower applies, and shall give the Borrower a reasonable opportunity to defend the same at its own expense and with counsel satisfactory to the Indemnified Party, provided, however, that the Indemnified Party shall at all times also have the right to fully participate in the defense. If the Indemnified Party is advised in an Opinion of Counsel that there may be legal defenses available to it that are different from or in addition to those available to the Borrower or if the Borrower shall, after receiving notice of the indemnification obligation of the Borrower and within a period of time necessary to preserve any and all defenses to any claim asserted, fails to assume the defense or to employ counsel for that purpose satisfactory to the Indemnified Party, the Indemnified Party shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter on behalf of, for the account of and at the risk of, the Borrower.

(d) The Borrower shall be responsible for the reasonable counsel fees, costs, and expenses of the Indemnified Parties in conducting its defense.

Section 6.06. Limitation of the Issuer's Liability. The Bonds shall be limited obligations of the Issuer, the principal of, premium, if any, and interest on which shall be payable by the Issuer solely out of the Project Revenues derived by the Issuer pursuant to this Loan Agreement and other Funds expressly pledged under the Indenture, which Project Revenues constitute an indebtedness payable only from a revenue-producing project or special source within the meaning of Article X, Section 13(9) of the Constitution of the State, which source does not include revenues from any tax or license. The Bonds and the interest and any premium thereon do not and shall never constitute a general obligation or indebtedness of the Issuer or of the State or a charge against the general credit of the Issuer or the State within the meaning of any State constitutional provision or statutory limitation and do not and shall never constitute or give rise to a pecuniary liability of the Issuer or the State or against the taxing power of the State. The Issuer does not have taxing power. The principal of, premium, if any, and interest on the Bonds shall be secured by the Issuer solely by said Project Revenues; by the pledge to the Trustee made under the Indenture of said Project Revenues and of certain Funds and accounts established under the Indenture; and by the assignment by the Issuer of its rights under this Loan Agreement, except for certain reserved rights.

No breach by the Issuer of this Loan Agreement or the Bonds or of any provision or condition hereof or in the Bonds shall result in the imposition of any pecuniary liability upon the Issuer or the State or any charge upon the general credit of the Issuer or the State or upon the taxing power of the State. The liability of the Issuer under this Loan Agreement and the Bonds, or any provision or condition hereof or thereof, shall be limited solely and exclusively to the Project Revenues derived by the Issuer from the Borrower under this Loan Agreement. The Issuer shall not be required to execute or perform any of its duties, obligations, powers or covenants hereunder or under the Bonds except to the extent that Project Revenues are available therefor. The Issuer may require, as a condition to the participation by it with the Borrower in obtaining any license, permit or other approvals, a deposit by the Borrower of such amount as determined by the Issuer to be reasonable to assure the reimbursement to the Issuer of the costs incurred by it in such participation, with any amount of such deposit in excess of such costs to be returned to the Borrower.

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or upon any Property of the Borrower financed, directly or indirectly, out of Bond proceeds or the occupation, use, possession, or condition of such Property or any part thereof or relating to the foregoing; (ii) any violation of any law, Resolution, or regulation affecting such Property or any part thereof or the ownership, occupation, use, possession, or condition thereof; (iii) the issuance, sale or delivery of the Bonds or any of them, including, but not limited to, liabilities arising under the Securities Act of 1933, the Securities Exchange Act of 1934, or any applicable state securities laws, but such indemnity for securities liabilities shall be subject to the limitations that (A) such indemnity shall not have been determined by a binding legal precedent to be void as contrary to public policy, and such indemnity for a securities liability shall not include any liability or loss, cost or expense including attorneys' fees if determined to be so void; (B) nothing in this Loan Agreement shall be deemed to prejudice the Borrower's rights against any placement agent or underwriter or any party other than an Indemnified Party; and (C) the Borrower shall not be liable for any representations made with respect to the Issuer; (iv) the administration, execution and delivery hereof or of the Indenture or of any document required hereby or thereby or in furtherance of the transactions contemplated hereby or thereby; (v) the performance of any act required or any indemnity under this Section or under any provision hereof or of the Indenture or in furtherance of the transactions contemplated hereby or thereby; or (vi) any and all other acts of omission and commission of the Indemnified Parties arising out of or related, directly or indirectly, to the issuance of the Bonds or the Official Statement.

(c) Notwithstanding the fact that it is the intention of the parties hereto that none of the Indemnified Parties shall incur any pecuniary liability by reason of the terms of this Loan Agreement, the Indenture, or the Master Indenture, any related agreements, or the undertakings required of the Issuer and the Trustee hereunder and thereunder by reason of the issuance and sale of the Bonds, the execution of documents relating to the Bonds, or the performance of any act requested of the Issuer or the Trustee by the Borrower, including all claims, liabilities or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing, nevertheless, if an Indemnified Party shall incur any such pecuniary liability, then in such event, the Borrower shall indemnify and hold the Indemnified Party harmless against all claims by or on behalf of any person, firm or corporation or other legal entity arising out of the same and all costs and expenses incurred in connection with any such claim or in connection with any such action or proceeding brought thereon. Upon notice from an Indemnified Party in any such action or proceeding, the Borrower shall have complete and final control over the defense and settlement of any such action the Borrower so assumes. If called upon to provide indemnity under this Section 6.07, the Borrower shall be subrogated to the rights of the Indemnified Party.

Nothing herein shall constitute a release, or require indemnification by the Borrower, for damages that result from gross negligence or willful misconduct on the part of the party seeking such indemnity. This indemnification covenant shall be in addition to any heretofore extended by the Borrower to any Indemnified Party, and shall survive the termination of this Loan Agreement, the discharge of the Indenture or the sooner resignation or removal of the Trustee. The Issuer may require advance payment or assurance of payment for any fees, expenses, or costs incurred or expected to be incurred by it in connection with the performance of any act or thing it may be called upon to do under the terms of this Loan Agreement. The indemnifications provided to the Trustee shall inure to the benefit of the Trustee's successors and assigns as the case may be.

No covenant, agreement or obligation contained in this Loan Agreement or in the Bonds shall be deemed to be a covenant, agreement or obligation of any present or future director, member, officer, employee or agent of the Issuer in their individual capacity, and neither the members of the Issuer nor any officer thereof executing this Loan Agreement or the Bonds shall be liable personally on the Bonds or under this Loan Agreement or be subject to any personal liability or accountability by reason of the issuance, execution or delivery of the Bonds. No officer, director, member, employee or agent of the Issuer shall incur any personal liability with respect to any other action taken, or not taken, by them pursuant to this Loan Agreement, the Indenture, or the Master Indenture, or the Act, provided they do not act with malicious intent.

The provisions of this Section shall control every other provision of this Loan Agreement, any other provisions to the contrary notwithstanding.

Section 6.07. Immunity and Indemnity. In the exercise of the powers of the Issuer and the Trustee through their respective directors, officers, employees, attorneys, and agents (each an "Indemnified Party" and collectively, "Indemnified Parties") under this Loan Agreement including, without limiting the foregoing, the application of moneys and the investment of funds, neither the Issuer nor the Trustee shall be accountable to the Borrower for any action taken or omitted by any Indemnified Party in good faith and believed by any such Indemnified Party to be authorized or within the discretion or rights or powers conferred. Each of the Indemnified Parties shall be protected in its or their acting upon any paper or documents believed by it or them to be genuine, and it or they may conclusively rely upon the advice of counsel and may (but need not) require further evidence of any fact or matter before taking any action. No recourse shall be had by the Borrower for any claims based on the Bond Documents, or any instruments or documents related thereto against any Indemnified Party alleging personal liability on the part of such Indemnified Party unless such claims are based upon the gross negligence or willful misconduct of such Indemnified Party. No personal liability whatsoever shall attach to, or be incurred by, any Indemnified Party in his/her individual capacity, past, present or future, of the Issuer or the Trustee or of any successor entity, either directly or through the Issuer or the Trustee or any successor entity, under or by reason of any of the obligations, promises or agreements entered into between the Issuer and the Borrower, whether herein contained or to be implied herefrom as being supplemental hereto; and all personal liability of that character against every such Indemnified Party is, by the execution of this Loan Agreement and as a condition of, and as part of the consideration for, the execution of this Loan Agreement, expressly waived and released.

(a) Notwithstanding any other provision of this Loan Agreement, the Issuer shall not be liable to the Borrower or the Trustee or any other person for any failure of the Issuer to take action under this Loan Agreement unless the Issuer (a) is requested in writing by an appropriate person to take such action, (b) is assured of payment of, or reimbursement for, any reasonable expenses in such action, and (c) is afforded, under the existing circumstances, a reasonable period to take such action. In acting under this Loan Agreement, or in refraining from acting under this Loan Agreement, the Issuer may conclusively rely on the advice of its counsel.

(b) The Borrower will indemnify, defend, and hold the Indemnified Parties harmless from and against and pay all claims, liabilities, losses, damages, costs, expenses (including, but not limited to, reasonable attorneys' fees, expenses of litigation, and court costs), suits, and judgments of any kind arising out of (i) injury to or death of any person or damage to Property in

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(d) The Issuer or the Trustee, as the case may be, shall promptly, upon receipt of notice of the existence of a claim or the commencement of a proceeding regarding which indemnity under this Section may be sought, notify the Borrower in writing thereof. If such a proceeding is commenced against the Issuer or the Trustee, as the case may be, the Borrower may participate in the proceeding and, to the extent it elects to do so, may assume the defense thereof with counsel satisfactory to the Issuer or the Trustee, as the case may be. If, however, the Issuer or the Trustee, as the case may be, is advised in an Opinion of Counsel that there may be legal defenses available to it which are different from or in addition to those available to the Borrower, or if the Borrower fails to assume the defense of such proceeding or to employ counsel for that purpose within a reasonable time after notice of commencement of the proceeding, the Borrower shall not be deemed to assume the defense of the proceeding on behalf of the Issuer or the Trustee, as the case may be, but shall be responsible for the reasonable fees, costs, and expenses of the Issuer or the Trustee, as the case may be, in conducting its defense.

ARTICLE VII

LOAN DEFAULT EVENTS AND REMEDIES

Section 7.01. Loan Default Events. The following events shall be Loan Default Events:

(i) the failure of the Borrower to make due and punctual payment of any Loan Payment when and as the same shall become due and payable;

(ii) the failure of the Borrower to observe and perform any other covenant, condition or agreement on its part to be observed or performed hereunder other for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Borrower by the Issuer, the Trustee or the Controlling Party; provided, however, that, if in the reasonable opinion of the Controlling Party, as stated in writing to the Issuer and the Trustee, the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute a Loan Default Event if corrective action is instituted by the Borrower within such 30 day period and the Borrower shall thereafter diligently and in good faith cure such failure in a period of time reasonably determined by the Controlling Party (which determination shall be set forth in a Certificate to the Trustee) to be appropriate under the circumstances;

(iii) the occurrence and continuance of an Event of Default under the Indenture;

(iv) the occurrence and continuance of an Event of Bankruptcy with respect to the Borrower;

(v) if the Bond Trustee, as the holder of the Master Notes, receives notice from the Master Trustee that an Event of Default under the Master Indenture has occurred and is continuing.

Section 7.02. Remedies on Default. (a) Whenever any Loan Default Event shall have occurred and be continuing, the Trustee, as assignee of the Issuer, may, or shall, at the written Direction of the Controlling Party, but subject to the Trustee's rights under Article VIII of the

Indenture, take any one or more of the following remedial steps, in each case subject to the terms of the Mortgage:

- (i) declare the Loan Payments payable hereunder for the remainder of the term of this Loan Agreement to be immediately due and payable, whereupon there shall become due and payable an amount equal to the sum of the Loan Payments payable hereunder for the remainder of the term of this Loan Agreement;
 - (ii) exercise its rights under the Deed of Trust, including the right to foreclose on the Project pursuant thereto, and exercise its rights under the Mortgage, and may realize upon the security interest in the Revenues and may exercise all the rights and remedies of a secured party under the Uniform Commercial Code with respect thereto;
 - (iii) take whatever action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements or covenants of the Borrower under this Loan Agreement, or may, by action or suit in equity, enjoin any acts or things that may be unlawful or in violation of the rights of the Issuer or the Trustee thereunder; and
 - (iv) enforce all rights and remedies as the holder of the Master Notes under the Master Indenture.
- (b) Notwithstanding the provisions of subsection (a) of this Section, prior to the exercise by the Issuer, the Trustee or the Controlling Party of any remedy that would prevent the application of this subsection, the Borrower may, at any time, pay all accrued payments hereunder, exclusive of any such payments accrued solely by virtue of a declaration pursuant to paragraph (i) of subsection (a) of this Section, and fully cure all defaults, and in such event, the Borrower shall be fully reinstated to its position hereunder as if such Loan Default Event had never occurred.
- (c) Any proceeds received by the Issuer or the Trustee from the exercise of any of the above remedies shall be applied by the Trustee in accordance with the provisions of the Indenture.

(d) If the Issuer, the Trustee or the Controlling Party shall have proceeded to enforce their rights under this Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Issuer, the Trustee or the Controlling Party, then and in every such case, the Borrower, the Issuer, the Trustee and the Controlling Party shall be restored to their respective positions and rights hereunder, and all rights, remedies and powers of the Borrower, the Issuer, the Trustee and the Controlling Party shall continue as though no such proceedings had been taken.

Section 7.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer, the Trustee or the Controlling Party is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient.

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ARTICLE VIII

MISCELLANEOUS

Section 8.01. Notices. Any notice, demand, direction, request or other instrument authorized or required by this Loan Agreement to be given to or filed with the Issuer, the Trustee, or the Borrower shall be deemed to have been given only upon receipt. Any notice shall be sent by e-mail followed by a hard copy via registered or certified mail or by overnight delivery, postage prepaid, to the address specified in the Indenture or to such other address as may be designated in writing by the parties.

Section 8.02. Limitation of Rights. Except as otherwise provided in Section 8.03 hereof, nothing in this Loan Agreement expressed or implied is intended or shall be construed to give to any Person other than the Issuer, the Trustee, the Borrower, the Controlling Party and the Owners any legal or equitable right, remedy or claim under or in respect of this Loan Agreement or any covenant, condition or provision herein contained, and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Issuer, the Trustee, the Borrower, the Controlling Party and the Owners.

Section 8.03. Third Party Beneficiaries. Each of (a) each Issuer Indemnified Person, other than the Issuer, and (b) the Controlling Party shall each be considered to be a third-party beneficiary of this Loan Agreement.

Section 8.04. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer and the Borrower, and their respective successors and assigns..

Section 8.05. Waiver of Personal Liability. No member, officer, agent or employee of the Issuer and no director, officer, agent or employee of the Borrower shall be individually or personally liable for the payment of any Loan Payment or Additional Payment, any principal or interest on the Bonds or any other sum payable hereunder or under the Indenture or be subject to any personal liability or accountability by reason of the execution and delivery of this Loan Agreement; provided, however, that nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Loan Agreement.

Section 8.06. Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Loan Agreement shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Loan Agreement and, unless otherwise specifically provided in this Loan Agreement, no interest shall accrue for the period from and after such nominal date.

Section 8.07. Electronic Storage. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, teletypes, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 7.04. Waiver. If any agreement contained in this Loan Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of the Issuer's rights in and under this Loan Agreement to the Trustee under the Indenture, the Issuer shall retain the Unassigned Rights of the Issuer, but shall have no power to waive any Loan Default Event hereunder without the prior written consent of the Trustee and the Controlling Party, nor shall the Trustee or the Controlling Party have any power to waive any breach or default in respect of the Unassigned Rights of the Issuer without the prior written consent of the Issuer. Notwithstanding the foregoing, a waiver of an Event of Default under the Indenture or a rescission of a declaration of acceleration of the Bonds and a rescission and annulment of its consequences shall constitute a waiver of the corresponding Loan Default Event under this Loan Agreement and a rescission and annulment of its consequences; provided, however, that no such waiver or rescission shall extend to or affect any subsequent or other default hereunder or impair any right consequent thereon. The Trustee shall not waive any Loan Default Event without the prior written consent of the Controlling Party.

Section 7.05. Appointment of Receiver. As provided in the Indenture, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers of the Trust Estate, and the income, revenues, profits and use thereof, pending such proceedings.

Section 7.06. No Duty to Mitigate Damages. The Issuer, the Trustee and the Controlling Party shall not be required to do any act whatsoever or exercise any diligence whatsoever to mitigate the damages to the Borrower if any Loan Default Event shall occur.

Section 7.07. Actions Taken by the Controlling Party. Notwithstanding anything in this Loan Agreement to the contrary, if a Loan Default Event shall have occurred and be continuing, the Controlling Party, in its sole discretion, as evidenced by written notice delivered to the Trustee, may, but shall not be required to (a) in lieu of the Trustee, exercise such one or more of the rights and powers conferred on the Trustee by this Article, and (b) exercise one or more of the rights and powers granted to the Trustee and the Owners under the Indenture, either by a suit or suits in equity or in law for the enforcement of any appropriate equitable or legal remedy the Controlling Party shall deem most expedient in the interests of the Owners; provided, however, that this Section shall not apply to the Unassigned Rights of the Issuer, the enforcement of which shall be reserved exclusively to the Issuer and the Issuer Indemnified Persons, as the case may be.

Section 7.08. Attorneys' Fees and Expenses. If, during the continuance of a Loan Default Event, the Issuer, the Trustee or the Controlling Party should employ attorneys or incur other expenses for the collection of Loan Payments or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower herein contained, the Borrower shall on demand therefor pay to the Issuer, the Trustee or the Controlling Party, as the case may be, the reasonable fees of such attorneys and such other reasonable expenses incurred by the Issuer, the Trustee or the Controlling Party. The obligations of the Borrower under this Section shall continue in full force and effect notwithstanding the final payment of the Bonds or the termination of this Loan Agreement for any reason.

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Section 8.08. Central Repository Filing. Pursuant to Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended, the Issuer covenants to file with a central repository for availability in the secondary bond market when requested: (i) an annual independent audit within thirty days of the Issuer's receipt of the audit; and (ii) event specific information within thirty days after the Issuer's actual knowledge of an event adversely affecting more than five percent of the Project revenues. The Borrower agrees to promptly notify the Issuer of any event described in paragraph (b) above and to provide all information requested by the Issuer to comply with this Section. The only remedy for failure by the Issuer to comply with the covenant in this Section shall be an action for specific performance of this covenant. The Issuer specifically reserves the right to amend this covenant to reflect any change in Section 11-1-85 without the consent of any holder of the Bonds.

Section 8.09. Term of Loan Agreement; Survival. Except as otherwise provided herein, this Loan Agreement shall remain in full force and effect from the date of funding of the Loan until the Bonds are no longer Outstanding under the Indenture. Upon the expiration of the term of this Loan Agreement, the Issuer shall deliver to the Borrower any documents and take or cause the Trustee to take such actions as may be necessary to evidence the termination of this Loan Agreement and the discharge of the lien hereof. The provisions of this Loan Agreement concerning (a) the tax-exempt status of the Bonds, including provisions concerning rebate, (b) the interpretation of this Loan Agreement, (c) governing law, jurisdiction and venue, (d) the forum for resolving disputes, (e) the Issuer's right to rely on facts or certificates, (vi) the immunity of the Issuer Indemnified Persons, (f) the Borrower's obligation to indemnify the Indemnified Parties pursuant to Section 6.05 hereof, (g) the Borrower's obligation to indemnify the Trustee Indemnified Persons and pay reasonable compensation to the Trustee, including the Trustee's fees and expenses, and including but not limited to, Trustee's Ordinary Fees and Expenses, as provided herein and in the Indenture, and (h) the Issuer's lack of pecuniary liability, shall survive and remain in full force and effect notwithstanding the resignation or removal of the Trustee, payment or redemption in full, or defeasance of the Bonds, the discharge of the Indenture and the termination or expiration of this Loan Agreement.

Section 8.10. Severability. If any provision of this Loan Agreement shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 8.11. Governing Law. This Loan Agreement shall be governed by and construed in accordance with the laws and judicial decisions of the State, without reference to choice-of-law principles, except as such laws may be preempted by any federal rules, regulations and laws applicable to the Issuer or the Borrower. All claims of whatever character arising out of this Loan Agreement, or under any statute or common law relating in any way, directly or indirectly, to the subject matter hereof shall be brought in any state or federal court of competent jurisdiction located in the County of Dorchester or the County of Lexington in the State. By executing and delivering this Loan Agreement, each party hereto irrevocably: (i) accepts generally and unconditionally the exclusive jurisdiction and venue of such courts; (ii) waives any defense of forum non conveniens; and (iii) agrees not to seek removal of such proceedings to any court or forum other than as specified above. The foregoing shall not be deemed or construed to constitute a waiver by the Issuer of any prior notice or procedural requirements applicable to actions or claims against or

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involving governmental units of the State that may exist at the time of and in connection with such matter.

Section 8.12. Effective Date. This Loan Agreement has been dated for convenience purposes only. Notwithstanding the stated date of this Loan Agreement, this Loan Agreement shall be effective on the Date of Issue.

Section 8.13. Execution in Counterparts. This Loan Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the Issuer and the Borrower have executed this Loan Agreement as of the date first above written.

**SOUTH CAROLINA JOBS-
ECONOMIC DEVELOPMENT
AUTHORITY**

By: _____
Jesse Smith, Executive Director

**SFRI RESERVE AT WESCOTT
APARTMENTS LLC,
a Delaware limited liability company**

By: Sixteenth Floor Residential Inc.,
a Texas nonprofit corporation,
its sole member

By: _____
Gerald Cichon
Chief Executive Officer and Secretary

**SFRI OTARRE POINTEE APARTMENTS
LLC,
a Delaware limited liability company**

By: Sixteenth Floor Residential Inc.,
a Texas nonprofit corporation,
its sole member

By: _____
Gerald Cichon
Chief Executive Officer and Secretary

EXHIBIT A

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS NOTE, THIS NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE TRUSTEE IN ACCORDANCE WITH THE INDENTURE, BOTH REFERRED TO HEREIN.

PROMISSORY NOTE

\$[_____]

December __, 2025

FOR VALUE RECEIVED, SFRI Reserve at Wescott Apartments LLC and SFRI Otarre Pointe Apartments LLC, each a limited liability company duly formed and validly existing under the laws of the State of Delaware (collectively, the "Borrower"), by this promissory note hereby promises to pay to the order of the South Carolina Jobs-Economic Development Authority (the "Issuer") the principal sum of _____ Million _____ and no/100 Dollars (\$ _____), together with interest on the unpaid principal amount hereof, from the Date of Issue (as defined in the Indenture referenced below) until paid in full, at a rate per annum equal to the rate of interest borne by the Bonds (as hereinafter defined) from time to time, and premium, if any, on the Bonds. All such payments of principal, interest and premium, if any, shall be made in funds which shall be immediately available on the due date of such payments and in lawful money of the United States of America at the designated corporate trust office of Wilmington Trust, National Association, or its successor as trustee under the Indenture (the "Trustee").

The principal amount and interest shall be payable on the dates and in the amounts set forth in the Agreement (as hereinafter defined) and on such other dates, that principal and redemption price of, and interest on the Bonds, and the acceleration premium, if any, are payable, subject to prepayment as provided in the Indenture and the Agreement.

This promissory note is the "Note" attached as Exhibit A to the Loan Agreement dated as of December 1, 2025 (as the same may be amended, modified or supplemented from time to time, the "Agreement"), between the Borrower and the Issuer, the terms, conditions and provisions of which are hereby incorporated by reference. Capitalized terms used but not otherwise define in this Note shall have the meanings ascribed to such terms in the Loan Agreement.

This Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged to the Trustee under the Trust Indenture dated as of December 1, 2025 (as the same may be amended, modified or supplemented from time to time, the "Indenture"), between the Issuer and the Trustee, and such payments will be made directly to the Trustee for the account of the Issuer pursuant to such assignment. Such assignment is made as security for the payment of \$[_____] in aggregate original principal amount of the Issuer's Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced), Series 2025 (the "Bonds"), issued by the Issuer pursuant to the Indenture. All the terms, conditions and provisions of the Indenture and the Bonds are hereby incorporated as a part of this Note. The terms of Article IV of the Loan Agreement are hereby incorporated as if more particularly set forth herein.

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**SFRI RESERVE AT WESCOTT
APARTMENTS LLC,
a Delaware limited liability company**

By: Sixteenth Floor Residential Inc.,
a Texas nonprofit corporation,
its sole member

By: _____
Gerald Cichon
Chief Executive Officer and Secretary

Under certain circumstances, the Borrower may at its option and may be required to, prepay all or any part of the amount due on this Note, together with accrued interest thereon, as provided in the Agreement.

Presentation, demand, protest and notice of dishonor are hereby expressly waived by the Borrower.

The Borrower hereby promises to pay reasonable costs of collection and reasonable attorneys' fees in case of a Loan Default Event on this Note, as set forth in the Agreement.

This Note shall be governed by, and construed in accordance with, the laws of the State of South Carolina, without regard to conflict of laws principles.

All agreements between the Borrower and the Issuer, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency or event whatsoever, whether by reason of demand or acceleration of the maturity hereof or otherwise, shall the interest contracted for, charged, received, paid or agreed to be paid to the Issuer exceed interest computed at the Maximum Rate (as defined below). If, from any circumstance whatsoever, interest would otherwise be payable to the Issuer in excess of interest computed at the Maximum Rate, the interest payable to the Issuer shall be reduced to interest computed at the Maximum Rate; and if from any circumstance the Issuer shall ever receive anything of value deemed interest by applicable law in excess of interest computed at the Maximum Rate, an amount equal to any excessive interest shall be applied to the reduction of the principal hereof and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof, such excess shall be refunded to the Borrower. All interest paid or agreed to be paid to the Issuer shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full period until payment in full of the principal (including the period of any renewal or extension hereof) so that the interest hereon for such full period shall not exceed interest computed at the Maximum Rate. This section shall control all agreements between the Borrower and the Issuer, and any successive holder of this Note. The term "Maximum Rate" shall mean the highest lawful rate of interest applicable to the loan transaction evidenced by this Note taking into account whichever of applicable federal law or South Carolina law permits the higher rate of interest, and after also taking into consideration all compensation deemed interest under applicable law.

[SIGNATURE PAGES FOLLOW]

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**SFRI OTARRE POINTEE APARTMENTS
LLC, a Delaware limited liability company**

By: Sixteenth Floor Residential Inc.,
a Texas nonprofit corporation,
its sole member

By: _____
Gerald Cichon
Chief Executive Officer and Secretary

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ENDORSEMENT

Pay to the order of Wilmington Trust, National Association, without recourse, as Trustee under the Indenture referred to in the within-mentioned Agreement, as security for the Bonds issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Note.

SOUTH CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY

By: _____
Jesse Smith, Executive Director

Dated: _____, 2025

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FORMS OF THE FUNDING AGREEMENTS

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FUNDING AGREEMENT

This FUNDING AGREEMENT dated as of December 1, 2025 (this “Agreement”), between HOUSING AUTHORITY OF THE CITY OF EL PASO d/b/a Housing Opportunity Management Enterprises d/b/a HOME, a municipal housing authority and public body corporate and politic of the State of Texas (“HOME”), on the one hand, and SFRI RESERVE AT WESCOTT APARTMENTS LLC, a Delaware limited liability company (the “Project Owner”), on the other:

WITNESSETH

WHEREAS, the City of El Paso, Texas, a home rule municipal corporation and political subdivision of the State of Texas, created HOME pursuant to the Texas Housing Authorities Law, Chapter 392, Texas Local Government Code, as amended (“Chapter 392”); and

WHEREAS, the State of South Carolina created the Jobs-Economic Development Authority (the “Issuer”) pursuant to Section 41-43-10 of the South Carolina Code of Laws (the “Act”), for the purpose of issuing revenue bonds for the purpose set forth in the Act; and

WHEREAS, Sixteenth Floor Residential Inc., a nonprofit organization pursuant to Internal Revenue Code Section 501(c)(3) has organized and is the sole member of the Project Owner, which, in turn, was created as single purpose entity for purposes financing, acquiring, operating, and managing the residential multifamily development identified on Exhibit A and commonly known as the Reserve at Wescott Apartments located in Summerville, South Carolina (the “Project”);

WHEREAS, the Act authorizes the Issuer to provide maximum opportunities for creation and retention of jobs and improvement of the standard of living of the citizens of the State of South Carolina, which includes increasing the availability of affordable multifamily rental housing facilities; and

WHEREAS, HOME and the Issuer recognize the nonprofit charitable purpose of both HOME and Sixteenth Floor Residential Inc.’s of maintaining and enlarging the availability of quality affordable rental units in light of increased demand for housing and costs to renters and to ensure rental households have an opportunity reside in proximity to the array of employers where members of the rental household wish to work; and

WHEREAS, the Board of Directors of the Issuer (the “Board”) has authorized the issuance, sale and delivery of the Issuer’s Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced), Series 2025 (the “Bonds”), pursuant to and in accordance with the terms of (i) a resolution adopted by the Board on November 19, 2025 (the “Issuer Resolution”), and (ii) a Trust Indenture dated as of December 1, 2025 (the “Indenture”), between the Issuer and Wilmington Trust, National Association, as trustee (the “Trustee”); and

WHEREAS, the proceeds of the sale of the Bonds will be used in connection with the acquisition of the Project by the Project Owner, all in accordance with the Constitution and laws of the State of South Carolina; and

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HOME provides any funds pursuant to this Agreement, no action is necessary by the Project Owner to increase the percentage of Low Income Tenants at the Project.

The Project Owner will not permit any lease for a unit in the Project with a term ending after the maturity of the Bonds to be with an individual or family that is not a Low-Income Tenant.

Section 3. Continuing Obligations. This Agreement shall be a continuing, absolute and unconditional agreement and shall remain in full force and effect until the entire principal of, redemption premium, if any, and interest on the Bonds shall have been paid or provided for according to the terms of the Indenture, at which time this Agreement shall automatically terminate and be of no further force and effect.

Section 4. Sponsor Payment of Funding Obligations. HOME expressly waives any right to require that any action be brought against the Project Owner, or any other person or to require that resort be had to any other security before a drawing of funds is made pursuant to this Agreement. If the Project Owner has not deposited or caused to be deposited with the Trustee by the time required by the Indenture an amount sufficient to pay the principal of and interest on the Bonds when and as the same shall become due (whether on an interest payment date, at maturity or by acceleration) (“Debt Service Requirements”), HOME, upon written demand by the Trustee as provided herein, after the Trustee has received written direction for such action pursuant to the terms of the Indenture, without notice other than such demand and without the necessity of further action by the Trustee, its successors or assigns, shall promptly and fully pay an amount (the “Debt Service Shortfall”) equal to the applicable Debt Service Requirements less the amount on deposit with the Trustee available for payment of such Debt Service Requirements. In case of any Event of Default hereunder, HOME, unless prohibited by applicable law, shall pay all reasonable costs and expenses, including reasonable attorneys’ fees and expenses, paid or incurred by the Trustee and the Issuer and/or Project Owner in connection with the enforcement of the Funding Obligations or any other obligations of HOME under this Agreement.

Section 5. Obligations Unconditional. Unless prohibited by applicable law, the respective obligations of HOME and the Project Owner hereunder shall be absolute and unconditional and shall not be impaired, modified, released or limited by any occurrence or condition whatsoever (other than upon the discharge of the lien of the Indenture in accordance with Article IX thereof), including without limitation (a) any compromise, settlement, release, waiver, renewal, extension, indulgence, change in, amendment to or modification of any of the obligations and liabilities contained in the Bonds or the Indenture, (b) any impairment, modification, release or limitation of the liability of the Issuer, or any other security for or guaranty of the Bonds, or any remedy for the enforcement thereof, resulting from the operation of any present or future provision of the federal bankruptcy laws or other statutes or from the decision of any court relating thereto, (c) the assertion or exercise by the Issuer, its successors or assigns, or the Trustee of any rights or remedies under the Indenture or this Agreement or their delay in asserting or exercising, or failure to assert or exercise, any such rights or remedies, and (d) the assignment or mortgaging of the purported assignment or mortgaging of all or any part of the interest of the Issuer in the Project.

Section 6. Waivers. HOME unconditionally waives notice of any of the matters referred to in Section 5 hereof and, prior to making payment to the Trustee hereunder, any proof of

WHEREAS, for the purpose of providing affordable housing or housing assistance, and to create and retain more jobs in the area of the Project, HOME desires to enter into this Agreement to provide for HOME to contribute funds, if needed, for the payment of the Bonds, when and if necessary to avoid an event of default, in consideration for which the Project Owner will agree to make certain set asides with respect to Low Income Tenants (as defined below);

NOW, THEREFORE, in consideration of the foregoing and as an inducement to the Issuer to issue the Bonds and as an inducement to Project Owner to acquire and operate the Project, and in further consideration of the anticipated benefits to HOME, HOME and the Project Owner agree as follows:

Section 1. Sponsor Agreement to Pay Funding Obligations. HOME hereby agrees, but solely from its General Revenues, unless prohibited by applicable law, to deposit with the Trustee on behalf of the Project Owner, from time to time, a sufficient amount of funds, if necessary (as provided in Section 4 below), to provide for the full and prompt payment of any Debt Service Requirements (as defined in Section 4 below) through the payment of any Debt Service Shortfalls (as defined in Section 4 below). HOME’s obligations to pay Debt Service Shortfalls are hereinafter collectively referred to as the “Funding Obligations.” “General Revenues” shall mean all revenues of HOME from any source (including cash and cash equivalents, restricted cash and cash equivalents, investments and restricted investments, as reported annually in HOME’s year-end audited financial statements), but only to the extent that those revenues are available to pay the Funding Obligations and are not now or hereafter prohibited, pledged or restricted, by law, regulation, contract, covenant, resolution, deed of trust or otherwise (including restrictions relating to funds made available to HOME under the U.S. Housing Act of 1937), solely to another particular purpose.

Section 2. Project Owner Agreements Regarding Low Income Tenants. The Project Owner will reserve the Required Percentage (defined below) of the units in the Project (such units are referred to herein collectively as the “Low Income Units”) to benefit individuals and families whose incomes, at the time of initial occupancy, are not more than 60 percent of the area median family income, adjusted for family size, as determined by the United States Department of Housing and Urban Development for the Charleston, South Carolina Metro FMR Area (such individuals and families are referred to herein collectively as “Low Income Tenants”). If HOME provides any funds pursuant to this Agreement, the Project Owner agrees that it will cause the percent of Reserved Units in the Project, following each provision of such funds, to be the Required Percentage plus a percentage equal to the same proportion that the aggregate amount of the funds which have been so provided bears to the overall cost of the Project to the extent required by the law governing the Project. “Required Percentage” on any date shall mean a fraction, the numerator of which is the sum of (i) the Debt Service Requirements due on the next payment date for the Bonds, and (ii) the amount of any funds provided by HOME pursuant to this Agreement, and the denominator of which shall be the original principal amount of the Bonds. For the avoidance of doubt, if required by law, the Project Owner must always have the Required Percentage of units reserved in advance of any funds provided by HOME, and HOME shall not provide any funds above the requisite Required Percentage unless and until a recalculated adjustment has been made that accounts for HOME funds to be advanced. For the further avoidance of doubt, to the extent the number of Low Income Tenants at the Project exceeds the Required Percentage at the time

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nonpayment by the Project Owner under the Indenture with respect to any Funding Obligation other than written notice from of the Trustee stating such nonpayment.

Section 7. No Set-Off. No act of commission or omission of any kind or at any time upon the part of the Issuer or the Trustee, with respect to any matter whatsoever shall in any way affect or impair the rights of the Project Owner, the Issuer, or the Trustee to enforce any right, power or benefit of the Project Owner, the Issuer, or the Trustee under this Agreement, and no set-off, claim, reduction or diminution of any obligation or any defense of any kind or nature which HOME has or may have against the Project Owner, the Issuer, or the Trustee or their assignees or successors shall be available to HOME or against any such assignee or successor in any suit or action brought by the Trustee or its successors or assigns to enforce any right, power or benefit under this Agreement. Nothing in this Agreement shall be construed as a waiver by HOME of any rights or claims it may have against the Trustee, the Project Owner, or the Issuer under this Agreement or otherwise, but any recovery upon such rights and claims shall be had from the Trustee, the Project Owner, or the Issuer separately, it being the intent of this Agreement that HOME shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants hereunder for the benefit of the Project Owner, the Trustee, and the Owners and beneficial owners of the Bonds.

Section 8. Venue. HOME and the Project Owner agree that any suit, action or proceeding arising out of or relating to this Agreement may be instituted in any state or federal court in El Paso County, Texas, at the option of the person or entity bringing such suit, action or proceeding; and HOME and the Project Owner hereby waive any objection to the venue of any such suit, action or proceeding, and irrevocably submit to the jurisdiction of any such court in any such suit, action or proceeding.

Section 9. Event of Default; Remedies. Failure of HOME to pay any Funding Obligation upon receipt of demand by the Trustee, the Project Owner, or the Issuer to HOME given in accordance with Section 13 hereof shall be an Event of Default hereunder.

Whenever an Event of Default hereunder shall have happened and be continuing, unless prohibited by applicable law, the Trustee in the manner provided in the Indenture may declare the entire unpaid principal of, or redemption premium, if any, and interest on the Bonds to be immediately due and payable, and the Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect payments then due or thereafter to become due hereunder or to enforce observance or performance of any covenant, condition or agreement of HOME under this Agreement.

In case the Trustee shall have proceeded to enforce this Agreement and such proceedings shall have been discontinued or abandoned for any reason, then and in every such case HOME and the Trustee shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of HOME and the Trustee shall continue as though no such proceeding had been taken.

Section 10. Enforcement of Remedies. The Project Owner, the Issuer, and/or the Trustee shall be entitled to bring any suit, action or proceeding against HOME for the enforcement of any provision of this Agreement without exhausting any other remedies that it may have pursuant to

the terms of the Bonds or the Indenture and without resort to any other security held by or available to the Project Owner, the Issuer, or the Trustee. For avoidance of doubt, the Trustee is expressly intended to be a third-party beneficiary hereof.

Section 11. Subrogation. Prior to payment in full of the Bonds, or the provision for payment of the Bonds as provided in Article X of the Indenture, HOME shall have no right and shall assert no right to be subrogated to any right of the Project Owner, the Trustee, or the Issuer. No subrogation of HOME shall require the Trustee to proceed against any person or entity or to resort to any security or to take any other action of any kind as a result of subrogation.

Section 12. Amendment of Agreement. HOME and the Project Owner may, with written notice to the Trustee, without the consent of or notice to the Owners or beneficial owners of the Bonds, enter into any amendment, change or modification of this Agreement (i) as may be required by the provisions of this Agreement or the Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission, (iii) in connection with an amendment of the Indenture, (iv) to effect any event or purpose for which there could be an amendment of the Indenture without the consent of the Owners or beneficial owners of the Bonds, or (v) in connection with any other change herein which is not, in the opinion of HOME and the Project Owner to the material prejudice of the Trustee or the Owners or beneficial owners of the Bonds. Except for the amendments, changes or modifications described in the preceding sentence, HOME and the Project Owner may not enter into any other amendment, change, or modification of this Agreement without first obtaining the written approval or consent of, the Owners of a majority in aggregate principal amount of the Bonds at the time outstanding; provided, however, that the foregoing does not permit, without the written approval or consent of the Owners of 100% in aggregate principal amount of the Bonds then outstanding, an extension of the time of payment of, or a reduction in, any of the Funding Obligations. The Trustee shall be entitled to receive and rely on an opinion of counsel to the effect that such amendment of this Agreement is authorized or permitted hereunder and complies with the terms of this Section 12.

Section 13. Notices. Demand for payment by HOME of the Funding Obligations shall be made by notice in writing as provided in the next sentence. All demands, notices, approvals, consents, requests and other communication hereunder shall be in writing addressed to the addresses as set forth in Section 11.6 of the Indenture and shall be deemed to have been given: (i) when the same are delivered by hand, or (ii) on the next Business Day when the same are sent by overnight delivery service (with delivery confirmed). HOME, the Project Owner, the Issuer, and the Trustee may, by notice given hereunder, designate any further or different addresses or means of communication to which subsequent demands, notices, approvals, consents, requests or other communications shall be sent or persons to whose attention the same shall be directed.

Section 14. Findings. The governing body of HOME finds and agrees that this Agreement and acquisition and operation of the Project by the Project Owner will promote efficiency and effectiveness of HOME's statutory mission to provide affordable housing; that HOME will make any payments related to this Agreement from revenues available to HOME as defined herein; and that the governing bodies of HOME and the Project Owner have approved this Agreement.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

HOME:

HOUSING AUTHORITY OF THE CITY OF EL
PASO d/b/a Housing Opportunity Management
Enterprises d/b/a HOME ("HOME")

By: _____
Gerald Cichon, Chief Executive
Officer and Secretary

PROJECT OWNER:

SFRI RESERVE AT WESCOTT
APARTMENTS LLC

By: SIXTEENTH FLOOR RESIDENTIAL INC.
Its Sole Member

By: _____
Gerald Cichon, Chief Executive
Officer and Secretary

Section 15. Miscellaneous.

(a) If any provision of this Agreement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

(b) This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

(c) This Agreement, together with the Indenture and the Tax Certificate (each as defined in the Indenture), express the entire understanding and all agreements between the parties thereto and this Agreement may not be modified or amended except in writing signed by the parties hereto as described in Section 12 hereof.

(d) As security for the payment of the Bonds, the Issuer is, pursuant to the Indenture, simultaneously with the execution and delivery of this Agreement, assigning, conveying and transferring to the Trustee, for the benefit of the Owners, all of the Issuer's right, title and interest in and to this Agreement. The Issuer has consented to such assignment in the Indenture.

(e) All capitalized terms not otherwise defined herein shall have the same meaning as set forth in Article I of the Indenture.

(f) HOME consents to all the terms, covenants and conditions of the Indenture.

(g) This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which together shall constitute but one and the same instrument.

(h) The Trustee, in acting or omitting to act hereunder, shall have the same rights, protections, immunities and indemnities as provided to it in the Indenture.

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FUNDING AGREEMENT

This FUNDING AGREEMENT dated as of December 1, 2025 (this “Agreement”), between HOUSING AUTHORITY OF THE CITY OF EL PASO d/b/a Housing Opportunity Management Enterprises d/b/a HOME, a municipal housing authority and public body corporate and politic of the State of Texas (“HOME”), on the one hand, and SFRI OTARRE POINTE APARTMENTS LLC, a Delaware limited liability company (the “Project Owner”), on the other:

WITNESSETH

WHEREAS, the City of El Paso, Texas, a home rule municipal corporation and political subdivision of the State of Texas, created HOME pursuant to the Texas Housing Authorities Law, Chapter 392, Texas Local Government Code, as amended (“Chapter 392”); and

WHEREAS, the State of South Carolina created the Jobs-Economic Development Authority (the “Issuer”) pursuant to Section 41-43-10 of the South Carolina Code of Laws (the “Act”), for the purpose of issuing revenue bonds for the purpose set forth in the Act; and

WHEREAS, Sixteenth Floor Residential Inc., a nonprofit organization pursuant to Internal Revenue Code Section 501(c)(3) has organized and is the sole member of the Project Owner, which, in turn, was created as single purpose entity for purposes financing, acquiring, operating, and managing the residential multifamily development identified on Exhibit A and commonly known as the Otarre Pointe Apartments located in Cayce, South Carolina (the “Project”);

WHEREAS, the Act authorizes the Issuer to provide maximum opportunities for creation and retention of jobs and improvement of the standard of living of the citizens of the State of South Carolina, which includes increasing the availability of affordable multifamily rental housing facilities; and

WHEREAS, HOME and the Issuer recognize the nonprofit charitable purpose of both HOME and Sixteenth Floor Residential Inc.’s of maintaining and enlarging the availability of quality affordable rental units in light of increased demand for housing and costs to renters and to ensure rental households have an opportunity reside in proximity to the array of employers where members of the rental household wish to work; and

WHEREAS, the Board of Directors of the Issuer (the “Board”) has authorized the issuance, sale and delivery of the Issuer’s Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced), Series 2025 (the “Bonds”), pursuant to and in accordance with the terms of (i) a resolution adopted by the Board on November 19, 2025 (the “Issuer Resolution”), and (ii) a Trust Indenture dated as of December 1, 2025 (the “Indenture”), between the Issuer and Wilmington Trust, National Association, as trustee (the “Trustee”); and

WHEREAS, the proceeds of the sale of the Bonds will be used in connection with the acquisition of the Project by the Project Owner, all in accordance with the Constitution and laws of the State of South Carolina; and

1

HOME provides any funds pursuant to this Agreement, no action is necessary by the Project Owner to increase the percentage of Low Income Tenants at the Project.

The Project Owner will not permit any lease for a unit in the Project with a term ending after the maturity of the Bonds to be with an individual or family that is not a Low-Income Tenant.

Section 3. Continuing Obligations. This Agreement shall be a continuing, absolute and unconditional agreement and shall remain in full force and effect until the entire principal of, redemption premium, if any, and interest on the Bonds shall have been paid or provided for according to the terms of the Indenture, at which time this Agreement shall automatically terminate and be of no further force and effect.

Section 4. Sponsor Payment of Funding Obligations. HOME expressly waives any right to require that any action be brought against the Project Owner, or any other person or to require that resort be had to any other security before a drawing of funds is made pursuant to this Agreement. If the Project Owner has not deposited or caused to be deposited with the Trustee by the time required by the Indenture an amount sufficient to pay the principal of and interest on the Bonds when and as the same shall become due (whether on an interest payment date, at maturity or by acceleration) (“Debt Service Requirements”), HOME, upon written demand by the Trustee as provided herein, after the Trustee has received written direction for such action pursuant to the terms of the Indenture, without notice other than such demand and without the necessity of further action by the Trustee, its successors or assigns, shall promptly and fully pay an amount (the “Debt Service Shortfall”) equal to the applicable Debt Service Requirements less the amount on deposit with the Trustee available for payment of such Debt Service Requirements. In case of any Event of Default hereunder, HOME, unless prohibited by applicable law, shall pay all reasonable costs and expenses, including reasonable attorneys’ fees and expenses, paid or incurred by the Trustee and the Issuer and/or Project Owner in connection with the enforcement of the Funding Obligations or any other obligations of HOME under this Agreement.

Section 5. Obligations Unconditional. Unless prohibited by applicable law, the respective obligations of HOME and the Project Owner hereunder shall be absolute and unconditional and shall not be impaired, modified, released or limited by any occurrence or condition whatsoever (other than upon the discharge of the lien of the Indenture in accordance with Article IX thereof), including without limitation (a) any compromise, settlement, release, waiver, renewal, extension, indulgence, change in, amendment to or modification of any of the obligations and liabilities contained in the Bonds or the Indenture, (b) any impairment, modification, release or limitation of the liability of the Issuer, or any other security for or guaranty of the Bonds, or any remedy for the enforcement thereof, resulting from the operation of any present or future provision of the federal bankruptcy laws or other statutes or from the decision of any court relating thereto, (c) the assertion or exercise by the Issuer, its successors or assigns, or the Trustee of any rights or remedies under the Indenture or this Agreement or their delay in asserting or exercising, or failure to assert or exercise, any such rights or remedies, and (d) the assignment or mortgaging of the purported assignment or mortgaging of all or any part of the interest of the Issuer in the Project.

Section 6. Waivers. HOME unconditionally waives notice of any of the matters referred to in Section 5 hereof and, prior to making payment to the Trustee hereunder, any proof of

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WHEREAS, for the purpose of providing affordable housing or housing assistance, and to create and retain more jobs in the area of the Project, HOME desires to enter into this Agreement to provide for HOME to contribute funds, if needed, for the payment of the Bonds, when and if necessary to avoid an event of default, in consideration for which the Project Owner will agree to make certain set asides with respect to Low Income Tenants (as defined below);

NOW, THEREFORE, in consideration of the foregoing and as an inducement to the Issuer to issue the Bonds and as an inducement to Project Owner to acquire and operate the Project, and in further consideration of the anticipated benefits to HOME, HOME and the Project Owner agree as follows:

Section 1. Sponsor Agreement to Pay Funding Obligations. HOME hereby agrees, but solely from its General Revenues, unless prohibited by applicable law, to deposit with the Trustee on behalf of the Project Owner, from time to time, a sufficient amount of funds, if necessary (as provided in Section 4 below), to provide for the full and prompt payment of any Debt Service Requirements (as defined in Section 4 below) through the payment of any Debt Service Shortfalls (as defined in Section 4 below). HOME’s obligations to pay Debt Service Shortfalls are hereinafter collectively referred to as the “Funding Obligations.” “General Revenues” shall mean all revenues of HOME from any source (including cash and cash equivalents, restricted cash and cash equivalents, investments and restricted investments, as reported annually in HOME’s year-end audited financial statements), but only to the extent that those revenues are available to pay the Funding Obligations and are not now or hereafter prohibited, pledged or restricted, by law, regulation, contract, covenant, resolution, deed of trust or otherwise (including restrictions relating to funds made available to HOME under the U.S. Housing Act of 1937), solely to another particular purpose.

Section 2. Project Owner Agreements Regarding Low Income Tenants. The Project Owner will reserve the Required Percentage (defined below) of the units in the Project (such units are referred to herein collectively as the “Low Income Units”) to benefit individuals and families whose incomes, at the time of initial occupancy, are not more than 60 percent of the area median family income, adjusted for family size, as determined by the United States Department of Housing and Urban Development for the Charleston, South Carolina Metro FMR Area (such individuals and families are referred to herein collectively as “Low Income Tenants”). If HOME provides any funds pursuant to this Agreement, the Project Owner agrees that it will cause the percent of Reserved Units in the Project, following each provision of such funds, to be the Required Percentage plus a percentage equal to the same proportion that the aggregate amount of the funds which have been so provided bears to the overall cost of the Project to the extent required by the law governing the Project. “Required Percentage” on any date shall mean a fraction, the numerator of which is the sum of (i) the Debt Service Requirements due on the next payment date for the Bonds, and (ii) the amount of any funds provided by HOME pursuant to this Agreement, and the denominator of which shall be the original principal amount of the Bonds. For the avoidance of doubt, if required by law, the Project Owner must always have the Required Percentage of units reserved in advance of any funds provided by HOME, and HOME shall not provide any funds above the requisite Required Percentage unless and until a recalculated adjustment has been made that accounts for HOME funds to be advanced. For the further avoidance of doubt, to the extent the number of Low Income Tenants at the Project exceeds the Required Percentage at the time

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nonpayment by the Project Owner under the Indenture with respect to any Funding Obligation other than written notice from of the Trustee stating such nonpayment.

Section 7. No Set-Off. No act of commission or omission of any kind or at any time upon the part of the Issuer or the Trustee, with respect to any matter whatsoever shall in any way affect or impair the rights of the Project Owner, the Issuer, or the Trustee to enforce any right, power or benefit of the Project Owner, the Issuer, or the Trustee under this Agreement, and no set-off, claim, reduction or diminution of any obligation or any defense of any kind or nature which HOME has or may have against the Project Owner, the Issuer, or the Trustee or their assignees or successors shall be available to HOME or against any such assignee or successor in any suit or action brought by the Trustee or its successors or assigns to enforce any right, power or benefit under this Agreement. Nothing in this Agreement shall be construed as a waiver by HOME of any rights or claims it may have against the Trustee, the Project Owner, or the Issuer under this Agreement or otherwise, but any recovery upon such rights and claims shall be had from the Trustee, the Project Owner, or the Issuer separately, it being the intent of this Agreement that HOME shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants hereunder for the benefit of the Project Owner, the Trustee, and the Owners and beneficial owners of the Bonds.

Section 8. Venue. HOME and the Project Owner agree that any suit, action or proceeding arising out of or relating to this Agreement may be instituted in any state or federal court in El Paso County, Texas, at the option of the person or entity bringing such suit, action or proceeding; and HOME and the Project Owner hereby waive any objection to the venue of any such suit, action or proceeding, and irrevocably submit to the jurisdiction of any such court in any such suit, action or proceeding.

Section 9. Event of Default; Remedies. Failure of HOME to pay any Funding Obligation upon receipt of demand by the Trustee, the Project Owner, or the Issuer to HOME given in accordance with Section 13 hereof shall be an Event of Default hereunder.

Whenever an Event of Default hereunder shall have happened and be continuing, unless prohibited by applicable law, the Trustee in the manner provided in the Indenture may declare the entire unpaid principal of, or redemption premium, if any, and interest on the Bonds to be immediately due and payable, and the Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect payments then due or thereafter to become due hereunder or to enforce observance or performance of any covenant, condition or agreement of HOME under this Agreement.

In case the Trustee shall have proceeded to enforce this Agreement and such proceedings shall have been discontinued or abandoned for any reason, then and in every such case HOME and the Trustee shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of HOME and the Trustee shall continue as though no such proceeding had been taken.

Section 10. Enforcement of Remedies. The Project Owner, the Issuer, and/or the Trustee shall be entitled to bring any suit, action or proceeding against HOME for the enforcement of any provision of this Agreement without exhausting any other remedies that it may have pursuant to

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the terms of the Bonds or the Indenture and without resort to any other security held by or available to the Project Owner, the Issuer, or the Trustee. For avoidance of doubt, the Trustee is expressly intended to be a third-party beneficiary hereof.

Section 11. Subrogation. Prior to payment in full of the Bonds, or the provision for payment of the Bonds as provided in Article X of the Indenture, HOME shall have no right and shall assert no right to be subrogated to any right of the Project Owner, the Trustee, or the Issuer. No subrogation of HOME shall require the Trustee to proceed against any person or entity or to resort to any security or to take any other action of any kind as a result of subrogation.

Section 12. Amendment of Agreement. HOME and the Project Owner may, with written notice to the Trustee, without the consent of or notice to the Owners or beneficial owners of the Bonds, enter into any amendment, change or modification of this Agreement (i) as may be required by the provisions of this Agreement or the Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission, (iii) in connection with an amendment of the Indenture, (iv) to effect any event or purpose for which there could be an amendment of the Indenture without the consent of the Owners or beneficial owners of the Bonds, or (v) in connection with any other change herein which is not, in the opinion of HOME and the Project Owner to the material prejudice of the Trustee or the Owners or beneficial owners of the Bonds. Except for the amendments, changes or modifications described in the preceding sentence, HOME and the Project Owner may not enter into any other amendment, change, or modification of this Agreement without first obtaining the written approval or consent of, the Owners of a majority in aggregate principal amount of the Bonds at the time outstanding; provided, however, that the foregoing does not permit, without the written approval or consent of the Owners of 100% in aggregate principal amount of the Bonds then outstanding, an extension of the time of payment of, or a reduction in, any of the Funding Obligations. The Trustee shall be entitled to receive and rely on an opinion of counsel to the effect that such amendment of this Agreement is authorized or permitted hereunder and complies with the terms of this Section 12.

Section 13. Notices. Demand for payment by HOME of the Funding Obligations shall be made by notice in writing as provided in the next sentence. All demands, notices, approvals, consents, requests and other communication hereunder shall be in writing addressed to the addresses as set forth in Section 11.6 of the Indenture and shall be deemed to have been given: (i) when the same are delivered by hand, or (ii) on the next Business Day when the same are sent by overnight delivery service (with delivery confirmed). HOME, the Project Owner, the Issuer, and the Trustee may, by notice given hereunder, designate any further or different addresses or means of communication to which subsequent demands, notices, approvals, consents, requests or other communications shall be sent or persons to whose attention the same shall be directed.

Section 14. Findings. The governing body of HOME finds and agrees that this Agreement and acquisition and operation of the Project by the Project Owner will promote efficiency and effectiveness of HOME's statutory mission to provide affordable housing; that HOME will make any payments related to this Agreement from revenues available to HOME as defined herein; and that the governing bodies of HOME and the Project Owner have approved this Agreement.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

HOME:

HOUSING AUTHORITY OF THE CITY OF EL
PASO d/b/a Housing Opportunity Management
Enterprises d/b/a HOME ("HOME")

By: _____
Gerald Cichon, Chief Executive
Officer and Secretary

PROJECT OWNER:

SFRI OTARRE POINTE APARTMENTS LLC

By: SIXTEENTH FLOOR RESIDENTIAL INC.
Its Sole Member

By: _____
Gerald Cichon, Chief Executive
Officer and Secretary

Section 15. Miscellaneous.

(a) If any provision of this Agreement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

(b) This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

(c) This Agreement, together with the Indenture and the Tax Certificate (each as defined in the Indenture), express the entire understanding and all agreements between the parties thereto and this Agreement may not be modified or amended except in writing signed by the parties hereto as described in Section 12 hereof.

(d) As security for the payment of the Bonds, the Issuer is, pursuant to the Indenture, simultaneously with the execution and delivery of this Agreement, assigning, conveying and transferring to the Trustee, for the benefit of the Owners, all of the Issuer's right, title and interest in and to this Agreement. The Issuer has consented to such assignment in the Indenture.

(e) All capitalized terms not otherwise defined herein shall have the same meaning as set forth in Article I of the Indenture.

(f) HOME consents to all the terms, covenants and conditions of the Indenture.

(g) This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which together shall constitute but one and the same instrument.

(h) The Trustee, in acting or omitting to act hereunder, shall have the same rights, protections, immunities and indemnities as provided to it in the Indenture.

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FORMS OF THE MORTGAGES

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RECITALS

WHEREAS, Issuer is issuing its \$_____ Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced), Series 2025 (the “**Bonds**”), under the Indenture, the repayment of which is secured by this Mortgage; and

WHEREAS, the proceeds of the Bonds will be loaned by the Issuer to Mortgagor pursuant to a Loan Agreement, dated as of December 1, 2025, by and between Issuer and Mortgagor; and

WHEREAS, the Mortgagor is justly indebted to the Mortgagee, as bond trustee, pursuant to the terms of the Indenture, subject to the following additional terms and conditions:

GRANTING CLAUSE

To secure the prompt and timely repayment of the Obligations, defined herein and also to secure in accordance with Section 29-3-50, as amended, Code of Laws of South Carolina 1976, as amended, all future advances and readvances that may subsequently be made to Mortgagor by the Mortgagee, evidenced by the Bonds, and all renewals and extensions thereof, and in order to charge the properties, interests and rights hereunder described with such payment, performance, and observance, and for and in consideration of the additional sum of \$1.00 paid to the Mortgagor by the Mortgagee and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the Mortgagor, does hereby grant, bargain, sell, alien, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, deliver, set over, warrant and confirm unto the Mortgagee, as bond trustee for the benefit of the Owners, its successors and assigns forever, all estate, right, title and interest which Mortgagor now has or may later acquire in the following property (all or any part of such property, or any interest in all or any part of it, together with the Personal Property and Personalty (as such terms are hereinafter defined) being collectively referred to as the “**Property**”) (the items described in (a) through (o) below are collectively referred to as the “**Mortgaged Estate**”):

(a) The real property located in the County of Dorchester, State of South Carolina, as described in Exhibit A hereto (the “**Land**”);

(b) All buildings, structures, improvements, fixtures, additions, enlargements, extensions, modifications, repairs, replacements, and appurtenances now or hereafter on the Land, and all apparatus and equipment now or hereafter attached in any manner to the Land or any building on the Land, including all (i) pumping plants, engines, pipes, ditches and flumes, (ii) all gas, electric, cooking, heating, cooling, air conditioning, lighting, refrigeration and plumbing Fixtures and Equipment, and (iii) all water, sewage and drainage facilities, wells, treatment plants, supply, collection and distribution systems, paving, landscaping and other improvements (collectively, the “**Improvements**”);

(c) All easements, strips and gores of land, streets, ways, alleys, passages, and rights of way appurtenant to the Land; all crops growing or to be grown on the Land (including all such crops following severance from the Land); all standing timber upon the Land (including all such timber following severance from the Land); all development rights or credits and air rights; all water and water rights (whether riparian, appropriative, or otherwise, and whether or not appurtenant to the Land) and shares of stock pertaining to such water or water rights, ownership

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PREPARED BY AND)
WHEN RECORDED MAIL TO:)
Cantu Harden Montoya, LLP)
1020 NE Loop 410, Suite 401)
San Antonio, Texas 78209)

Space Above for Recorder's Use

THE COLLATERAL SUBJECT TO THIS MORTGAGE, ASSIGNMENT OF LEASES, SECURITY AGREEMENT AND FIXTURE FILING INCLUDES GOODS THAT ARE OR ARE TO BECOME FIXTURES.

THIS MORTGAGE, ASSIGNMENT OF LEASES, SECURITY AGREEMENT AND FIXTURE FILING IS TO BE FILED IN THE REAL PROPERTY RECORDS FOR DORCHESTER COUNTY, SC AND SHALL SERVE AS A FIXTURE FILING FINANCING STATEMENT IN ACCORDANCE WITH THE PROVISIONS OF SECTION 36-9-502(C) OF THE CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED.

THIS MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT, AND FIXTURE FILING SECURES FUTURE ADVANCES. TO THE EXTENT PROVIDED IN THE BONDS, INTEREST OR DISCOUNT WILL BE DEFERRED, ACCRUED OR CAPITALIZED.

MORTGAGE, ASSIGNMENT OF LEASES, SECURITY AGREEMENT AND FIXTURE FILING

THIS MORTGAGE, ASSIGNMENT OF LEASES, SECURITY AGREEMENT AND FIXTURE FILING (as it may be amended, supplemented or otherwise modified from time to time, this “**Mortgage**”) is made as of the 10th day of December, 2025 by **SFRI RESERVE AT WESCOTT APARTMENTS LLC**, a Delaware limited liability company, with a mailing address of 304 Texas Avenue, 16th Floor, El Paso, Texas 79901 (the “**Mortgagor**”), to **WILMINGTON TRUST, NATIONAL ASSOCIATION**, a national banking association with mailing address of 650 Town Center Drive, Suite 800, Costa Mesa, California 92626 (the “**Mortgagee**”), as mortgagee and as bond trustee under that certain Bond Indenture, dated as of December 1, 2025, by and between the South Carolina Jobs-Economic Development Authority, a unit of government and body corporate and politic organized and existing as a joint powers commission under the laws of the State of South Carolina (the “**Issuer**”), as issuer of the Bonds (as defined below), and the Mortgagee, as bond trustee, for the benefit of the Owners (as defined below) of the Bonds (the “**Indenture**”), a copy of which Indenture is on file with the Mortgagee.

of which affect the Land; all minerals, oil, gas, and other hydrocarbon substances and rights thereto in, on, under, or upon the Land; all estates, rights, titles, interests, privileges, liberties, servitudes, tenements, hereditaments, and appurtenances of any nature whatsoever, in any way now or hereafter belonging, relating or pertaining to the Property and the Improvements and the reversion and reversions, remainder and remainders and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the said property, to the center line thereof and all the estates, rights, titles, interests, dower and rights of dower, curtesy and rights of curtesy, property, possession, claim, and demand whatsoever, both at law and in equity, of Mortgagor of, in and to said property and the Improvements and every part and parcel thereof.

(d) All existing and future leases, subleases, subtenancies, licenses, franchises, occupancy agreements and concessions relating to the use and enjoyment of all or any part of the Land or the Improvements, grants of other possessory interests, tenancies, and any other agreements affecting the use, possession, or occupancy of the Property or any part thereof, whether now or hereafter existing or entered into (including, without limitation, any use or occupancy arrangements created pursuant to Section 365(d) of the Bankruptcy Code or otherwise in connection with the commencement or continuance of any bankruptcy, reorganization, arrangement, insolvency, dissolution, receivership, or similar proceedings, or any assignment for the benefit of creditors, in respect of any tenant or occupant of any portion of the Property (as hereinafter defined)), all amendments, modifications, supplements, extensions, or renewals thereof, whether now or hereafter existing and any and all guaranties and other agreements relating to or made in connection with any of the foregoing;

(e) All right, title and interest in and to all current and future leases and rents relating to the Land or the Improvements; it being intended by the Mortgagor that this assignment constitutes a present, absolute assignment and not an assignment for additional security only. Nevertheless, subject to the terms of this Mortgage, the Mortgagee grants to the Mortgagor a revocable license to collect and receive the rents. The Mortgagor shall hold the rents, or a portion thereof, sufficient to discharge all current sums due on the Obligations, for use in the payment of such sums;

(f) All fixtures, equipment, supplies, and other personal property of every kind and nature (the “**Fixtures and Equipment**”) now or hereafter attached to, used, intended or acquired for use for, or in connection with, the construction, maintenance, operation or repair of the Property or Improvements, or for the present or future replacement or replenishment of used portions of it, and all related parts, filters and supplies, including, but not limited to, all heating, lighting, cooling, ventilating, air conditioning, environment control, refrigeration, plumbing, incinerating, water heating, cooking, pollution control, gas, electric, solar, nuclear, computing, monitoring, measuring, controlling, distributing and other equipment and fixtures, and all renewals and replacements of them, all substitutions for them and all additions and accessions to them, all of which Mortgagor and Mortgagee hereby also irrevocably declare to be real estate and part of the Property.

(g) All wastewater, fresh water and other utilities capacity and facilities (the “**Utilities Capacity**”) available or allocable to the Property and Improvements or dedicated to or reserved for them pursuant to any system, program, contract or other arrangement with any public or private utility, and all related or incidental licenses, rights and interests, whether considered to be real,

personal or mixed property, including the right and authority to transfer or relinquish any or all such rights and the right to any credit, refund, reimbursement or rebate for utilities facilities construction or installation or for any reservation fee, standby fee or capital recovery charge promised, provided or paid for by Mortgagor or any of Mortgagor's predecessors or Affiliates (defined below), to the full extent now allocated or allocable to the Property or Improvements, plus all additional Utilities Capacity, if any, not dedicated or reserved to the Property or Improvements but which is now or hereafter owned or controlled by Mortgagor or by anyone (an “**Affiliate**,” whether a natural person or an entity) who directly or through one or more intermediaries controls, is controlled by or is under common control with Mortgagor, to the full extent that such additional Utilities Capacity is necessary to allow development, marketing and use of the Property or Improvements for their highest and best use.

(h) Any and all rights and appurtenances belonging, incident or appertaining to the Property, Improvements, Fixtures and Equipment, Leases or Utilities Capacity or any part of them.

(i) All proceeds, including all claims to and demands for them, of the voluntary or involuntary conversion of any of the Land, Improvements, or the other property described above into cash or liquidated claims, including (i) proceeds of all present and future fire, hazard or casualty insurance policies, whether or not such policies are required by Mortgagee, (ii) all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding (including, but not limited to, any transfer made in lieu of or in anticipation of the exercise of the right), or for a change of grade, or for any other injury to or decrease in the value of the Property, (iii) all refunds, rebates, or credits in connection with reduction in real estate taxes and assessments charged against the Property as a result of tax certiorari or any applications or proceedings for reduction, and (iv) all causes of action and their proceeds for any breach of warranty, misrepresentation, damage or injury to, or defect in, the Land, Improvements, or the other property described above or any part of them;

(j) All Contract Documents as set forth in Section 3.20(d) of this Mortgage, contracts (including contracts for the sale or exchange of all or any portion of the Property or the Improvements), franchises, licenses, certificates, instruments, permits, applications, entitlements, plans, specifications, drawings, and other documents, whether executed, granted or issued by a private person or entity or a governmental or quasi-governmental agency, which are directly or indirectly related to or connected with the development, use, occupation, construction, management, operation or sale of the Property or the Improvements or respecting any business or activity conducted on the Property and any part thereof, whether now or at any time hereafter existing, and all amendments and supplements thereto and renewals and extensions thereof at any time made, and any sums payable to Mortgagor, rebates, refunds, escrow accounts and funds, or deposits and all other sums due or to become due under and pursuant thereto and all powers, privileges, options and Mortgagor's other benefits thereunder.

(k) The right, in the name and on behalf of Mortgagor, to appear in and defend any action or proceeding brought with respect to the Property and to commence any action or proceeding to protect the interest of Mortgagee in the Property.

(l) All trade names, trademarks, service marks, logos, copyrights, goodwill, books and records, websites and domain names, and all other general intangibles relating to or used in connection with the operation of the Property.

(m) All (i) reserves, escrows, and deposit accounts maintained by Mortgagor with respect to the Indenture, including, without limitation, all funds and accounts established or maintained pursuant to the Indenture and any other Bond Documents (as hereinafter defined), together with all deposits or wire transfers made to such accounts, and all cash, checks, drafts, certificates, securities, investment property, financial assets, instruments, and other property held therein from time to time, and all proceeds, products, distributions, dividends, and/or substitutions thereon and thereof, and (ii) any and all monies now or hereafter held by the Mortgagee, as additional security for the Obligations until expended or applied as provided in this Mortgage;

(n) All other property described in Exhibit A hereto.

(o) All proceeds of, additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

This Mortgage constitutes a financing statement filed as a fixture filing under the South Carolina Uniform Commercial Code, as amended or recodified from time to time, covering any Property which now is or later may become a fixture attached to the Land or any building located thereon.

TO HAVE AND TO HOLD unto Mortgagee and its successors and assigns, forever to its and their own proper use and behoof; and Mortgagor also does for itself, its successors and assigns, covenant with Mortgagee, and its successors and assigns, that at and until the sealing of these presents, it is well seized of the Property in fee simple, and has good right to mortgage, bargain and sell the same and that the same are free from all encumbrances whatsoever except for Permitted Encumbrances. The lien of this Mortgage shall be junior and subordinate to that certain Land Use Restriction Agreement dated as of December 1, 2025, among the Issuer, the Borrower, and the Mortgagee, as the same may be amended from time to time.

SECTION 1 DEFINITIONS

All terms used in this Mortgage but not defined herein shall have the meanings ascribed to such terms in the Indenture. The following terms as used herein shall have the following meanings:

"Bonds" shall have the meaning assigned to it in the recitals to this Mortgage.

"Bond Documents" shall mean this Mortgage, the Indenture, the Bonds, and all other documents, agreements or instruments executed in therewith or with any of the foregoing documents.

"Building Service Equipment" shall mean all apparatus, fixtures and articles of personal property owned by the Mortgagor now or hereafter attached to or used or procured for use in connection with the operation or maintenance of any building, structure or other improvement located on or included in the Property, including, but without limiting the generality of the

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and Reauthorization Act of 1986, 42 U.S.C. § 9601, et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Solid and Hazardous Waste Amendments of 1984, 42 U.S.C. § 6901, et seq.; the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 U.S.C. § 1251, et seq.; the Toxic Substances Control Act of 1976, 15 U.S.C. § 2601, et seq.; the Emergency Planning and Community Right-To-Know Act of 1986, 42 U.S.C. § 11001, et seq.; the Clean Air Act of 1966, as amended, 42 U.S.C. § 7401, et seq.; the National Environmental Policy Act of 1975, 42 U.S.C. § 4321, et seq.; the Rivers and Harbors Act of 1899, 33 U.S.C. § 401 et seq.; the Safe Drinking Water Act of 1974, as amended 42 U.S.C. § 300(f), et seq.; and all rules, regulations, policies and guidance documents promulgated or published thereunder; and any State of South Carolina, regional, county, parish or local statute, law, rule, regulation or ordinance relating to public health, or the environment.

"Event of Default" shall mean (a) any Event of Default under the Bonds or the other Bond Documents, (b) any default in the payment or performance of the obligations of the Mortgagor hereunder, or (c) any representation or warranty of the Mortgagor hereunder proving to be untrue in any material respect.

"Hazardous Materials" shall mean: (a) any substances defined as "hazardous substances," "pollutants," "contaminants," "hazardous materials," "hazardous wastes," or "hazardous or toxic substances" or related materials as now or hereafter defined in any Environmental Law; (b) those substances listed or otherwise identified as substances of the type referred to in the preceding subsection (a) in the regulations adopted and publications issued pursuant to any Environmental Law, as the same may be amended, modified or supplemented; (c) any friable asbestos, airborne asbestos in excess of that generally found in the atmosphere where the Project is located, or any substance or material containing asbestos; and (d) any substance the presence of which on the Property or the Project is prohibited or restricted by any applicable Environmental Law; provided that Hazardous Material shall not include any such substances used in or resulting from the ordinary, lawful operation of the Project or for the cleaning of the Property or the Project, provided that such substances are stored, handled and disposed of in substantial compliance with all applicable Environmental Laws and other applicable laws and regulations.

"Indebtedness" shall mean all obligations for payment of principal and interest with respect to money borrowed, incurred or assumed by the Mortgagor, and all purchase money mortgages, installment purchase contracts, capital leases, guaranties or other similar instruments in the nature of a borrowing by which the Mortgagor will be unconditionally obligated to pay.

"Indenture" shall have the meaning assigned to it in the recitals to this Mortgage.

"Lien" shall mean any mortgage or pledge of, security interest in, or lien or encumbrance on, any property which secures any Indebtedness or other obligation of the Mortgagor excluding liens applicable to property in which the Mortgagor has only a leasehold interest unless the lien secures Indebtedness.

"Obligations" shall mean all indebtedness, liabilities, obligations, covenants and agreements of the Mortgagor to the Mortgagee now existing or hereafter arising or incurred under

foregoing, all engines, furnaces, boilers, stokers, pumps, heaters, tanks, dynamos, motors, generators, switchboards, electrical equipment, heating, plumbing, lifting and ventilating apparatus, air-cooling and air-conditioning apparatus, gas and electrical fixtures, elevators, escalators, fittings, and machinery and all other equipment of every kind and description, used or procured for use in the operation of the building standing on the Property (except apparatus, fixtures or articles of personal property belonging to lessees or other occupants of such building or to persons other than the Mortgagor, unless the same be abandoned by any such lessee or other occupant or person), together with any and all replacements thereof and additions thereto.

"Contract Documents" shall have the meaning assigned to it in Section 3.20(d) hereof.

"Creditors Rights Laws" shall mean any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, conservatorship, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to its debts or debtors.

"Disposal" shall have the meaning assigned to it in Section 3.8 hereof.

"Environmental Damages" shall mean all costs, losses, damages (including natural resource damages, expenses, judgments, penalties, fines, liabilities (including strict liability), encumbrances, Liens, and expenses of investigation and defense of any claim, whether or not such claim is ultimately defeated, and of any good faith settlement or judgment, of whatever kind or nature, including without limitation reasonable attorneys' fees and expert consultants' fees and disbursements, any of which are incurred at any time as a result of the existence of Hazardous Materials upon, about, beneath or migrating, or threatening to migrate, onto or from the Property or the Project, or the violation of Environmental Requirements pertaining to the Property or the Project, regardless of whether or not such Environmental Damages were caused by or within the control of the Mortgagor.

"Environmental Law" shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. § 9601 et seq. ("CERCLA"); the federal Hazardous Materials Transportation Law, 49 U.S.C. § 5101 et seq.; the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901 et seq. ("RCRA"); the Clean Water Act, 33 U.S.C. § 1251 et seq. and the Clean Air Act, 42 U.S.C. § 7401 et seq.; and any other applicable federal or state laws pertaining to the protection of the environment, as any such laws may be amended, modified or supplemented and any regulations promulgated pursuant to any of the foregoing.

"Environmental Report" shall mean any environmental assessment (as described in Section 3.8 herein) or other environmental report or audit conducted at the Property or the Project for any reason at any time.

"Environmental Requirements" shall mean all applicable federal, State of South Carolina, regional or local laws, statutes, rules, regulations or ordinances, concerning public health, or the environment, including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments

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the Bonds, this Mortgage, or the other Bond Documents, whether individually or collectively, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising thereunder or hereunder by contract, operation of law or otherwise and whether before or after any judgment relating to any of the foregoing.

"Owner" or **"Owners"** shall mean the Person or Persons in whose name or names a particular Bond is registered on the registration records maintained for that purpose pursuant to Section 2.2 of the Indenture.

"Permitted Encumbrances" shall mean those encumbrances listed on Exhibit B of the Title Insurance Policy delivered by the Mortgagor to the Mortgagee in connection herewith and incorporated herein by reference as if fully set out herein and the items listed in the definition of such term in the Indenture.

"Person" includes an individual, association, corporation, partnership, limited liability company, joint venture or a government or an agency or a political subdivision thereof.

"Pledged Revenues" has the meaning as defined in the Indenture.

"Project" means the purchase, construction, improvement and equipping of certain housing facilities known as 4976 Wescott Boulevard, Summerville, South Carolina 29485 and related real estate, with proceeds of the Bonds.

"Property" has the meaning given to it in the recitals to this Mortgage.

"Property Income" shall mean all rents, income, profits, security deposits and other benefits to which the Mortgagor may now or hereafter be entitled from any lease, tenancy or rights of use of all or any part of the Property and/or the income generated from the business operations conducted at or from the Property.

"Release" shall have the meaning assigned to it in Section 3.8 hereof.

"Spill" shall have the meaning assigned to it in Section 3.8 hereof.

"Verification Report" shall mean that Phase I Environmental Site Assessment issued by Rimkus Consulting Group, Inc., dated _____, 2025.

SECTION 2 REPRESENTATIONS AND WARRANTIES

The Mortgagor hereby represents, covenants and warrants to the Mortgagee as follows:

Section 2.1. **Title to Property.** The Mortgagor warrants it has good, marketable and indefeasible fee simple title to the Property (as described in Exhibit A annexed hereto) free and clear of any lien or security interest, subject only to the Permitted Encumbrances and that it shall warrant, defend and preserve such title and the rights granted by this Mortgage with respect thereto against all claims of all persons or entities. The lien and security interest of this Mortgage, when properly recorded in the appropriate records, together with any Uniform Commercial Code

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financing statements required to be filed in connection therewith, will create (i) valid and perfected first and prior liens on the Property and (ii) perfected security interests in and to, and perfected collateral assignments of, all personality located on the Property (including the any Leases), subject to no other liens, security interests or charges whatsoever except for the Permitted Encumbrances. The Property is free from damage caused by fire or other casualty. There are no mechanic's, materialman's or other similar liens or claims which have been filed for work, labor or materials affecting the Property which are or may be liens prior to, or equal or coordinate with, the lien of this Mortgage. None of the Permitted Encumbrances, individually or in the aggregate, materially interfere with the benefits of the security intended to be provided by this Mortgage, the Indenture or any other Bond Document, materially and adversely affect the value of the Property, impair the use or operations of the Property or impair Mortgagor's ability to pay its obligations in a timely manner.

Section 2.2. Authority; No Encumbrances. The Property is now free and clear of all encumbrances whatsoever except Permitted Encumbrances, and the Mortgagor has good right and lawful authority to mortgage and convey the same in the manner and form hereby mortgaged and conveyed. The Mortgagor (a) is duly organized, validly existing and in good standing under the laws of its state of organization or incorporation; (b) is duly qualified to transact business and is in good standing in the state where the Property is located; and (c) has all necessary approvals, governmental and otherwise, and full power and authority to own, operate and lease the Property. The Mortgagor has full power, authority and legal right to mortgage, grant, bargain, sell, pledge, assign, warrant, transfer and convey the Property pursuant to, and to keep and observe all of, the terms of this Mortgage. The execution, delivery and performance of the Bond Documents and the borrowing evidenced by the Bonds (i) are within the power and authority of the Mortgagor; (ii) have been authorized by all requisite organizational action; (iii) have received all necessary approvals and consents, corporate, governmental or otherwise; and (iv) will not violate, conflict with, result in a breach of or constitute (with notice or lapse of time, or both) a default under any provision of law, any order or judgment of any court or governmental authority, the articles of incorporation, by laws, partnership or trust agreement, articles of organization, operating agreement, or other governing instrument of the Mortgagor, or any indenture, agreement or other instrument to which the Mortgagor is a party or by which it or any of its assets or the Property is or may be bound or affected.

Section 2.3. No Conflicts. The execution and delivery of this Mortgage does not, and the performance and observance of the terms hereof will not, contravene any provision of existing law, ordinance, rule, regulation or order of any Federal, state or local governmental body, instrumentality or agency, and will not conflict with or result in any breach of the terms, conditions or provisions of, or constitute a default under or result in or permit the creation or imposition of any charge or encumbrance upon any of the properties or assets of the Mortgagor pursuant to, any indenture, mortgage or other agreement or instrument to which the Mortgagor is a party or by which its properties or assets are bound.

Section 2.4. Governmental Filings. Other than the recording of this Mortgage and the filing of uniform commercial code financing statements with the appropriate recording and filing offices in the State of South Carolina, no approval, authorization or other action by, or filing with, any Federal, state, or local body, instrumentality or agency, is required under existing law in connection with the execution and delivery by the Mortgagor of this Mortgage.

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connection with the Property or the Project, and to the best of Mortgagor's knowledge there exists no investigation, administrative order, consent order and agreement, litigation, settlement or judgment, whether proposed, threatened, anticipated or in existence with respect to the Property or the Project.

- (f) The Mortgagor covenants and agrees that it will indemnify and hold the Mortgagee harmless from and against any and all expense, damage (including natural resource damage), loss, fine, penalty or liability incurred by the Mortgagee (including, without limitation, all costs of legal representation incurred by the Mortgagee in connection with enforcing the provisions hereof, or otherwise) arising from the application of any Environmental Law. It is expressly acknowledged by the Mortgagor that, notwithstanding anything to the contrary set forth herein, this covenant of indemnification shall survive any foreclosure of the lien and security interest of this Mortgage or the discharge of this Mortgage or the resignation or removal of the Mortgagee as bond trustee pursuant to the Indenture and shall inure to the benefit of the Mortgagee, its successors and assigns.

Section 2.7. Litigation. There is no any action, suit, arbitration, zoning, environmental or other land use matter, tax or assessment proceeding, governmental investigation, or other legal proceeding (collectively, "**Actions**") pending or, to the knowledge of Seller, threatened against Seller or affecting the Property before any court or governmental authority, an adverse determination of which would materially adversely affect (i) the financial condition or operations of Seller or the Property, (ii) the validity of the Mortgage, or (iii) Seller's title to the Property.

SECTION 3 CERTAIN COVENANTS AND CONDITIONS

The Mortgagor covenants and agrees as follows:

Section 3.1. Payment of Debt. Mortgagor will pay the Indebtedness at the time and in the manner provided in the Indenture and any other Bond Documents.

Section 3.2. Incorporation by Reference and Performance Under Other Agreements. All recitals set forth above and all the covenants, conditions, and agreements contained in the Indenture and any other Bond Documents are hereby made a part of this Mortgage to the same extent and with the same force as if fully set forth herein. Mortgagor shall observe and perform each and every term, covenant, and provision to be observed or performed Mortgagor under any other agreement or recorded instrument affecting or pertaining to the Property and any amendments, modifications, or changes thereto.

Section 3.3. Change of Name, Identity or Structure. Mortgagor shall not change Mortgagor's name, identity (including its trade name or names) or, if not an individual, Mortgagor's corporate, partnership or other structure without first (a) notifying Mortgagee of such change in writing at least thirty (30) days prior to the effective date of such change, (b) taking all action required by Mortgagee for the purpose of perfecting or protecting the lien and security interest of Mortgagee and (c) in the case of a change in Mortgagor's structure, without first

Section 2.5. No Leases. Except for residential leases to tenants in accordance with applicable recorded restrictive covenants, including the Land Use Restriction Agreement, there are presently in effect no leases of the Property or any part thereof.

Section 2.6. Environmental Compliance. The Mortgagor has investigated the past and present condition and usage of the Property and the operations conducted thereon and, based upon such diligent investigation, makes the following representations and warranties:

- (a) Condition of Project: Except as specifically disclosed in the Verification Report, the Project, including all personal property, is free from contamination by Hazardous Materials, and there has not been thereon a release, discharge or emission, or a threat of release, discharge or emission, of any Hazardous Material on, under, in, or about the Property or the Project, nor has any such Hazardous Material migrated or threatened to migrate from other properties upon, about or beneath the Property or the Project.
- (b) Previous Use of Project: Except as specifically disclosed in the Verification Report, neither the Mortgagor nor to the best of the Mortgagor's knowledge, after due inquiry, any previous owner, tenant, occupant or user of the Property or the Project, nor any other Person, has engaged in or permitted any operations or activities upon, or any use or occupancy of the Property or the Project, or any portion thereof, whether legal or illegal, accidental or intentional, for the purpose of or in any way involving the handling, manufacture, treatment, storage, use, generation, release, discharge, refining, dumping or disposal of any Hazardous Materials, on, under, in or about the Property or the Project.
- (c) Property Adjoining Project: To the best of the Mortgagor's knowledge, after due inquiry, and except as specifically disclosed in the Verification Report, any adjoining property has not been used as a manufacturing, storage or disposal site for Hazardous Materials nor is any other property adjoining the Project in violation of Environmental Requirements.
- (d) Compliance with Environmental Requirements: Except as specifically disclosed in the Verification Report, the Project is in compliance with and has at all times been in compliance with all applicable Environmental Requirements and the Mortgagor has all permits and licenses required to be issued under the Environmental Requirements, if any, and is in full compliance with the terms and conditions of such permits and licenses, if any; such permits and licenses, if any, are in full force and effect; and no changes exist in the facts or circumstances reported or assumed in the application for or granting of such permits or licenses, if any.
- (e) No Notice of Violations of Environmental Requirements: The Mortgagor has not received any written notice concerning the Property or the Project, of any alleged violation or requiring compliance of Environmental Requirements, whether or not corrected to the satisfaction of the appropriate authority, or notice or other communication concerning alleged liability for Environmental Damages in

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obtaining the prior written consent of Mortgagee. Mortgagor shall promptly notify Mortgagee in writing of any change in its organizational identification number. If Mortgagor does not now have an organizational identification number and later obtains one, Mortgagor shall promptly notify Mortgagee in writing of such organizational identification number. Mortgagor shall execute and deliver to Mortgagee, prior to or contemporaneously with the effective date of any such change, any financing statement or financing statement change required to establish or maintain the validity, perfection and priority of the security interest granted herein. At the request of Mortgagee, Mortgagor shall execute a certificate in form satisfactory to Mortgagee listing the trade names under which Mortgagor intends to operate the Property, and representing and warranting that Mortgagor does business under no other trade name with respect to the Property.

Section 3.4. Governmental Notices and Charges. The Mortgagor shall pay before the same become delinquent all taxes, charges, sewer use fees, water rates and assessments of every name and nature, whether or not assessed against the Mortgagor, if applicable or related to the Property, or any interest therein, or applicable or related to any of the Obligations, which, if unpaid, might by law become a lien or charge upon all or any part of the Property; provided, however, that so long as no default, foreclosure sale or other levy upon or transfer with respect to the Property or any part thereof shall have been effected or threatened, the Mortgagor shall not be required to pay any such taxes, charges, fees, rates and assessments by reason of this Section 3.4 if (a) the amount, applicability or validity thereof is currently being contested by the Mortgagor in good faith by appropriate legal proceedings, (b) the Mortgagor shall have set aside on its books reserves (segregated to the extent required by sound accounting principles and practices) reasonably deemed by the Mortgagee to be adequate with respect thereto, and (c) the Mortgagor shall have provided to the Mortgagee a bond or other security of such nature and in such amount as the Mortgagee deems sufficient as security for payment thereof. Mortgagor will operate the Property and conduct its business in full compliance with all requirements of governmental and quasi-governmental authorities having jurisdiction over Mortgagor or the Property and will comply with and punctually perform all of the covenants, agreements and obligations imposed upon it or the Property. Mortgagor will furnish to Mortgagee copies of notices and reports received or sent by Mortgagor to or from each governmental and quasi-governmental authority within three (3) days of the receipt or giving thereof.

Section 3.5. Maintenance of Property; Alterations. The Mortgagor shall keep and maintain the Property in as good repair and condition as the same now is or may hereafter be put (ordinary wear and tear excepted), damage from casualty or condemnation expressly not excepted, shall make all such needful and proper repairs, replacements, additions and improvements thereto as shall be necessary for the proper conduct of its business thereon, and shall not permit, commit or suffer waste on the Property, or take any action that might invalidate or allow the cancellation of any of the insurance policies set forth in the Indenture, or do or permit to be done thereon anything that may in any way materially impair the value of the Property or the security of this Mortgage. Mortgagor will not, without the prior written consent of Mortgagee, permit any drilling or exploration for or extraction, removal, or production of any minerals from the surface or the subsurface of the Property, regardless of the depth thereof or the method of mining or extraction thereof. Mortgagor shall promptly repair, replace or rebuild any part of the Property which may be destroyed by any casualty or become damaged, worn or dilapidated or which may be affected by any condemnation due to eminent domain, and shall complete and pay for any structure at any time in the process of construction or repair on the Property. The Mortgagor will make or cause to

be made, as and when the same shall become necessary, all structural and non-structural, exterior and interior, ordinary and extraordinary, foreseen and unforeseen repairs, renewals and replacements necessary to that end. The Mortgagee shall not permit removal or alteration of anything which constitutes a part of the Property without the consent of the Mortgagee. The Mortgagee shall permit the Mortgagee to enter the Property at any reasonable time to determine whether the Mortgagee is in compliance with its obligations under this Mortgage.

Section 3.6. Insurance. The Mortgagee agrees, at the Mortgagee's sole cost and expense, to keep the Property insured at all times throughout the term of this Mortgage with policies of insurance.

Section 3.7. Casualties and Takings. All proceeds of any property or casualty insurance or awards of damages on account of any taking or condemnation for public use of or injury to the Property shall be paid to and disbursed as provided in the Indenture.

Section 3.8. Hazardous Materials.

The Mortgagee further covenants and agrees that it will:

- (a) Use of Project: The Mortgagee will not conduct, or allow to be conducted, any business, operation, or activity on, under, or in the Property or the Project, or employ or use the Project or allow for it to be employed or used, to manufacture, transport, treat, store, or dispose of any Hazardous Materials which would violate Environmental Requirements.
- (b) Notice of Environmental Problem: The Mortgagee (provided that the Mortgagee shall only forward to the Mortgagee those notices, letters, citations, orders, warnings, complaints, inquiries, claims or demands actually received by the Mortgagee) shall promptly provide a copy to Mortgagee, and in no event later than 15 days from Mortgagee's receipt or submission, of any notice, letter, citation, order, warning, complaint, inquiry, claim or demand that:
 - (i) the Mortgagee has violated any Environmental Requirement related to the Property or the Project;
 - (ii) there has been a Release, or there is a threat of Release, of any Hazardous Materials from the Property or the Project;
 - (iii) the Mortgagee may be or is liable, in whole or in part, for the costs of cleaning up, remediating, removing or responding to a Release of any Hazardous Materials; and/or
 - (iv) any portion of the Property or the Project is subject to a Lien in favor of any governmental entity for any liabilities, costs or damages, under Environmental Requirements arising from, or costs incurred by such governmental entity in response to, a release of any Hazardous Materials.

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Section 3.10. Notice of Condemnation. The Mortgagee, immediately upon obtaining knowledge of the institution of any proceeding for the condemnation or requisition of the Property or any portion thereof, shall notify the Mortgagee of the pendency of such proceeding. The Mortgagee may participate in such proceeding, and the Mortgagee from time to time shall deliver to the Mortgagee all instruments requested by the Mortgagee to permit such participation. Mortgagee shall, at its expense, diligently prosecute any such proceedings, and shall consult with Mortgagee, its attorneys and experts, and cooperate with them in the carrying on or defense of any such proceedings.

Section 3.11. Leases; Assignments; Subordination. Except for residential leases to tenants in accordance with applicable recorded restrictive covenants, including the Land Use Restriction Agreement, the Mortgagee shall not lease the Property or any part thereof without the prior written consent of the Mortgagee. In addition, the terms and provisions of any future leases shall allow the Mortgagee to comply with the provisions of the Indenture (including but not limited to the tax covenants included therein). If the Indenture shall so permit or the Mortgagee shall consent and the Mortgagee shall enter into a lease, the Mortgagee shall faithfully keep, observe and satisfy all the obligations on the part of the lessor to be kept, performed and satisfied under every lease from time to time in force with reference to the Property, and shall not alter or terminate any such lease, or any guarantee of such lease, except in the ordinary course of business, or accept any rentals for more than one (1) month in advance. In addition to any requirements under the Indenture, including, but not limited to, the Mortgagee providing to the Mortgagee a form of opinion from Bond Counsel (as such term is defined in the Indenture) to the effect that the assignment or lease does not affect the tax-exempt status of the Bonds then Outstanding, the Mortgagee shall submit to the Mortgagee for the Mortgagee's review and prior written approval all draft agreements, related materials and all other information relating to all proposed leases of the Property or any portion thereof. The Mortgagee hereby assigns to the Mortgagee all rents and profits under any and all leases of the Property; provided, however, that the Mortgagee shall be entitled to retain such rents and profits until an Event of Default shall have occurred. At any time on notice from the Mortgagee, the Mortgagee shall submit to the Mortgagee for examination all such leases, and on the demand of the Mortgagee, shall execute and deliver a separate instrument collaterally assigning any or all such leases, or the rents and profits thereof, in form satisfactory to the Mortgagee.

Section 3.12. Title Defects and Encumbrances. Subject to the Permitted Encumbrances, if at any future time any defect should be found to exist in the title to any of the Property, Mortgagee agrees to promptly commence and thereafter diligently proceed to cure the defect and defend the title.

Section 3.13. Encumbrances. The Mortgagee shall not create or permit to be created or permit to exist any encumbrance on the Property (other than those included in the Master Trust Indenture, the Indenture, or a lien for property taxes not yet due and payable and the Permitted Encumbrances) even if such encumbrance is inferior to the title to any of the Property, Mortgagee agrees to promptly commence and thereafter diligently proceed to cure the defect and defend the title.

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The terms "Spill" (or "Spilled") and "Release" (or "Released") shall have the meaning specified thereof in CERCLA and the term "Disposal" (or "Disposed") shall have the meaning specified in RCRA; provided, that in the event either CERCLA or RCRA is amended so as to broaden the meaning of any term defined thereby, such broader meaning shall apply as of the effective date of such amendment and provided further, to the extent that the laws of the state where the Property is located establish a meaning for "Spill," "Release" or "Disposal" which is broader than specified in either CERCLA or RCRA, such broader meaning shall apply; and provided further, that in the cases of friable asbestos or toxic levels of lead in paint, plaster or other building materials, "Spill" and "Release" shall include the presence of such substances anywhere on the Property.

- (c) Response Action: The Mortgagee shall take all appropriate responsive actions, including any removal and remedial action ("Response Action"), in the event of a Release, emission, discharge or disposal of any Hazardous Materials in, on, under or about the Property or the Project, required to remain in compliance with Environmental Requirements, and to keep the Property or the Project free from, and unaffected by, Hazardous Materials.
- (d) No Liens or Encumbrances: The Mortgagee shall prevent the imposition of any Liens or encumbrances against the Property or the Project for the costs of any Response Action.
- (e) Additional Environmental Reports: As long as there are any Bonds Outstanding (as defined in the Indenture), the Mortgagee shall provide the Mortgagee with a copy of any Environmental Report performed during that time.

Section 3.9. Environmental Assessments. At any time after an Event of Default shall have occurred hereunder, or, whether or not an Event of Default shall have occurred, at any time after the Mortgagee shall receive written notice of a Spill, Release or threatened Release of Hazardous Materials from the Mortgagee, or shall have received written notice from any other source deemed reliable by the Mortgagee that a Spill or Release of Hazardous Materials may have occurred, the Mortgagee may, at its election after five (5) days prior notice to the Mortgagee, obtain one or more environmental assessments of the Property prepared by a licensed environmental professional or other qualified consultant or expert approved by the Mortgagee evaluating or confirming (i) whether any Hazardous Materials are present in the soil or water at or adjacent to the Property, and (ii) whether the use and operation of the Property comply with all applicable Environmental Laws relating to air quality, environmental control, release of oil, Hazardous Materials, hazardous wastes and hazardous substances, and any and all other applicable Environmental Laws. Environmental assessments may include detailed visual inspections of the Property including, without limitation, any and all storage areas, storage tanks, drains, dry wells and leaching areas, and the taking of soil samples, surface water samples and ground water samples, as well as such other investigations or analyses as are necessary or appropriate for a complete determination of the compliance of the Property and the use and operation thereof with all applicable Environmental Laws. All such environmental assessments shall be at the sole cost and expense of the Mortgagee.

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Section 3.14. Transfers of Ownership. The Mortgagee shall not sell or permit any transfer or other disposition, by operation of law or otherwise, of legal or equitable title to or interest in the Property, or any part thereof (including, without limitation, any sale, transfer or disposition of any corporate, partnership or other legal or beneficial interest in the Mortgagee), without the prior express written consent of the Mortgagee, which consent may be withheld in the Mortgagee's sole discretion for any reason whatsoever. For the avoidance of doubt, the Mortgagee shall be permitted to transfer or dispose, by operation of law or otherwise, of legal or equitable title to or interest in the Property, if the disposition proceeds are used to extinguish the outstanding debt of the Property, or, for a Property included as part of a combined financing of two or more properties, the Property's pro rata portion of the then-outstanding debt of such combined financing.

Section 3.15. Expenses. The Mortgagee shall pay when due all fees and charges (including reasonable attorneys' fees) incurred by the Mortgagee in connection with the transactions evidenced by the Obligations and secured by this Mortgage, the insurance of the security represented by this Mortgage, protecting or sustaining the lien of this Mortgage and the enforcement of the Obligations and this Mortgage, all either before or after obtaining judgment of foreclosure of this Mortgage or judgment in or with respect to the Obligations, including, without limitation, all filing, registration, recording, search, appraisal and information fees, all title insurance premiums, all transfer taxes and expenses incident to the execution and acknowledgment of this Mortgage and all other documents securing the Obligations, and all Federal, state and local taxes, duties, stamps, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Mortgage and the instruments evidencing the Obligations. Such fees and charges shall be secured by the lien of this Mortgage and shall accrue interest at the rate set forth in the Bonds.

Section 3.16. Priority of Lien; After-Acquired Property. This Mortgage is and will be maintained as a valid mortgage lien on the Property subject only to the Permitted Encumbrances. All property of every kind acquired by the Mortgagee after the date hereof which, by the terms hereof, is required or intended to be subjected to the lien of this Mortgage shall, immediately upon the acquisition thereof by the Mortgagee, and without any further mortgage, conveyance, assignment or transfer, become subject to the lien of this Mortgage. Any real property or easement across real property adjoining or adjacent to the Property which is used for access to, providing utility service to or is granted in lieu of a cash award for a condemnation of any portion of the Property now existing or hereafter acquired shall be subject to the lien of this Mortgage. The Mortgagee will do, execute, acknowledge and deliver all and every such further conveyances, mortgages, and assurances as the Mortgagee (shall reasonably require for accomplishing the purposes of this Mortgage. If any action or proceeding shall be instituted to recover possession of the Property or for the foreclosure of any other mortgage or for any other purpose affecting the Property or this Mortgage, the Mortgagee will immediately, upon service thereof on or by the Mortgagee, deliver to the Mortgagee a true copy of each petition, summons, complaint, notice, motion, order to show cause, and all other process, pleadings and papers, however designated, served in any such action or proceeding.

Section 3.17. Waiver and Modification. Whether or not for additional interest or other consideration paid or payable to the Mortgagee, no forbearance on the part of the Mortgagee or extension of the time for the payment of the whole or any part of the Obligations secured hereby, or any other indulgence given by the Mortgagee to the Mortgagee or to any other party claiming

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any interest in or to the Property, shall operate to release or in any manner affect the original liability of the Mortgageor, or the priority of this Mortgage or to limit, prejudice or impair any right of the Mortgagee, including, without limitation, the right to realize upon the security, or any part thereof, for the Obligations secured hereby or any of them, notice of any such extension, forbearance or indulgence being hereby waived by the Mortgageor and all those claiming by, through or under the Mortgageor. No consent or waiver, express or implied, by the Mortgagee to or of any default by the Mortgageor shall be construed as a consent or waiver to or of any further default in the same or any other term, condition, covenant or provision of this Mortgage or of the Obligations secured hereby. The Mortgageor waives presentment, demand, notice, protest, notice of acceptance of this Mortgage, notice of loans made, credit extended or other collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. With respect both to the Obligations and the Property, the Mortgageor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of the Property, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payments thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as the Mortgagee may deem advisable. The Mortgagee shall have no duty as to the collection or protection of the Property or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto beyond the safe custody thereof. The Mortgagee may exercise its rights with respect to the Property without resorting or regard to other collateral or sources of reimbursement for liability. The Mortgagee shall not be deemed to have waived any of its rights upon or under the Obligations or the Property unless such waiver is in writing and signed by the Mortgagee.

Section 3.18. Fixtures and Equipment; Financing Statement. This Mortgage constitutes a security agreement under the Uniform Commercial Code and the Mortgageor hereby grants to the Mortgagee to secure the payment and performance of the Obligations and also to secure the performance of all agreements and covenants herein contained, a security interest in all fixtures, Building Service Equipment and any other property (hereinafter referred to as the "Personalty") included in the Property, now owned or hereafter acquired by the Mortgageor, which might otherwise be deemed "personal property" (and all accessions thereto and the proceeds thereof). The Mortgageor covenants and agrees that, upon the subsequent acquisition of fixtures, Personalty or Building Service Equipment, it will provide to the Mortgagee such further assurances as may be required by the Mortgagee to establish the Mortgagee's first and prior security interest in such fixtures, Personalty and Building Service Equipment. IT IS INTENDED BY THE MORTGAGOR AND THE MORTGAGEE THAT THIS MORTGAGE BE EFFECTIVE AS A FINANCING STATEMENT FILED WITH THE REAL ESTATE RECORDS AS A FIXTURE FILING. The Mortgageor shall execute, deliver and cause to be recorded and filed from time to time with all necessary public offices, at the Mortgageor's sole cost and expense, continuation statements and such other instruments as will maintain the Mortgagee's priority of security in all fixtures, Personalty and Building Service Equipment. If the Mortgageor shall fail to furnish any such financing and continuation statements within ten (10) days after their request by the Mortgagee, then, pursuant to the provisions of the Uniform Commercial Code, the Mortgageor hereby authorizes and directs the Mortgagee, without signature of the Mortgageor, to execute and file any such financing and continuation statements. The filing of any financing or continuation statements in the office of the Secretary of the State shall not be construed as in any way impairing

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(v) No action has been brought or threatened which would in any way interfere with the right of the Mortgageor to execute this assignment of Contract Documents and perform all of the Mortgageor's obligations herein contained.

(c) The Mortgageor covenants that:

(i) The Mortgageor agrees, so long as it is indebted to the Mortgagee, as bond trustee, that the Mortgageor will (A) not assign the Contract Documents to any other party; (B) promptly notify the Mortgagee of any Contract Document entered into by the Mortgageor, provide notice of assignment to other parties to assignment, and obtain consent of counterparty to assignment (provided that failure to obtain consent shall not adversely affect the assignment); (C) fulfill, perform, and observe each and every condition and covenant of the Mortgageor contained in the Contract Documents; (D) give prompt notice to the Mortgagee of any claim of breach, nonperformance or default together with a complete copy of any such claim; (E) at the sole cost and expense of the Mortgageor, enforce the performance and observance of each and every covenant and condition of the Contract Documents to be performed or observed; (F) appear in and defend any action growing out of, or in any manner connected with the Contract Documents or the obligations or liabilities of the Mortgageor, or any guarantor thereunder; (G) not do any act prohibited by the terms of this Mortgage, the Indenture or any other Bond Document; and (H) at the Mortgageor's sole cost and expense, provide the Mortgagee with, and record in the public records, such documentation to evidence this assignment of Contract Documents as the Mortgagee shall reasonably request.

(ii) The rights assigned hereunder include, without limitation, all of the Mortgageor's right and title to modify the Contract Documents, to terminate the Contract Documents, and to waive, suspend, or release the performance or observance of any obligation, covenant or condition of the Contract Documents. The Mortgageor covenants that without written consent of the Mortgagee, the Mortgageor will neither modify the terms of the Contract Documents (unless required so to do by the terms of the Contract Documents) nor waive or release any person from the performance of any obligation to be performed under the terms of the Contract Documents or from liability on account of any warranty given by them.

(d) "Contract Documents" shall mean: (i) all contracts and agreements of any nature relating to the Project and pertaining to the acquisition, development, construction, design, furnishing, and equipping of the Project, whether now existing or hereafter entered into, and all amendments, supplements and additions thereto; (ii) all contracts and agreements of any nature relating to the Project and pertaining to the management, marketing, maintenance, leasing, use, operation and guarantee of the Project, whether now existing or hereafter entered into, and all amendments, supplements and additions thereto; (iii) all permits, licenses, approvals and authorizations of any governmental body necessary or useful in connection with the construction, operation and use of the Project for its intended purposes, whether now existing or hereafter entered into, and all amendments, supplements and additions thereto and those obtained after the date hereof ("Permits and Licenses"); and (iv) all plans and specifications necessary or useful in connection with the construction, operation and use of the Project for its intended purposes, all of which whether now existing or hereafter entered into and by this reference made a part hereof.

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the right of the Mortgagee to proceed against fixtures, Personalty or Building Service Equipment as real property.

Section 3.19. Zoning Changes; Alterations of the Property. The Mortgageor shall submit to the Mortgagee for its prior written approval all applications and other information relating to any proposed zoning change, variance or other action with respect to the use of the Property or any portion thereof. The Mortgageor shall also submit to the Mortgagee for its prior written approval complete plans and specifications for any additions or renovations of buildings or other improvements on the Property. Mortgageor will not tear down, damage or attempt to remove, demolish or materially alter or enlarge any elements of the Property, or construct any new Improvements, without Mortgagee's prior written consent.

Section 3.20. Assignment of Contract Documents.

(a) In order to further secure (i) the prompt payment of the principal of, redemption premium, if any, and the interest on all Obligations and all other sums required to be paid under this Mortgage, the Indenture, and any other document or instrument pursuant to which the Bonds are issued or secured, and (ii) the performance by the Mortgageor of all the covenants, provisions, terms and conditions of the Indenture, any other document or instrument pursuant to which the Bonds are issued or secured and this Mortgage to be observed and performed by the Mortgageor, the Mortgageor hereby unconditionally and irrevocably grants, transfers, and assigns to the Mortgagee, its successors and assigns, all of the right, title, and interest of the Mortgageor in and to the Contract Documents, and grants to the Mortgagee, its successors and assigns, a security interest in such Contract Documents, and all rights and privileges of any nature thereunder accruing, together with any changes, extensions, revisions, modifications, or guarantees of performance of obligations to the Mortgageor under the Contract Documents.

(b) The Mortgageor warrants that:

(i) There is no other assignment of any of its rights under the Contract Documents to any other person.

(ii) The Mortgageor has done no act and has not omitted to do any act which might prevent the Mortgagee from, or limit the Mortgagee in, acting under any of the provisions herein.

(iii) There is no default (however defined or described) under the terms of the existing Contract Documents to the knowledge of the Mortgageor, and all Contract Documents remain in full force and effect.

(iv) The Mortgageor is not prohibited under any agreement with any other person or any judgment or decree from the execution and delivery of this assignment of the Contract Documents, the performance of each and every covenant of the Mortgageor hereunder and in the Contract Documents, and the meeting of each and every condition herein contained.

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(e) Attached hereto as Exhibit C is a form of consent to the assignment created under this Section 3.20 (the "Consent"), which the Mortgageor will cause to be executed by any contractors or architects working on the Project at or prior to the closing for the transaction described herein. The Mortgageor further agrees that, at any time in the future the Mortgageor enters into a contract related to the Property, the Mortgageor will cause the party to such contract to execute the Consent.

(f) The Mortgagee shall have the right (solely upon the written direction and consent of the beneficial owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding) to render or provide any consents or approvals hereunder or to provide any directions hereunder, and the Mortgagee shall control all remedies hereunder, and the Mortgagee may exercise or accept the benefits of any of the rights or remedies hereunder; provided, however, the Mortgagee shall be subject to the rights of the Owners (as such term is defined in the Indenture) to direct remedies under the Indenture.

SECTION 4 DEFAULT AND REMEDIES

Section 4.1. Events of Default. The occurrence of any of the following events shall constitute an Event of Default under this Mortgage:

(a) if (i) the payment due on the maturity date under the Bonds or other Bond Documents is not paid when due, (ii) any monthly installment of principal and/or interest due under the Bonds or other Bond Documents (in each case subject to any applicable grace period set forth in the Bonds), or (iii) if any portion of the Indebtedness is not paid when due and such non-payment referred to under this clause (iii) continues for five (5) business days following notice to Mortgageor from Mortgagee that the same is past due and payable.

(b) if any of the taxes or other charges required to be paid pursuant to this Mortgage are not paid when due.

(c) if Mortgageor breaches or permits or suffers a breach of Section 2 or Section 3.

(d) Mortgageor shall fail to perform or to fulfill in a timely manner any other requirement of the Indebtedness, including specifically, but not limited to, the covenants and obligations of Mortgageor contained in this Mortgage, subject to any applicable grace periods contained in this Mortgage or the documents evidencing and securing the Indebtedness.

(e) if any representation or warranty of Mortgageor set forth in this Mortgage or in the Indenture and any other Bond Document, or in any report, certificate, financial statement or other instrument, agreement or document furnished to Mortgagee shall have been false or misleading in any material respect as of the date the representation or warranty was made, provided, however, that any such breach or violation of representation or warranty shall not result in an Event of Default hereunder if (i) such breach or violation was not intentional and is susceptible of cure and (ii) within ten (10) business days of the

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earlier of (x) notice of such breach or violation from Mortgagee or (y) the date Mortgagee becomes aware of such breach or violation Mortgagee commences to cure such breach or violation and Mortgagor provides Mortgagee with satisfactory evidence of the cure of the same within thirty (30) days (or, if cure is not practicable within thirty (30) days, within ninety (90) days so long as Mortgagor is diligently prosecuting such cure during such ninety (90) day period).

(f) if the Property becomes subject to any mechanic's, materialman's or other lien other than a lien for local real estate taxes and assessments not then due and payable and the lien shall remain undischarged of record (by payment, bonding or otherwise) for a period of the earlier of (x) thirty (30) days, or (y) such time as any foreclosure or enforcement action with respect to such lien has been scheduled.

(g) Mortgagor shall become insolvent, be the subject of an order for relief, or a custodian, receiver, or other such officer of its property be appointed, or should any liquidation, reorganization, arrangement, or other proceeding under any bankruptcy law or other law for the relief of debtors be requested by or instituted against Mortgagor and, in the case of any such proceeding that is involuntary as to Mortgagor, the same is not dismissed or discharged within forty-five (45) days thereafter.

(h) if one or more final, non-appealable judgments shall be entered against Mortgagor in excess of \$1,000,000 and the same has not been vacated, bonded, satisfied within forty-five (45) days from the date of entry of such judgment.

(i) any "Event of Default" under the Bonds or the other Bond Documents.

(j) except as otherwise permitted under this Mortgage or in the Indenture and any other Bond Document, any condemnation proceeding is commenced relating to all or, in the sole discretion of Mortgagee, any material part of, the Property.

(k) any substantial damage to or destruction of the Property occurs and insurance proceeds (together with other funds deposited with Mortgagee by or on behalf of Mortgagor for the purpose of repair and restoration of such damage or destruction, if any) are not sufficient to repair and restore the Property as determined by the procedures set forth in this Mortgage or in the Indenture and any other Bond Document, or if insurance proceeds are not paid within a reasonable time.

(l) the sale, encumbrance or abandonment (except as otherwise expressly agreed to in writing by Mortgagee) of the Property or the making of any levy, seizure or attachment of or on the Property.

(m) an event of default (however denominated) shall occur under this Mortgage or in the Indenture and any other Bond Document, unless such default, event of default or similar event is fully cured within any applicable cure period agreed to in writing by Mortgagee.

Section 4.2. Acceleration of Obligations; Waiver of Notice. All Indebtedness in its entirety shall, at the option of Mortgagee, become immediately due and payable, and the liens and

security interests created or intended to be created hereby shall be subject to foreclosure, repossession and sale in any manner provided for herein or provided for by law, as Mortgagee may elect, and Mortgagee may exercise any and all of its rights under this Mortgage or in the Indenture and any other Bond Document. If an Event of Default shall occur, then the Mortgagee may, without presentment, demand, notice of intention to accelerate or notice of acceleration, or other notice of any kind, all of which are hereby expressly WAIVED, exercise the remedies provided under this Mortgage, under the Bonds, under the other Bond Documents or under the laws of the State of South Carolina or any one or more of such remedies, each of which may be pursued concurrently or otherwise, at such time and in such order as the Mortgagee may determine without impairing or otherwise affecting the other rights and remedies of the Mortgagee.

Section 4.3. Reserved.

Section 4.4. Remedies Cumulative. No remedy herein conferred on the Mortgagee is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing.

Section 4.5. Right of Mortgagee to Cure an Event of Default. If an Event of Default shall occur, the Mortgagee shall have the right, but without any obligation so to do, to cure such default for the account of the Mortgagor and to make any payment or take any action necessary to effect such cure. Without limiting the generality of the foregoing, the Mortgagor hereby authorizes the Mortgagee to pay all taxes, sewer use fees, water rates and assessments, with interest, costs and charges accrued thereon, which may at any time be a lien upon the Property, or any part thereof; to pay the premiums for any insurance required hereunder; to incur and pay reasonable expenses in protecting its rights hereunder and the security hereby granted; and to pay any balance due under any security agreement on any fixtures and equipment included as a part of the Property; and the payment of all amounts so incurred shall be secured hereby as fully and effectually as any other obligation of the Mortgagor secured hereby. If the Mortgagee shall make any payment or take action in accordance with this Section 4.5, the Mortgagee will give to the Mortgagor written notice of the making of any such payment or the taking of any such action. In any such event, the Mortgagee and any person designated by the Mortgagee shall have, and is hereby granted, the right to enter upon the Property at reasonable times and from any time and from time to time for the purpose of taking any such action, and all monies expended by the Mortgagee in connection therewith (including, but not limited to, reasonable legal expenses and disbursements), together with interest thereon at the default rate, if any, as specified in Bond Documents (or the highest rate permitted by law, whichever shall be less), from the date of each such expenditure, shall be paid by the Mortgagor to the Mortgagee forthwith upon demand by the Mortgagee, and shall be secured by this Mortgage, and the Mortgagee shall have, in addition to any other right or remedy of the Mortgagee, the same rights and remedies in the event of non-payment of any such sums by the Mortgagor as in the case of a default by the Mortgagor in the payment of any installment of principal or interest due and payable under the Bonds.

Section 4.6. Foreclosure. Without limiting any of the Mortgagee's rights set forth in Section 4.7 hereof, if an Event of Default shall occur, the Mortgagee may foreclose this Mortgage and exercise its rights as a secured party for all or any portion of the Obligations which is then due and payable, subject to the continuing lien of this Mortgage for the balance not then due and payable.

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Section 4.7. Possession of Property; Appointment of Receiver.

(a) Without limiting any of the Mortgagee's rights set forth in Section 4.6 hereof, if an Event of Default shall occur the Mortgagee may: (i) make application to a court of competent jurisdiction for and obtain the immediate *ex parte* appointment of a receiver authorized to immediately enter upon and take possession and control of the Property, including all books, records and accounts relating thereto, and the Property Income with those rights and powers more particularly set forth in Section 4.7(b) hereof; and (ii) without taking possession and control of the Property, immediately (with or without commencing any legal action or proceeding in any court of competent jurisdiction) collect directly all Property Income in the place and stead of the Mortgagor with full rights and powers to notify all parties liable to make payments of Property Income to make said payments directly to the Mortgagee or its agents, and the Mortgagee or its agents shall have the further power and authority to sue for or otherwise collect and receive all Property Income.

(b) In the event a receiver enters upon and takes possession and control of the Property and/or the Property Income pursuant to Section 4.7(a) hereof, said person or entity shall, in addition to such other rights and powers as may subsequently be authorized, have the right and power to (i) use, operate, manage, insure, maintain and control the Property and exercise all the rights and powers of the Mortgagor in its name or otherwise with respect to the same; (ii) make all necessary and proper maintenance, repairs, replacements, and improvements to the Property; (iii) collect and receive all Property Income; (iv) require Mortgagor to vacate and surrender possession of the Property to Mortgagee or to such receiver and, in default thereof, Mortgagor may be evicted by summary proceedings or otherwise; and (v) enforce all terms of existing contracts pertaining to the Property and enter into such new contracts as the Mortgagee or the receiver may determine necessary.

(c) All Property Income collected by the Mortgagee, the Mortgagee's agent or a receiver, pursuant to Section 4.7(a) hereof, shall be applied, first to the compensation, salaries, expenses and disbursements of any agents, employees, attorneys or other representatives of the Mortgagee, the Mortgagee's agents, or the receiver in connection with the possession, control and/or operation of the Property and the business operations conducted therefrom and then in such order of priority as the Mortgagee may determine to (i) interest and principal due on the Obligations; (ii) taxes, assessments and insurance premiums due with respect to the Property and/or the business operations conducted from the Property; and (iii) all costs and expenses of operating, maintaining, repairing and improving the Property.

(d) The Mortgagee, its agents, or any receiver acting pursuant to Section 4.7(a) hereof shall in no event be liable or accountable for more monies than actually are received from the Property during the period which the Mortgagee, its agents or any receiver actually is in possession and control of the Property. None of the

Mortgagee, its agents, or any receiver shall be liable or accountable in any manner for the failure to collect Property Income for any reason whatsoever.

(e) All costs, expenses and liabilities of every character incurred by the Mortgagee in managing, operating and maintaining the Property, not paid from Property Income as herein above provided, shall constitute advances by the Mortgagee pursuant to Section 4.5.

(f) In the event of foreclosure, the Mortgagee, its agents, or any receiver acting pursuant to Section 4.7(a) hereof may, if a deficiency exists, remain in possession of the Property until (i) the foreclosure sale; (ii) the redemption of the Property; or (iii) the expiration of any redemption period of the United States of America extending subsequent to the foreclosure sale. The Mortgagee, its agents, or the receiver shall incur no liability for, nor shall the Mortgagor assert any claim or setoff as a result of, any action taken while the Mortgagee, its agents, or a receiver is in possession of the Property.

Section 4.8 Legal Proceedings. Mortgagee shall have the right and power to proceed by suit or suits in equity or at law, whether for the specific performance of any covenant or agreement of Mortgagor contained herein or in aid of the execution of the powers herein granted, or for foreclosure or the sale of the Property or any part thereof under the judgment or decree of any court of competent jurisdiction, or for the enforcement of any other appropriate legal or equitable remedy.

Section 4.9 Specific Performance. Mortgagee shall have the right and power to institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained herein, in this Mortgage, the Indenture and any other Bond Document.

Section 4.10 Recover Judgment. Mortgagee shall have the right and power to recover judgment on the Bonds either before, during or after any proceedings for the enforcement of this Mortgage, the Indenture and any other Bond Document.

Section 4.11 Lifting of Automatic Stay. In the event that Mortgagor is the subject of any insolvency, bankruptcy, receivership, dissolution, reorganization or similar proceeding, federal or state, voluntary or involuntary, under any present or future law or act, Mortgagee is entitled to the automatic and absolute lifting of any automatic stay as to the enforcement of its remedies under this Mortgage, the Indenture and any other Bond Document against the security for the Indebtedness, including specifically the stay imposed by Section 362 of the United States Federal Bankruptcy Code, as amended. Mortgagor hereby consents to the immediate lifting of any such automatic stay, and will not contest any motion by Mortgagee to lift such stay. Mortgagor expressly acknowledges that the security for the Indebtedness is not now and will never be necessary to any plan of reorganization of any type.

Section 4.12 Tenants at Will. Mortgagor agrees for itself and its heirs, legal representatives, successors and assigns, that if any of them shall hold possession of the Property or any part thereof subsequent to foreclosure hereunder, Mortgagor, or the parties so holding possession, shall become and be considered as tenants at will of the purchaser or purchasers at

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such foreclosure sale; and any such tenant failing or refusing to surrender possession upon demand shall be guilty of forcible detainer and shall be liable to such purchaser or purchasers for rental on said premises, and shall be subject to eviction and removal, forcible or otherwise, with or without process of law, all damages which may be sustained by any such tenant as a result thereof being hereby expressly waived.

Section 4.13. Uniform Commercial Code. If the provisions of the Uniform Commercial Code are applicable to any property or security given to secure the indebtedness secured hereby which is sold in combination with or as a part of the Property, or any part thereof, at one or more foreclosure sales, any notice required under such provisions shall be fully satisfied by any notice given in connection with such foreclosure sales of the Property or any part thereof. Mortgagee may exercise any and all rights and remedies granted to a secured party upon default under the UCC, including, without limiting the generality of the foregoing: (i) the right to take possession of the Fixtures and Equipment, or any part thereof, and to take such other measures as Mortgagee may deem necessary for the care, protection and preservation of the Fixtures and Equipment, and (ii) request Mortgageor at its expense to assemble the Fixtures and Equipment and make it available to Mortgagee at a convenient place acceptable to Mortgagee. Any notice of sale, disposition or other intended action by Mortgagee with respect to the Fixtures and Equipment sent to Mortgageor in accordance with the provisions hereof at least five (5) days prior to such action, shall constitute commercially reasonable notice to Mortgageor.

Section 4.14. Rights Cumulative. Each right, power and remedy conferred upon the Mortgagee by this Mortgage, the Bonds and the other Bond Documents, and conferred by law or in equity, is cumulative and in addition to every other right, power and remedy herein or therein set forth or otherwise so existing, may be exercised from time to time, as often, and in such order, as may be deemed expedient by the Mortgagee, and the exercise or the beginning of the exercise of one right, power or remedy shall not be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy, and no delay or omission of, or discontinuance by, the Mortgagee in the exercise of any right, power or remedy accruing hereunder or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any default or acquiescence therein. To constitute a waiver, there must be a writing signed by an officer of the Mortgagee and directed to the Mortgageor, specifying the waiver.

No delay or omission of the Mortgagee to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy nor shall it be construed to be a waiver of any such default or an acquiescence therein, and every right, power and remedy given by this Mortgage to the Mortgagee may be exercised from time to time and as often as may be deemed expedient by the Mortgagee.

In case the Mortgagee shall have proceeded to enforce any right or remedy under this Mortgage, the Bonds or the other Bond Documents by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Mortgagee, then and in every such case the Mortgageor and the Mortgagee shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of the Mortgagee shall continue as if no such proceeding had been taken. In the event of a breach or default or an Event of Default under this Mortgage, the Bonds or other Bond Documents, the Mortgageor agrees to pay and to indemnify and hold harmless the Mortgagee for

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(c) In the event of a foreclosure of this Mortgage, or a deed in lieu of foreclosure, or other acquisition of title to any portion of the Property by the Mortgagee, all right, title and interest of the Mortgageor in, to and under the Contract Documents related to such portion of the Property shall pass to the purchaser or to the Mortgagee, as the case may be, and the Mortgagee is hereby irrevocably appointed by the Mortgageor as attorney-in-fact for the Mortgageor, to assign any such Contract Documents to any such purchaser, without accounting to the Mortgageor in any manner whatsoever.

SECTION 5 MISCELLANEOUS

Section 5.1. Notices. All notices, requests and other communications hereunder shall be made in writing, shall be sent by first-class mail, postage prepaid, or sent by commercial overnight courier delivery service, charges prepaid, or sent by hand delivery, addressed as follows:

(a) If to the Mortgageor, at:

SFRI Reserve at Wescott Apartments LLC
Attn: Gerald Cichon
304 Texas Avenue, 16th Floor
El Paso, Texas 79901

With a copy to:

Mendel Blumenfeld & Pulido, PLLC
Attn: Bob Blumenfeld, Esq.
304 Texas Avenue, Suite 1503
El Paso, TX 79901

or at such other address for notice as the Mortgageor shall last have furnished in writing to the person giving the notice;

(b) If to the Mortgagee, at:

Wilmington Trust, National Association
650 Town Center Dr., Suite 800
Costa Mesa, CA 92626
Attention: Grace Yang, Senior Vice President

or at such other address for notice as the Mortgagee shall last have furnished in writing to the person giving the notice.

SECTION 5.2. JURY TRIAL WAIVER. TO THE EXTENT PERMITTED BY LAW, MORTGAGOR, AND BY ITS ACCEPTANCE HEREOF, MORTGAGEE, EACH HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVE ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH

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all reasonable expenses, attorneys' fees, taxes and other court costs occasioned by such breach or default.

Section 4.15. No Merger. In the event the Mortgagee shall acquire title to the Property by conveyance from the Mortgageor or as a result of the foreclosure of any other mortgage which the Mortgagee at any time holds with respect to the Property, this Mortgage shall not merge in the fee of the Property but shall remain and continue as an existing and enforceable lien for the Obligations secured hereby until the same shall be released of record by the Mortgagee in writing.

Section 4.16. Additional Remedies.

(a) The Mortgageor does hereby specifically authorize the Mortgagee, upon and during an occurrence of default, in the Mortgageor's name or in the Mortgagee's name, to sue for or otherwise collect and receive issues and profits from the Contract Documents, including those past due and unpaid, and apply the same against all costs and expenses of acquisition, design, construction or operation of the Property or the performance of the Mortgageor's obligations under the Contract Documents, including reasonable attorneys' fees. Any amounts remaining after such application shall be applied as provided for in the Indenture. Neither entry upon and taking possession of the Property nor the collection of the issues and rights from the Contract Documents shall in any way operate to cure or waive any default under any other instrument given by the Mortgageor to the Mortgagee, or prohibit the taking of any other action by the Mortgagee under any such instrument, or at law or in equity, to enforce payment of the indebtedness secured by the Contract Documents or to realize on any other security.

(b) The Mortgageor further agrees that: (A) should the Mortgageor fail to perform or observe any covenant or comply with any condition contained in the Contract Documents, then the Mortgagee, and provided reasonable indemnity from the Mortgageor satisfactory to the Mortgagee, and without notice to or demand on the Mortgageor or releasing the Mortgageor from its obligation so to do, but without obligation to do so, may perform such covenant or condition and may appear in and defend any action affecting the Contract Documents or the Property. To the extent that the Mortgagee shall incur any costs or pay any sums in connection therewith, including any costs or expenses of litigation, and reasonable attorneys' fees (whether incurred in litigation or otherwise), then such charges shall be included in the indebtedness secured hereby and shall bear interest from the incurring of payment thereof at the maximum contract rate of interest permitted by law; and (B) the Mortgagee shall not be obligated to perform or discharge any obligation, covenant or condition of the Mortgageor under the Indenture, this Mortgage or the Contract Documents, and the Mortgageor agrees to indemnify and hold the Mortgagee harmless against any and all liability, loss, or damage which the Mortgagee may incur under the Indenture, this Mortgage or the Contract Documents or under or by reason of this assignment and of and from all claims and demands whatsoever which may be asserted against them by reason of an act of the Mortgagee under this assignment or under the Contract Documents. Should the Mortgagee incur any such liability, loss, or damage under any Contract Document or under or by reason of this assignment, or in defense against any such claims or demands, the amount thereof, including costs, expenses, and reasonable attorneys' fees, together with interest thereon at the rate applicable to such charges in accordance with the terms of the Indenture and this Mortgage, shall be included in the indebtedness secured by this Mortgage, and the Mortgageor shall reimburse the Mortgagee therefor immediately upon demand.

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REGARD TO THE MORTGAGE, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY MORTGAGOR AND MORTGAGEE, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO TRIAL BY JURY WOULD OTHERWISE ACCRUE. MORTGAGOR AND MORTGAGEE ARE EACH HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER.

Section 5.3. Cross Default and Cross Collateral. The Mortgageor acknowledges and agrees that the occurrence of an Event of Default under the terms of this Mortgage shall constitute a default under the other Bond Documents in effect at the time of any such default, and a default under the other Bond Documents or any of them shall constitute an Event of Default under this Mortgage. The security interests, liens and other rights and interests in and relative to any of the collateral now or hereafter granted to the Mortgagee by the Mortgageor by or in any instrument or agreement, including but not limited to this Mortgage and the other Bond Documents, shall serve as security for any and all liabilities of the Mortgageor to the Mortgagee, including but not limited to the liabilities described in this Mortgage and the other Bond Documents, and, for the repayment thereof, the Mortgagee may resort to any security held by it in such order and manner as it may elect.

Section 5.4. Expenses. The Mortgageor will pay all expenses arising out of the preparation, administration, amendment, protection, collection and/or other enforcement of this Mortgage (including, without limitation, the reasonable fees and expenses of the Mortgagee's legal counsel, accountants and appraisers).

Section 5.5. Stamp Tax. The Mortgageor will pay any stamp or other tax which becomes payable in connection with this Mortgage.

Section 5.6. Schedules and Exhibits. The Schedules and Exhibits which are attached hereto are and shall constitute a part of this Mortgage.

Section 5.7. Choice of Law; Forum. This Mortgage and the rights and obligations of the parties hereunder shall be construed and interpreted in accordance with the laws of the State of South Carolina (the "Governing State") (excluding the laws applicable to conflicts or choice of law). THE MORTGAGOR AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS MORTGAGE OR ANY OF THE OTHER BOND DOCUMENTS MAY BE BROUGHT IN THE COURTS OF THE STATE OF SOUTH CAROLINA OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON THE MORTGAGOR BY MAIL AT THE ADDRESS SET FORTH IN SECTION 5.1 OF THIS MORTGAGE. THE MORTGAGOR HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT FORUM.

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Section 5.8. Survival of Representations. All representations, warranties, covenants and agreements contained in this Mortgage shall continue in full force and effect until all of the Obligations shall have been paid in full.

Section 5.9. Amendments. No modification or amendment of this Mortgage shall be effective (i) except in compliance with the provisions of the Indenture and (ii) the same shall be in writing and signed by the parties hereto.

Section 5.10. Successors and Assigns. This Mortgage shall be binding upon and shall inure to the benefit of the Mortgagor, the Mortgagee, and their respective permitted successors and assigns.

Section 5.11. Severability. Any provision of this Mortgage which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 5.12. Headings. All article and section headings in this Mortgage are included for convenience of reference only and shall not constitute a part of this Mortgage for any other purpose.

Section 5.13. Interpretation and Construction. The following rules shall apply to the interpretation and construction of this Mortgage unless the context requires otherwise: (a) the singular includes the plural and the plural, the singular; (b) words importing any gender include the other genders; (c) references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute to which reference is made and all regulations promulgated pursuant to such statutes; (d) references to "writing" includes printing, photocopying, typing, lithography and other means of reproducing words in a tangible visible form; (e) the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation;" (f) references to the introductory paragraph, preliminary statements, articles, sections (or subdivisions of sections), exhibits or schedules are to those of this Mortgage unless otherwise indicated; (g) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications to such instruments, but only to the extent that such amendments and other modifications are permitted or not prohibited by the terms of this Mortgage; (h) references to persons include their respective permitted successors and assigns; and (i) "or" is not exclusive.

Section 5.14. Replacement of Bonds. Upon receipt of an affidavit of an officer of the Mortgagee as to the loss, theft, destruction or mutilation of the Bonds or any other security document which is not of public record, and, in the case of any such loss, theft, destruction or mutilation, upon cancellation of such Bonds or other security document, the Mortgagor will issue, in lieu thereof, a replacement Bond or other security document in the same principal amount thereof and otherwise of like tenor, as more particularly set forth in the Indenture.

Section 5.15 Mortgagee. The Mortgagee shall not be liable for any error or judgment, or act done by the Mortgagee or be otherwise responsible or accountable under any circumstances whatsoever other than its own gross negligence, willful misconduct or violation of law. The

Mortgagee shall not be personally liable for any damages resulting from entry on the Property by the Mortgagee or anyone acting by virtue of the powers granted the Mortgagee under this Mortgage, or for debts contracted or liability or damages incurred in the management or operation of the Property. In taking any action hereunder, Mortgagee shall enjoy all the rights, protections, benefits, immunities and indemnities afforded to it under the Indenture, which are incorporated herein by reference. Notwithstanding anything else to the contrary set forth herein, whenever reference is made herein to any discretionary action by, consent, designation, specification, requirement or approval of, notice, request or other communication from, or other direction given or action to be undertaken (or not to be) suffered or omitted by the Mortgagee or to any election, decision, opinion, acceptance, use of judgment expression of satisfaction or other exercise of discretion, rights or remedies to be made (or not to be made) by the Mortgagee, (i) the Mortgagee shall be entitled to request and receive, and shall exercise each of the foregoing at, the written instruction of the Owners or Issuer; (ii) it is understood that in all cases, Mortgagee shall be fully justified in failing or refusing to take any such action if it shall not have received written instruction, advice or concurrence from the Owners or Issuer in respect of such action; and (iii) Mortgagee shall have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by Mortgagee in accordance with such written instruction. The Mortgagee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by it hereunder and believed by it in good faith to be genuine. The Mortgagee shall be entitled to reimbursement from Mortgagor for reasonable expenses incurred by it in the performance of the Mortgagee's duties under this Mortgage and to reasonable compensation to be paid by Mortgagor for services rendered under this Mortgage. Mortgagor will, from time to time, reimburse the Mortgagee for, save, and hold the Mortgagee harmless from and against any and all loss, cost, liability, damage and expense whatsoever incurred by it in the performance of the Mortgagee's duties other than those finally adjudicated by a court of competent jurisdiction to have directly resulted from its own gross negligence, willful misconduct or violation of law. THE INDEMNIFICATION PROVISIONS IN THIS SECTION SHALL BE ENFORCEABLE REGARDLESS OF WHETHER ANY PERSON (INCLUDING THE PERSON FROM WHOM INDEMNIFICATION IS SOUGHT) ALLEGES OR PROVES THE SOLE, CONCURRENT, CONTRIBUTORY OR COMPARATIVE NEGLIGENCE OF THE MORTGAGEE, OR OTHER SOLE OR CONCURRENT STRICT LIABILITY IMPOSED ON THE PERSON SEEKING INDEMNIFICATION. Without prejudice to the survival of any other agreements of the Mortgagor hereunder, the provisions of this Section shall survive the final payment of all Indebtedness, and the termination of this Mortgage, and resignation or removal of Mortgagee as trustee under the Indenture, and shall continue thereafter in full force and effect.

NOW THEREFORE, if the indebtedness which in accordance with the provisions hereof shall be secured hereby, and any extensions or renewals thereof and any and all other amounts due hereunder, under the Indenture, the Bonds, and the other Bond Documents shall be well and truly paid according to their tenor, and if all agreements and provisions contained in the Indenture, the Bonds, and the other Bond Documents and herein are fully kept and performed, then this Mortgage shall become null and void; otherwise to remain in full force and effect.

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Waiver of Appraisal, Valuation, Etc. The laws of South Carolina provide that in any real estate foreclosure proceedings a defendant against whom a personal judgment is taken or asked may within thirty days after the sale of the mortgaged property apply to the court for an order of appraisal. The statutory appraisal value as approved by the court would be substituted for the high bid and may decrease the amount of any deficiency owing in connection with the transaction. **THE UNDERSIGNED HEREBY WAIVES AND RELINQUISHES THE STATUTORY APPRAISAL RIGHTS WHICH MEANS THE HIGH BID AT THE JUDICIAL FORECLOSURE SALE WILL BE APPLIED TO THE DEBT REGARDLESS OF ANY APPRAISED VALUE OF THE PROPERTY.**

IN WITNESS WHEREOF, the Mortgagor has executed and delivered this Mortgage effective as of the date set forth above.

Signed, sealed, and delivered
in the presence of: **SFRI RESERVE AT WESCOTT
APARTMENTS LLC**, a Delaware limited
liability company

Witness #1: By: _____
Name: Gerald Cichon
Signature: _____ Chief Executive Officer and Secretary

Witness #2:
Name: _____
Signature: _____

STATE OF _____
COUNTY OF _____
ACKNOWLEDGMENT

I, the undersigned Notary Public, do hereby certify that Gerald Cichon, the Chief Executive Officer and Secretary of SFRI Reserve at Wescott Apartments LLC, a Delaware limited liability company, on behalf of said company, personally appeared before me and acknowledged the due execution of the foregoing instrument. The foregoing person was known to me or produced satisfactory evidence as to his identity.

Witness my hand and official seal this _____ day of _____, 2025.

Notary Signature: _____
Printed Name of Notary: _____
Notary Public for _____
My Commission Expires: _____

(NOTARIAL SEAL)

EXHIBIT A

LEGAL DESCRIPTION

PARCEL 1

All that certain piece, parcel, or tract of land, with any improvements thereon, situate, lying and being in the City of North Charleston, County of Dorchester, State of South Carolina, located on the Northern side of the Right of Way of Wescott Boulevard (150' R/W), and being more particularly shown and designated as Parcel 1, containing 16.88 acres, more or less, on plat of survey dated March 14, 2003, entitled "ALTA/ACSM Land Title Survey of FHA Project No. 054-35652, Project Name: The Reserve at Wescott Plantation, Wescott Boulevard, North Charleston, Dorchester County, South Carolina," prepared by Trico Engineering Consultants, Inc., and recorded March 19, 2003, in Plat Cabinet K, Page 58. Reference to said plat is hereby craved for a fuller description, with all measurements being a little more or less.

TMS Number: 162-00-00-045-000

PARCEL 2

All that certain piece, parcel and tract of land, with improvements thereon, if any, situate, lying and being in the Town of North Charleston, County of Dorchester, South Carolina, located along Wescott Boulevard, containing 9.215 acres, more or less, and more particularly shown as Parcel 2A on that certain ALTA/ACSM Land Title Survey dated July 12, 2005, prepared by Trico Engineering Consultants, Inc., as recorded in the Office of the Dorchester County Register of Deeds in Plat Book K page 168. Reference to said plat is craved for a fuller description with all measurements being a little more or less.

TMS Number: 162-00-00-038-000

This being the same property conveyed to SFRI Reserve at Wescott Apartments LLC, a Delaware limited liability company, by deed of conveyance of Sunroad Wescott Apartments, LLC, a Delaware limited liability company, dated _____, 2025, and recorded simultaneously herewith in the Dorchester County Register of Deeds office.

RECITALS

WHEREAS, Issuer is issuing its \$ _____ Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced), Series 2025 (the “**Bonds**”), under the Indenture, the repayment of which is secured by this Mortgage; and

WHEREAS, the proceeds of the Bonds will be loaned by the Issuer to Mortgagor pursuant to a Loan Agreement, dated as of December 1, 2025, by and between Issuer and Mortgagor; and

WHEREAS, the Mortgagor is justly indebted to the Mortgagee, as bond trustee, pursuant to the terms of the Indenture, subject to the following additional terms and conditions:

GRANTING CLAUSE

To secure the prompt and timely repayment of the Obligations, defined herein and also to secure in accordance with Section 29-3-50, as amended, Code of Laws of South Carolina 1976, as amended, all future advances and readvances that may subsequently be made to Mortgagor by the Mortgagee, evidenced by the Bonds, and all renewals and extensions thereof, and in order to charge the properties, interests and rights hereunder described with such payment, performance, and observance, and for and in consideration of the additional sum of \$1.00 paid to the Mortgagor by the Mortgagee and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the Mortgagor, does hereby grant, bargain, sell, alien, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, deliver, set over, warrant and confirm unto the Mortgagee, as bond trustee for the benefit of the Owners, its successors and assigns forever, all estate, right, title and interest which Mortgagor now has or may later acquire in the following property (all or any part of such property, or any interest in all or any part of it, together with the Personal Property and Personalty (as such terms are hereinafter defined) being collectively referred to as the “**Property**”) (the items described in (a) through (o) below are collectively referred to as the “**Mortgaged Estate**”):

(a) The real property located in the County of Lexington, State of South Carolina, as described in Exhibit A hereto (the “**Land**”);

(b) All buildings, structures, improvements, fixtures, additions, enlargements, extensions, modifications, repairs, replacements, and appurtenances now or hereafter on the Land, and all apparatus and equipment now or hereafter attached in any manner to the Land or any building on the Land, including all (i) pumping plants, engines, pipes, ditches and flumes, (ii) all gas, electric, cooking, heating, cooling, air conditioning, lighting, refrigeration and plumbing Fixtures and Equipment, and (iii) all water, sewage and drainage facilities, wells, treatment plants, supply, collection and distribution systems, paving, landscaping and other improvements (collectively, the “**Improvements**”);

(c) All easements, strips and gores of land, streets, ways, alleys, passages, and rights of way appurtenant to the Land; all crops growing or to be grown on the Land (including all such crops following severance from the Land); all standing timber upon the Land (including all such timber following severance from the Land); all development rights or credits and air rights; all water and water rights (whether riparian, appropriative, or otherwise, and whether or not appurtenant to the Land) and shares of stock pertaining to such water or water rights, ownership

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PREPARED BY AND)
WHEN RECORDED MAIL TO:)
Cantu Harden Montoya, LLP)
1020 NE Loop 410, Suite 401)
San Antonio, Texas 78209)

Space Above for Recorder's Use

THE COLLATERAL SUBJECT TO THIS MORTGAGE, ASSIGNMENT OF LEASES, SECURITY AGREEMENT AND FIXTURE FILING INCLUDES GOODS THAT ARE OR ARE TO BECOME FIXTURES.

THIS MORTGAGE, ASSIGNMENT OF LEASES, SECURITY AGREEMENT AND FIXTURE FILING IS TO BE FILED IN THE REAL PROPERTY RECORDS FOR LEXINGTON COUNTY, SC AND SHALL SERVE AS A FIXTURE FILING FINANCING STATEMENT IN ACCORDANCE WITH THE PROVISIONS OF SECTION 36-9-502(C) OF THE CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED.

THIS MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT, AND FIXTURE FILING SECURES FUTURE ADVANCES. TO THE EXTENT PROVIDED IN THE BONDS, INTEREST OR DISCOUNT WILL BE DEFERRED, ACCRUED OR CAPITALIZED.

MORTGAGE, ASSIGNMENT OF LEASES, SECURITY AGREEMENT AND FIXTURE FILING

THIS MORTGAGE, ASSIGNMENT OF LEASES, SECURITY AGREEMENT AND FIXTURE FILING (as it may be amended, supplemented or otherwise modified from time to time, this “**Mortgage**”) is made as of the 10th day of December, 2025 by **SFRI OTARRE POINTE APARTMENTS LLC**, a Delaware limited liability company, with a mailing address of 304 Texas Avenue, 16th Floor, El Paso, Texas 79901 (the “**Mortgagor**”), to **WILMINGTON TRUST, NATIONAL ASSOCIATION**, a national banking association with mailing address of 650 Town Center Drive, Suite 800, Costa Mesa, California 92626 (the “**Mortgagee**”), as mortgagee and as bond trustee under that certain Bond Indenture, dated as of December 1, 2025, by and between the South Carolina Jobs-Economic Development Authority, a unit of government and body corporate and politic organized and existing as a joint powers commission under the laws of the State of South Carolina (the “**Issuer**”), as issuer of the Bonds (as defined below), and the Mortgagee, as bond trustee, for the benefit of the Owners (as defined below) of the Bonds (the “**Indenture**”), a copy of which Indenture is on file with the Mortgagee.

of which affect the Land; all minerals, oil, gas, and other hydrocarbon substances and rights thereto in, on, under, or upon the Land; all estates, rights, titles, interests, privileges, liberties, servitudes, tenements, hereditaments, and appurtenances of any nature whatsoever, in any way now or hereafter belonging, relating or pertaining the Property and the Improvements and the reversion and reversions, remainder and remainders and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the said property, to the center line thereof and all the estates, rights, titles, interests, dower and rights of dower, curtesy and rights of curtesy, property, possession, claim, and demand whatsoever, both at law and in equity, of Mortgagor of, in and to said property and the Improvements and every part and parcel thereof.

(d) All existing and future leases, subleases, subtenancies, licenses, franchises, occupancy agreements and concessions relating to the use and enjoyment of all or any part of the Land or the Improvements, grants of other possessory interests, tenancies, and any other agreements affecting the use, possession, or occupancy of the Property or any part thereof, whether now or hereafter existing or entered into (including, without limitation, any use or occupancy arrangements created pursuant to Section 365(d) of the Bankruptcy Code or otherwise in connection with the commencement or continuance of any bankruptcy, reorganization, arrangement, insolvency, dissolution, receivership, or similar proceedings, or any assignment for the benefit of creditors, in respect of any tenant or occupant of any portion of the Property (as hereinafter defined)), all amendments, modifications, supplements, extensions, or renewals thereof, whether now or hereafter existing and any and all guaranties and other agreements relating to or made in connection with any of the foregoing;

(e) All right, title and interest in and to all current and future leases and rents relating to the Land or the Improvements; it being intended by the Mortgagor that this assignment constitutes a present, absolute assignment and not an assignment for additional security only. Nevertheless, subject to the terms of this Mortgage, the Mortgagee grants to the Mortgagor a revocable license to collect and receive the rents. The Mortgagor shall hold the rents, or a portion thereof, sufficient to discharge all current sums due on the Obligations, for use in the payment of such sums;

(f) All fixtures, equipment, supplies, and other personal property of every kind and nature (the “**Fixtures and Equipment**”) now or hereafter attached to, used, intended or acquired for use for, or in connection with, the construction, maintenance, operation or repair of the Property or Improvements, or for the present or future replacement or replenishment of used portions of it, and all related parts, filters and supplies, including, but not limited to, all heating, lighting, cooling, ventilating, air conditioning, environment control, refrigeration, plumbing, incinerating, water heating, cooking, pollution control, gas, electric, solar, nuclear, computing, monitoring, measuring, controlling, distributing and other equipment and fixtures, and all renewals and replacements of them, all substitutions for them and all additions and accessions to them, all of which Mortgagor and Mortgagee hereby also irrevocably declare to be real estate and part of the Property.

(g) All wastewater, fresh water and other utilities capacity and facilities (the “**Utilities Capacity**”) available or allocable to the Property and Improvements or dedicated to or reserved for them pursuant to any system, program, contract or other arrangement with any public or private utility, and all related or incidental licenses, rights and interests, whether considered to be real,

personal or mixed property, including the right and authority to transfer or relinquish any or all such rights and the right to any credit, refund, reimbursement or rebate for utilities facilities construction or installation or for any reservation fee, standby fee or capital recovery charge promised, provided or paid for by Mortgagor or any of Mortgagor's predecessors or Affiliates (defined below), to the full extent now allocated or allocable to the Property or Improvements, plus all additional Utilities Capacity, if any, not dedicated or reserved to the Property or Improvements but which is now or hereafter owned or controlled by Mortgagor or by anyone (an “**Affiliate**,” whether a natural person or an entity) who directly or through one or more intermediaries controls, is controlled by or is under common control with Mortgagor, to the full extent that such additional Utilities Capacity is necessary to allow development, marketing and use of the Property or Improvements for their highest and best use.

(h) Any and all rights and appurtenances belonging, incident or appertaining to the Property, Improvements, Fixtures and Equipment, Leases or Utilities Capacity or any part of them.

(i) All proceeds, including all claims to and demands for them, of the voluntary or involuntary conversion of any of the Land, Improvements, or the other property described above into cash or liquidated claims, including (i) proceeds of all present and future fire, hazard or casualty insurance policies, whether or not such policies are required by Mortgagee, (ii) all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding (including, but not limited to, any transfer made in lieu of or in anticipation of the exercise of the right), or for a change of grade, or for any other injury to or decrease in the value of the Property, (iii) all refunds, rebates, or credits in connection with reduction in real estate taxes and assessments charged against the Property as a result of tax certiorari or any applications or proceedings for reduction, and (iv) all causes of action and their proceeds for any breach of warranty, misrepresentation, damage or injury to, or defect in, the Land, Improvements, or the other property described above or any part of them;

(j) All Contract Documents as set forth in Section 3.20(d) of this Mortgage, contracts (including contracts for the sale or exchange of all or any portion of the Property or the Improvements), franchises, licenses, certificates, instruments, permits, applications, entitlements, plans, specifications, drawings, and other documents, whether executed, granted or issued by a private person or entity or a governmental or quasi-governmental agency, which are directly or indirectly related to or connected with the development, use, occupation, construction, management, operation or sale of the Property or the Improvements or respecting any business or activity conducted on the Property and any part thereof, whether now or at any time hereafter existing, and all amendments and supplements thereto and renewals and extensions thereof at any time made, and any sums payable to Mortgagor, rebates, refunds, escrow accounts and funds, or deposits and all other sums due or to become due under and pursuant thereto and all powers, privileges, options and Mortgagor's other benefits thereunder.

(k) The right, in the name and on behalf of Mortgagor, to appear in and defend any action or proceeding brought with respect to the Property and to commence any action or proceeding to protect the interest of Mortgagee in the Property.

(l) All trade names, trademarks, service marks, logos, copyrights, goodwill, books and records, websites and domain names, and all other general intangibles relating to or used in connection with the operation of the Property.

(m) All (i) reserves, escrows, and deposit accounts maintained by Mortgagor with respect to the Indenture, including, without limitation, all funds and accounts established or maintained pursuant to the Indenture and any other Bond Documents (as hereinafter defined), together with all deposits or wire transfers made to such accounts, and all cash, checks, drafts, certificates, securities, investment property, financial assets, instruments, and other property held therein from time to time, and all proceeds, products, distributions, dividends, and/or substitutions thereon and thereof, and (ii) any and all monies now or hereafter held by the Mortgagee, as additional security for the Obligations until expended or applied as provided in this Mortgage;

(n) All other property described in Exhibit A hereto.

(o) All proceeds of, additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

This Mortgage constitutes a financing statement filed as a fixture filing under the South Carolina Uniform Commercial Code, as amended or recodified from time to time, covering any Property which now is or later may become a fixture attached to the Land or any building located thereon.

TO HAVE AND TO HOLD unto Mortgagee and its successors and assigns, forever to its and their own proper use and behoof; and Mortgagor also does for itself, its successors and assigns, covenant with Mortgagee, and its successors and assigns, that at and until the sealing of these presents, it is well seized of the Property in fee simple, and has good right to mortgage, bargain and sell the same and that the same are free from all encumbrances whatsoever except for Permitted Encumbrances. The lien of this Mortgage shall be junior and subordinate to that certain Land Use Restriction Agreement dated as of December 1, 2025, among the Issuer, the Borrower, and the Mortgagee, as the same may be amended from time to time.

SECTION 1 DEFINITIONS

All terms used in this Mortgage but not defined herein shall have the meanings ascribed to such terms in the Indenture. The following terms as used herein shall have the following meanings:

"Bonds" shall have the meaning assigned to it in the recitals to this Mortgage.

"Bond Documents" shall mean this Mortgage, the Indenture, the Bonds, and all other documents, agreements or instruments executed in therewith or with any of the foregoing documents.

"Building Service Equipment" shall mean all apparatus, fixtures and articles of personal property owned by the Mortgagor now or hereafter attached to or used or procured for use in connection with the operation or maintenance of any building, structure or other improvement located on or included in the Property, including, but without limiting the generality of the

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and Reauthorization Act of 1986, 42 U.S.C. § 9601, et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Solid and Hazardous Waste Amendments of 1984, 42 U.S.C. § 6901, et seq.; the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 U.S.C. § 1251, et seq.; the Toxic Substances Control Act of 1976, 15 U.S.C. § 2601, et seq.; the Emergency Planning and Community Right-To-Know Act of 1986, 42 U.S.C. § 11001, et seq.; the Clean Air Act of 1966, as amended, 42 U.S.C. § 7401, et seq.; the National Environmental Policy Act of 1975, 42 U.S.C. § 4321, et seq.; the Rivers and Harbors Act of 1899, 33 U.S.C. § 401 et seq.; the Safe Drinking Water Act of 1974, as amended 42 U.S.C. § 300(f), et seq.; and all rules, regulations, policies and guidance documents promulgated or published thereunder; and any State of South Carolina, regional, county, parish or local statute, law, rule, regulation or ordinance relating to public health, or the environment.

"Event of Default" shall mean (a) any Event of Default under the Bonds or the other Bond Documents, (b) any default in the payment or performance of the obligations of the Mortgagor hereunder, or (c) any representation or warranty of the Mortgagor hereunder proving to be untrue in any material respect.

"Hazardous Materials" shall mean: (a) any substances defined as "hazardous substances," "pollutants," "contaminants," "hazardous materials," "hazardous wastes," or "hazardous or toxic substances" or related materials as now or hereafter defined in any Environmental Law; (b) those substances listed or otherwise identified as substances of the type referred to in the preceding subsection (a) in the regulations adopted and publications issued pursuant to any Environmental Law, as the same may be amended, modified or supplemented; (c) any friable asbestos, airborne asbestos in excess of that generally found in the atmosphere where the Project is located, or any substance or material containing asbestos; and (d) any substance the presence of which on the Property or the Project is prohibited or restricted by any applicable Environmental Law; provided that Hazardous Material shall not include any such substances used in or resulting from the ordinary, lawful operation of the Project or for the cleaning of the Property or the Project, provided that such substances are stored, handled and disposed of in substantial compliance with all applicable Environmental Laws and other applicable laws and regulations.

"Indebtedness" shall mean all obligations for payment of principal and interest with respect to money borrowed, incurred or assumed by the Mortgagor, and all purchase money mortgages, installment purchase contracts, capital leases, guaranties or other similar instruments in the nature of a borrowing by which the Mortgagor will be unconditionally obligated to pay.

"Indenture" shall have the meaning assigned to it in the recitals to this Mortgage.

"Lien" shall mean any mortgage or pledge of, security interest in, or lien or encumbrance on, any property which secures any Indebtedness or other obligation of the Mortgagor excluding liens applicable to property in which the Mortgagor has only a leasehold interest unless the lien secures Indebtedness.

"Obligations" shall mean all indebtedness, liabilities, obligations, covenants and agreements of the Mortgagor to the Mortgagee now existing or hereafter arising or incurred under

foregoing, all engines, furnaces, boilers, stokers, pumps, heaters, tanks, dynamos, motors, generators, switchboards, electrical equipment, heating, plumbing, lifting and ventilating apparatus, air-cooling and air-conditioning apparatus, gas and electrical fixtures, elevators, escalators, fittings, and machinery and all other equipment of every kind and description, used or procured for use in the operation of the building standing on the Property (except apparatus, fixtures or articles of personal property belonging to lessees or other occupants of such building or to persons other than the Mortgagor, unless the same be abandoned by any such lessee or other occupant or person), together with any and all replacements thereof and additions thereto.

"Contract Documents" shall have the meaning assigned to it in Section 3.20(d) hereof.

"Creditors Rights Laws" shall mean any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, conservatorship, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to its debts or debtors.

"Disposal" shall have the meaning assigned to it in Section 3.8 hereof.

"Environmental Damages" shall mean all costs, losses, damages (including natural resource damages, expenses, judgments, penalties, fines, liabilities (including strict liability), encumbrances, Liens, and expenses of investigation and defense of any claim, whether or not such claim is ultimately defeated, and of any good faith settlement or judgment, of whatever kind or nature, including without limitation reasonable attorneys' fees and expert consultants' fees and disbursements, any of which are incurred at any time as a result of the existence of Hazardous Materials upon, about, beneath or migrating, or threatening to migrate, onto or from the Property or the Project, or the violation of Environmental Requirements pertaining to the Property or the Project, regardless of whether or not such Environmental Damages were caused by or within the control of the Mortgagor.

"Environmental Law" shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. § 9601 et seq. ("CERCLA"); the federal Hazardous Materials Transportation Law, 49 U.S.C. § 5101 et seq.; the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901 et seq. ("RCRA"); the Clean Water Act, 33 U.S.C. § 1251 et seq. and the Clean Air Act, 42 U.S.C. § 7401 et seq.; and any other applicable federal or state laws pertaining to the protection of the environment, as any such laws may be amended, modified or supplemented and any regulations promulgated pursuant to any of the foregoing.

"Environmental Report" shall mean any environmental assessment (as described in Section 3.8 herein) or other environmental report or audit conducted at the Property or the Project for any reason at any time.

"Environmental Requirements" shall mean all applicable federal, State of South Carolina, regional or local laws, statutes, rules, regulations or ordinances, concerning public health, or the environment, including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments

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the Bonds, this Mortgage, or the other Bond Documents, whether individually or collectively, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising thereunder or hereunder by contract, operation of law or otherwise and whether before or after any judgment relating to any of the foregoing.

"Owner" or **"Owners"** shall mean the Person or Persons in whose name or names a particular Bond is registered on the registration records maintained for that purpose pursuant to Section 2.2 of the Indenture.

"Permitted Encumbrances" shall mean those encumbrances listed on Exhibit B of the Title Insurance Policy delivered by the Mortgagor to the Mortgagee in connection herewith and incorporated herein by reference as if fully set out herein and the items listed in the definition of such term in the Indenture.

"Person" includes an individual, association, corporation, partnership, limited liability company, joint venture or a government or an agency or a political subdivision thereof.

"Pledged Revenues" has the meaning as defined in the Indenture.

"Project" means the purchase, construction, improvement and equipping of certain housing facilities known as 1137 Fort Congaree Trail, Cayce, South Carolina 29033 and related real estate, with proceeds of the Bonds.

"Property" has the meaning given to it in the recitals to this Mortgage.

"Property Income" shall mean all rents, income, profits, security deposits and other benefits to which the Mortgagor may now or hereafter be entitled from any lease, tenancy or rights of use of all or any part of the Property and/or the income generated from the business operations conducted at or from the Property.

"Release" shall have the meaning assigned to it in Section 3.8 hereof.

"Spill" shall have the meaning assigned to it in Section 3.8 hereof.

"Verification Report" shall mean that Phase I Environmental Site Assessment issued by Rimkus Consulting Group, Inc., dated _____, 2025.

SECTION 2 REPRESENTATIONS AND WARRANTIES

The Mortgagor hereby represents, covenants and warrants to the Mortgagee as follows:

Section 2.1. **Title to Property.** The Mortgagor warrants it has good, marketable and indefeasible fee simple title to the Property (as described in Exhibit A annexed hereto) free and clear of any lien or security interest, subject only to the Permitted Encumbrances and that it shall warrant, defend and preserve such title and the rights granted by this Mortgage with respect thereto against all claims of all persons or entities. The lien and security interest of this Mortgage, when properly recorded in the appropriate records, together with any Uniform Commercial Code

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financing statements required to be filed in connection therewith, will create (i) valid and perfected first and prior liens on the Property and (ii) perfected security interests in and to, and perfected collateral assignments of, all personality located on the Property (including the any Leases), subject to no other liens, security interests or charges whatsoever except for the Permitted Encumbrances. The Property is free from damage caused by fire or other casualty. There are no mechanic's, materialman's or other similar liens or claims which have been filed for work, labor or materials affecting the Property which are or may be liens prior to, or equal or coordinate with, the lien of this Mortgage. None of the Permitted Encumbrances, individually or in the aggregate, materially interfere with the benefits of the security intended to be provided by this Mortgage, the Indenture or any other Bond Document, materially and adversely affect the value of the Property, impair the use or operations of the Property or impair Mortgagor's ability to pay its obligations in a timely manner.

Section 2.2. Authority; No Encumbrances. The Property is now free and clear of all encumbrances whatsoever except Permitted Encumbrances, and the Mortgagor has good right and lawful authority to mortgage and convey the same in the manner and form hereby mortgaged and conveyed. The Mortgagor (a) is duly organized, validly existing and in good standing under the laws of its state of organization or incorporation; (b) is duly qualified to transact business and is in good standing in the state where the Property is located; and (c) has all necessary approvals, governmental and otherwise, and full power and authority to own, operate and lease the Property. The Mortgagor has full power, authority and legal right to mortgage, grant, bargain, sell, pledge, assign, warrant, transfer and convey the Property pursuant to, and to keep and observe all of, the terms of this Mortgage. The execution, delivery and performance of the Bond Documents and the borrowing evidenced by the Bonds (i) are within the power and authority of the Mortgagor; (ii) have been authorized by all requisite organizational action; (iii) have received all necessary approvals and consents, corporate, governmental or otherwise; and (iv) will not violate, conflict with, result in a breach of or constitute (with notice or lapse of time, or both) a default under any provision of law, any order or judgment of any court or governmental authority, the articles of incorporation, by laws, partnership or trust agreement, articles of organization, operating agreement, or other governing instrument of the Mortgagor, or any indenture, agreement or other instrument to which the Mortgagor is a party or by which it or any of its assets or the Property is or may be bound or affected.

Section 2.3. No Conflicts. The execution and delivery of this Mortgage does not, and the performance and observance of the terms hereof will not, contravene any provision of existing law, ordinance, rule, regulation or order of any Federal, state or local governmental body, instrumentality or agency, and will not conflict with or result in any breach of the terms, conditions or provisions of, or constitute a default under or result in or permit the creation or imposition of any charge or encumbrance upon any of the properties or assets of the Mortgagor pursuant to, any indenture, mortgage or other agreement or instrument to which the Mortgagor is a party or by which its properties or assets are bound.

Section 2.4. Governmental Filings. Other than the recording of this Mortgage and the filing of uniform commercial code financing statements with the appropriate recording and filing offices in the State of South Carolina, no approval, authorization or other action by, or filing with, any Federal, state, or local body, instrumentality or agency, is required under existing law in connection with the execution and delivery by the Mortgagor of this Mortgage.

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connection with the Property or the Project, and to the best of Mortgagor's knowledge there exists no investigation, administrative order, consent order and agreement, litigation, settlement or judgment, whether proposed, threatened, anticipated or in existence with respect to the Property or the Project.

- (f) The Mortgagor covenants and agrees that it will indemnify and hold the Mortgagee harmless from and against any and all expense, damage (including natural resource damage), loss, fine, penalty or liability incurred by the Mortgagee (including, without limitation, all costs of legal representation incurred by the Mortgagee in connection with enforcing the provisions hereof, or otherwise) arising from the application of any Environmental Law. It is expressly acknowledged by the Mortgagor that, notwithstanding anything to the contrary set forth herein, this covenant of indemnification shall survive any foreclosure of the lien and security interest of this Mortgage or the discharge of this Mortgage or the resignation or removal of the Mortgagee as bond trustee pursuant to the Indenture and shall inure to the benefit of the Mortgagee, its successors and assigns.

Section 2.7. Litigation. There is no any action, suit, arbitration, zoning, environmental or other land use matter, tax or assessment proceeding, governmental investigation, or other legal proceeding (collectively, "**Actions**") pending or, to the knowledge of Seller, threatened against Seller or affecting the Property before any court or governmental authority, an adverse determination of which would materially adversely affect (i) the financial condition or operations of Seller or the Property, (ii) the validity of the Mortgage, or (iii) Seller's title to the Property.

SECTION 3 CERTAIN COVENANTS AND CONDITIONS

The Mortgagor covenants and agrees as follows:

Section 3.1. Payment of Debt. Mortgagor will pay the Indebtedness at the time and in the manner provided in the Indenture and any other Bond Documents.

Section 3.2. Incorporation by Reference and Performance Under Other Agreements. All recitals set forth above and all the covenants, conditions, and agreements contained in the Indenture and any other Bond Documents are hereby made a part of this Mortgage to the same extent and with the same force as if fully set forth herein. Mortgagor shall observe and perform each and every term, covenant, and provision to be observed or performed Mortgagor under any other agreement or recorded instrument affecting or pertaining to the Property and any amendments, modifications, or changes thereto.

Section 3.3. Change of Name, Identity or Structure. Mortgagor shall not change Mortgagor's name, identity (including its trade name or names) or, if not an individual, Mortgagor's corporate, partnership or other structure without first (a) notifying Mortgagee of such change in writing at least thirty (30) days prior to the effective date of such change, (b) taking all action required by Mortgagee for the purpose of perfecting or protecting the lien and security interest of Mortgagee and (c) in the case of a change in Mortgagor's structure, without first

Section 2.5. No Leases. Except for residential leases to tenants in accordance with applicable recorded restrictive covenants, including the Land Use Restriction Agreement, there are presently in effect no leases of the Property or any part thereof.

Section 2.6. Environmental Compliance. The Mortgagor has investigated the past and present condition and usage of the Property and the operations conducted thereon and, based upon such diligent investigation, makes the following representations and warranties:

- (a) Condition of Project: Except as specifically disclosed in the Verification Report, the Project, including all personal property, is free from contamination by Hazardous Materials, and there has not been thereon a release, discharge or emission, or a threat of release, discharge or emission, of any Hazardous Material on, under, in, or about the Property or the Project, nor has any such Hazardous Material migrated or threatened to migrate from other properties upon, about or beneath the Property or the Project.
- (b) Previous Use of Project: Except as specifically disclosed in the Verification Report, neither the Mortgagor nor to the best of the Mortgagor's knowledge, after due inquiry, any previous owner, tenant, occupant or user of the Property or the Project, nor any other Person, has engaged in or permitted any operations or activities upon, or any use or occupancy of the Property or the Project, or any portion thereof, whether legal or illegal, accidental or intentional, for the purpose of or in any way involving the handling, manufacture, treatment, storage, use, generation, release, discharge, refining, dumping or disposal of any Hazardous Materials, on, under, in or about the Property or the Project.
- (c) Property Adjoining Project: To the best of the Mortgagor's knowledge, after due inquiry, and except as specifically disclosed in the Verification Report, any adjoining property has not been used as a manufacturing, storage or disposal site for Hazardous Materials nor is any other property adjoining the Project in violation of Environmental Requirements.
- (d) Compliance with Environmental Requirements: Except as specifically disclosed in the Verification Report, the Project is in compliance with and has at all times been in compliance with all applicable Environmental Requirements and the Mortgagor has all permits and licenses required to be issued under the Environmental Requirements, if any, and is in full compliance with the terms and conditions of such permits and licenses, if any; such permits and licenses, if any, are in full force and effect; and no changes exist in the facts or circumstances reported or assumed in the application for or granting of such permits or licenses, if any.
- (e) No Notice of Violations of Environmental Requirements: The Mortgagor has not received any written notice concerning the Property or the Project, of any alleged violation or requiring compliance of Environmental Requirements, whether or not corrected to the satisfaction of the appropriate authority, or notice or other communication concerning alleged liability for Environmental Damages in

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obtaining the prior written consent of Mortgagee. Mortgagor shall promptly notify Mortgagee in writing of any change in its organizational identification number. If Mortgagor does not now have an organizational identification number and later obtains one, Mortgagor shall promptly notify Mortgagee in writing of such organizational identification number. Mortgagor shall execute and deliver to Mortgagee, prior to or contemporaneously with the effective date of any such change, any financing statement or financing statement change required to establish or maintain the validity, perfection and priority of the security interest granted herein. At the request of Mortgagee, Mortgagor shall execute a certificate in form satisfactory to Mortgagee listing the trade names under which Mortgagor intends to operate the Property, and representing and warranting that Mortgagor does business under no other trade name with respect to the Property.

Section 3.4. Governmental Notices and Charges. The Mortgagor shall pay before the same become delinquent all taxes, charges, sewer use fees, water rates and assessments of every name and nature, whether or not assessed against the Mortgagor, if applicable or related to the Property, or any interest therein, or applicable or related to any of the Obligations, which, if unpaid, might by law become a lien or charge upon all or any part of the Property; provided, however, that so long as no default, foreclosure sale or other levy upon or transfer with respect to the Property or any part thereof shall have been effected or threatened, the Mortgagor shall not be required to pay any such taxes, charges, fees, rates and assessments by reason of this Section 3.4 if (a) the amount, applicability or validity thereof is currently being contested by the Mortgagor in good faith by appropriate legal proceedings, (b) the Mortgagor shall have set aside on its books reserves (segregated to the extent required by sound accounting principles and practices) reasonably deemed by the Mortgagee to be adequate with respect thereto, and (c) the Mortgagor shall have provided to the Mortgagee a bond or other security of such nature and in such amount as the Mortgagee deems sufficient as security for payment thereof. Mortgagor will operate the Property and conduct its business in full compliance with all requirements of governmental and quasi-governmental authorities having jurisdiction over Mortgagor or the Property and will comply with and punctually perform all of the covenants, agreements and obligations imposed upon it or the Property. Mortgagor will furnish to Mortgagee copies of notices and reports received or sent by Mortgagor to or from each governmental and quasi-governmental authority within three (3) days of the receipt or giving thereof.

Section 3.5. Maintenance of Property; Alterations. The Mortgagor shall keep and maintain the Property in as good repair and condition as the same now is or may hereafter be put (ordinary wear and tear excepted), damage from casualty or condemnation expressly not excepted, shall make all such needful and proper repairs, replacements, additions and improvements thereto as shall be necessary for the proper conduct of its business thereon, and shall not permit, commit or suffer waste on the Property, or take any action that might invalidate or allow the cancellation of any of the insurance policies set forth in the Indenture, or do or permit to be done thereon anything that may in any way materially impair the value of the Property or the security of this Mortgage. Mortgagor will not, without the prior written consent of Mortgagee, permit any drilling or exploration for or extraction, removal, or production of any minerals from the surface or the subsurface of the Property, regardless of the depth thereof or the method of mining or extraction thereof. Mortgagor shall promptly repair, replace or rebuild any part of the Property which may be destroyed by any casualty or become damaged, worn or dilapidated or which may be affected by any condemnation due to eminent domain, and shall complete and pay for any structure at any time in the process of construction or repair on the Property. The Mortgagor will make or cause to

be made, as and when the same shall become necessary, all structural and non-structural, exterior and interior, ordinary and extraordinary, foreseen and unforeseen repairs, renewals and replacements necessary to that end. The Mortgagee shall not permit removal or alteration of anything which constitutes a part of the Property without the consent of the Mortgagee. The Mortgagee shall permit the Mortgagee to enter the Property at any reasonable time to determine whether the Mortgagee is in compliance with its obligations under this Mortgage.

Section 3.6. Insurance. The Mortgagee agrees, at the Mortgagee's sole cost and expense, to keep the Property insured at all times throughout the term of this Mortgage with policies of insurance.

Section 3.7. Casualties and Takings. All proceeds of any property or casualty insurance or awards of damages on account of any taking or condemnation for public use of or injury to the Property shall be paid to and disbursed as provided in the Indenture.

Section 3.8. Hazardous Materials.

The Mortgagee further covenants and agrees that it will:

- (a) Use of Project: The Mortgagee will not conduct, or allow to be conducted, any business, operation, or activity on, under, or in the Property or the Project, or employ or use the Project or allow for it to be employed or used, to manufacture, transport, treat, store, or dispose of any Hazardous Materials which would violate Environmental Requirements.
- (b) Notice of Environmental Problem: The Mortgagee (provided that the Mortgagee shall only forward to the Mortgagee those notices, letters, citations, orders, warnings, complaints, inquiries, claims or demands actually received by the Mortgagee) shall promptly provide a copy to Mortgagee, and in no event later than 15 days from Mortgagee's receipt or submission, of any notice, letter, citation, order, warning, complaint, inquiry, claim or demand that:
 - (i) the Mortgagee has violated any Environmental Requirement related to the Property or the Project;
 - (ii) there has been a Release, or there is a threat of Release, of any Hazardous Materials from the Property or the Project;
 - (iii) the Mortgagee may be or is liable, in whole or in part, for the costs of cleaning up, remediating, removing or responding to a Release of any Hazardous Materials; and/or
 - (iv) any portion of the Property or the Project is subject to a Lien in favor of any governmental entity for any liabilities, costs or damages, under Environmental Requirements arising from, or costs incurred by such governmental entity in response to, a release of any Hazardous Materials.

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Section 3.10. Notice of Condemnation. The Mortgagee, immediately upon obtaining knowledge of the institution of any proceeding for the condemnation or requisition of the Property or any portion thereof, shall notify the Mortgagee of the pendency of such proceeding. The Mortgagee may participate in such proceeding, and the Mortgagee from time to time shall deliver to the Mortgagee all instruments requested by the Mortgagee to permit such participation. Mortgagee shall, at its expense, diligently prosecute any such proceedings, and shall consult with Mortgagee, its attorneys and experts, and cooperate with them in the carrying on or defense of any such proceedings.

Section 3.11. Leases; Assignments; Subordination. Except for residential leases to tenants in accordance with applicable recorded restrictive covenants, including the Land Use Restriction Agreement, the Mortgagee shall not lease the Property or any part thereof without the prior written consent of the Mortgagee. In addition, the terms and provisions of any future leases shall allow the Mortgagee to comply with the provisions of the Indenture (including but not limited to the tax covenants included therein). If the Indenture shall so permit or the Mortgagee shall consent and the Mortgagee shall enter into a lease, the Mortgagee shall faithfully keep, observe and satisfy all the obligations on the part of the lessor to be kept, performed and satisfied under every lease from time to time in force with reference to the Property, and shall not alter or terminate any such lease, or any guarantee of such lease, except in the ordinary course of business, or accept any rentals for more than one (1) month in advance. In addition to any requirements under the Indenture, including, but not limited to, the Mortgagee providing to the Mortgagee a form of opinion from Bond Counsel (as such term is defined in the Indenture) to the effect that the assignment or lease does not affect the tax-exempt status of the Bonds then Outstanding, the Mortgagee shall submit to the Mortgagee for the Mortgagee's review and prior written approval all draft agreements, related materials and all other information relating to all proposed leases of the Property or any portion thereof. The Mortgagee hereby assigns to the Mortgagee all rents and profits under any and all leases of the Property; provided, however, that the Mortgagee shall be entitled to retain such rents and profits until an Event of Default shall have occurred. At any time on notice from the Mortgagee, the Mortgagee shall submit to the Mortgagee for examination all such leases, and on the demand of the Mortgagee, shall execute and deliver a separate instrument collaterally assigning any or all such leases, or the rents and profits thereof, in form satisfactory to the Mortgagee.

Section 3.12. Title Defects and Encumbrances. Subject to the Permitted Encumbrances, if at any future time any defect should be found to exist in the title to any of the Property, Mortgagee agrees to promptly commence and thereafter diligently proceed to cure the defect and defend the title.

Section 3.13. Encumbrances. The Mortgagee shall not create or permit to be created or permit to exist any encumbrance on the Property (other than those included in the Master Trust Indenture, the Indenture, or a lien for property taxes not yet due and payable and the Permitted Encumbrances) even if such encumbrance is inferior to the title to any of the Property, Mortgagee agrees to promptly commence and thereafter diligently proceed to cure the defect and defend the title.

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The terms "Spill" (or "Spilled") and "Release" (or "Released") shall have the meaning specified thereof in CERCLA and the term "Disposal" (or "Disposed") shall have the meaning specified in RCRA; provided, that in the event either CERCLA or RCRA is amended so as to broaden the meaning of any term defined thereby, such broader meaning shall apply as of the effective date of such amendment and provided further, to the extent that the laws of the state where the Property is located establish a meaning for "Spill," "Release" or "Disposal" which is broader than specified in either CERCLA or RCRA, such broader meaning shall apply; and provided further, that in the cases of friable asbestos or toxic levels of lead in paint, plaster or other building materials, "Spill" and "Release" shall include the presence of such substances anywhere on the Property.

- (c) Response Action: The Mortgagee shall take all appropriate responsive actions, including any removal and remedial action ("Response Action"), in the event of a Release, emission, discharge or disposal of any Hazardous Materials in, on, under or about the Property or the Project, required to remain in compliance with Environmental Requirements, and to keep the Property or the Project free from, and unaffected by, Hazardous Materials.
- (d) No Liens or Encumbrances: The Mortgagee shall prevent the imposition of any Liens or encumbrances against the Property or the Project for the costs of any Response Action.
- (e) Additional Environmental Reports: As long as there are any Bonds Outstanding (as defined in the Indenture), the Mortgagee shall provide the Mortgagee with a copy of any Environmental Report performed during that time.

Section 3.9. Environmental Assessments. At any time after an Event of Default shall have occurred hereunder, or, whether or not an Event of Default shall have occurred, at any time after the Mortgagee shall receive written notice of a Spill, Release or threatened Release of Hazardous Materials from the Mortgagee, or shall have received written notice from any other source deemed reliable by the Mortgagee that a Spill or Release of Hazardous Materials may have occurred, the Mortgagee may, at its election after five (5) days prior notice to the Mortgagee, obtain one or more environmental assessments of the Property prepared by a licensed environmental professional or other qualified consultant or expert approved by the Mortgagee evaluating or confirming (i) whether any Hazardous Materials are present in the soil or water at or adjacent to the Property, and (ii) whether the use and operation of the Property comply with all applicable Environmental Laws relating to air quality, environmental control, release of oil, Hazardous Materials, hazardous wastes and hazardous substances, and any and all other applicable Environmental Laws. Environmental assessments may include detailed visual inspections of the Property including, without limitation, any and all storage areas, storage tanks, drains, dry wells and leaching areas, and the taking of soil samples, surface water samples and ground water samples, as well as such other investigations or analyses as are necessary or appropriate for a complete determination of the compliance of the Property and the use and operation thereof with all applicable Environmental Laws. All such environmental assessments shall be at the sole cost and expense of the Mortgagee.

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Section 3.14. Transfers of Ownership. The Mortgagee shall not sell or permit any transfer or other disposition, by operation of law or otherwise, of legal or equitable title to or interest in the Property, or any part thereof (including, without limitation, any sale, transfer or disposition of any corporate, partnership or other legal or beneficial interest in the Mortgagee), without the prior express written consent of the Mortgagee, which consent may be withheld in the Mortgagee's sole discretion for any reason whatsoever. For the avoidance of doubt, the Mortgagee shall be permitted to transfer or dispose, by operation of law or otherwise, of legal or equitable title to or interest in the Property, if the disposition proceeds are used to extinguish the outstanding debt of the Property, or, for a Property included as part of a combined financing of two or more properties, the Property's pro rata portion of the then-outstanding debt of such combined financing.

Section 3.15. Expenses. The Mortgagee shall pay when due all fees and charges (including reasonable attorneys' fees) incurred by the Mortgagee in connection with the transactions evidenced by the Obligations and secured by this Mortgage, the insurance of the security represented by this Mortgage, protecting or sustaining the lien of this Mortgage and the enforcement of the Obligations and this Mortgage, all either before or after obtaining judgment of foreclosure of this Mortgage or judgment in or with respect to the Obligations, including, without limitation, all filing, registration, recording, search, appraisal and information fees, all title insurance premiums, all transfer taxes and expenses incident to the execution and acknowledgment of this Mortgage and all other documents securing the Obligations, and all Federal, state and local taxes, duties, stamps, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Mortgage and the instruments evidencing the Obligations. Such fees and charges shall be secured by the lien of this Mortgage and shall accrue interest at the rate set forth in the Bonds.

Section 3.16. Priority of Lien; After-Acquired Property. This Mortgage is and will be maintained as a valid mortgage lien on the Property subject only to the Permitted Encumbrances. All property of every kind acquired by the Mortgagee after the date hereof which, by the terms hereof, is required or intended to be subjected to the lien of this Mortgage shall, immediately upon the acquisition thereof by the Mortgagee, and without any further mortgage, conveyance, assignment or transfer, become subject to the lien of this Mortgage. Any real property or easement across real property adjoining or adjacent to the Property which is used for access to, providing utility service to or is granted in lieu of a cash award for a condemnation of any portion of the Property now existing or hereafter acquired shall be subject to the lien of this Mortgage. The Mortgagee will do, execute, acknowledge and deliver all and every such further conveyances, mortgages, and assurances as the Mortgagee (shall reasonably require for accomplishing the purposes of this Mortgage. If any action or proceeding shall be instituted to recover possession of the Property or for the foreclosure of any other mortgage or for any other purpose affecting the Property or this Mortgage, the Mortgagee will immediately, upon service thereof on or by the Mortgagee, deliver to the Mortgagee a true copy of each petition, summons, complaint, notice, motion, order to show cause, and all other process, pleadings and papers, however designated, served in any such action or proceeding.

Section 3.17. Waiver and Modification. Whether or not for additional interest or other consideration paid or payable to the Mortgagee, no forbearance on the part of the Mortgagee or extension of the time for the payment of the whole or any part of the Obligations secured hereby, or any other indulgence given by the Mortgagee to the Mortgagee or to any other party claiming

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any interest in or to the Property, shall operate to release or in any manner affect the original liability of the Mortgageor, or the priority of this Mortgage or to limit, prejudice or impair any right of the Mortgagee, including, without limitation, the right to realize upon the security, or any part thereof, for the Obligations secured hereby or any of them, notice of any such extension, forbearance or indulgence being hereby waived by the Mortgageor and all those claiming by, through or under the Mortgageor. No consent or waiver, express or implied, by the Mortgagee to or of any default by the Mortgageor shall be construed as a consent or waiver to or of any further default in the same or any other term, condition, covenant or provision of this Mortgage or of the Obligations secured hereby. The Mortgageor waives presentment, demand, notice, protest, notice of acceptance of this Mortgage, notice of loans made, credit extended or other collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. With respect both to the Obligations and the Property, the Mortgageor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of the Property, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payments thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as the Mortgagee may deem advisable. The Mortgagee shall have no duty as to the collection or protection of the Property or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto beyond the safe custody thereof. The Mortgagee may exercise its rights with respect to the Property without resorting or regard to other collateral or sources of reimbursement for liability. The Mortgagee shall not be deemed to have waived any of its rights upon or under the Obligations or the Property unless such waiver is in writing and signed by the Mortgagee.

Section 3.18. Fixtures and Equipment; Financing Statement. This Mortgage constitutes a security agreement under the Uniform Commercial Code and the Mortgageor hereby grants to the Mortgagee to secure the payment and performance of the Obligations and also to secure the performance of all agreements and covenants herein contained, a security interest in all fixtures, Building Service Equipment and any other property (hereinafter referred to as the "Personalty") included in the Property, now owned or hereafter acquired by the Mortgageor, which might otherwise be deemed "personal property" (and all accessions thereto and the proceeds thereof). The Mortgageor covenants and agrees that, upon the subsequent acquisition of fixtures, Personalty or Building Service Equipment, it will provide to the Mortgagee such further assurances as may be required by the Mortgagee to establish the Mortgagee's first and prior security interest in such fixtures, Personalty and Building Service Equipment. IT IS INTENDED BY THE MORTGAGOR AND THE MORTGAGEE THAT THIS MORTGAGE BE EFFECTIVE AS A FINANCING STATEMENT FILED WITH THE REAL ESTATE RECORDS AS A FIXTURE FILING. The Mortgageor shall execute, deliver and cause to be recorded and filed from time to time with all necessary public offices, at the Mortgageor's sole cost and expense, continuation statements and such other instruments as will maintain the Mortgagee's priority of security in all fixtures, Personalty and Building Service Equipment. If the Mortgageor shall fail to furnish any such financing and continuation statements within ten (10) days after their request by the Mortgagee, then, pursuant to the provisions of the Uniform Commercial Code, the Mortgageor hereby authorizes and directs the Mortgagee, without signature of the Mortgageor, to execute and file any such financing and continuation statements. The filing of any financing or continuation statements in the office of the Secretary of the State shall not be construed as in any way impairing

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(v) No action has been brought or threatened which would in any way interfere with the right of the Mortgageor to execute this assignment of Contract Documents and perform all of the Mortgageor's obligations herein contained.

(c) The Mortgageor covenants that:

(i) The Mortgageor agrees, so long as it is indebted to the Mortgagee, as bond trustee, that the Mortgageor will (A) not assign the Contract Documents to any other party; (B) promptly notify the Mortgagee of any Contract Document entered into by the Mortgageor, provide notice of assignment to other parties to assignment, and obtain consent of counterparty to assignment (provided that failure to obtain consent shall not adversely affect the assignment); (C) fulfill, perform, and observe each and every condition and covenant of the Mortgageor contained in the Contract Documents; (D) give prompt notice to the Mortgagee of any claim of breach, nonperformance or default together with a complete copy of any such claim; (E) at the sole cost and expense of the Mortgageor, enforce the performance and observance of each and every covenant and condition of the Contract Documents to be performed or observed; (F) appear in and defend any action growing out of, or in any manner connected with the Contract Documents or the obligations or liabilities of the Mortgageor, or any guarantor thereunder; (G) not do any act prohibited by the terms of this Mortgage, the Indenture or any other Bond Document; and (H) at the Mortgageor's sole cost and expense, provide the Mortgagee with, and record in the public records, such documentation to evidence this assignment of Contract Documents as the Mortgagee shall reasonably request.

(ii) The rights assigned hereunder include, without limitation, all of the Mortgageor's right and title to modify the Contract Documents, to terminate the Contract Documents, and to waive, suspend, or release the performance or observance of any obligation, covenant or condition of the Contract Documents. The Mortgageor covenants that without written consent of the Mortgagee, the Mortgageor will neither modify the terms of the Contract Documents (unless required so to do by the terms of the Contract Documents) nor waive or release any person from the performance of any obligation to be performed under the terms of the Contract Documents or from liability on account of any warranty given by them.

(d) "Contract Documents" shall mean: (i) all contracts and agreements of any nature relating to the Project and pertaining to the acquisition, development, construction, design, furnishing, and equipping of the Project, whether now existing or hereafter entered into, and all amendments, supplements and additions thereto; (ii) all contracts and agreements of any nature relating to the Project and pertaining to the management, marketing, maintenance, leasing, use, operation and guarantee of the Project, whether now existing or hereafter entered into, and all amendments, supplements and additions thereto; (iii) all permits, licenses, approvals and authorizations of any governmental body necessary or useful in connection with the construction, operation and use of the Project for its intended purposes, whether now existing or hereafter entered into, and all amendments, supplements and additions thereto and those obtained after the date hereof ("Permits and Licenses"); and (iv) all plans and specifications necessary or useful in connection with the construction, operation and use of the Project for its intended purposes, all of which whether now existing or hereafter entered into and by this reference made a part hereof.

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the right of the Mortgagee to proceed against fixtures, Personalty or Building Service Equipment as real property.

Section 3.19. Zoning Changes; Alterations of the Property. The Mortgageor shall submit to the Mortgagee for its prior written approval all applications and other information relating to any proposed zoning change, variance or other action with respect to the use of the Property or any portion thereof. The Mortgageor shall also submit to the Mortgagee for its prior written approval complete plans and specifications for any additions or renovations of buildings or other improvements on the Property. Mortgageor will not tear down, damage or attempt to remove, demolish or materially alter or enlarge any elements of the Property, or construct any new Improvements, without Mortgagee's prior written consent.

Section 3.20. Assignment of Contract Documents.

(a) In order to further secure (i) the prompt payment of the principal of, redemption premium, if any, and the interest on all Obligations and all other sums required to be paid under this Mortgage, the Indenture, and any other document or instrument pursuant to which the Bonds are issued or secured, and (ii) the performance by the Mortgageor of all the covenants, provisions, terms and conditions of the Indenture, any other document or instrument pursuant to which the Bonds are issued or secured and this Mortgage to be observed and performed by the Mortgageor, the Mortgageor hereby unconditionally and irrevocably grants, transfers, and assigns to the Mortgagee, its successors and assigns, all of the right, title, and interest of the Mortgageor in and to the Contract Documents, and grants to the Mortgagee, its successors and assigns, a security interest in such Contract Documents, and all rights and privileges of any nature thereunder accruing, together with any changes, extensions, revisions, modifications, or guarantees of performance of obligations to the Mortgageor under the Contract Documents.

(b) The Mortgageor warrants that:

(i) There is no other assignment of any of its rights under the Contract Documents to any other person.

(ii) The Mortgageor has done no act and has not omitted to do any act which might prevent the Mortgagee from, or limit the Mortgagee in, acting under any of the provisions herein.

(iii) There is no default (however defined or described) under the terms of the existing Contract Documents to the knowledge of the Mortgageor, and all Contract Documents remain in full force and effect.

(iv) The Mortgageor is not prohibited under any agreement with any other person or any judgment or decree from the execution and delivery of this assignment of the Contract Documents, the performance of each and every covenant of the Mortgageor hereunder and in the Contract Documents, and the meeting of each and every condition herein contained.

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(e) Attached hereto as Exhibit C is a form of consent to the assignment created under this Section 3.20 (the "Consent"), which the Mortgageor will cause to be executed by any contractors or architects working on the Project at or prior to the closing for the transaction described herein. The Mortgageor further agrees that, at any time in the future the Mortgageor enters into a contract related to the Property, the Mortgageor will cause the party to such contract to execute the Consent.

(f) The Mortgagee shall have the right (solely upon the written direction and consent of the beneficial owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding) to render or provide any consents or approvals hereunder or to provide any directions hereunder, and the Mortgagee shall control all remedies hereunder, and the Mortgagee may exercise or accept the benefits of any of the rights or remedies hereunder; provided, however, the Mortgagee shall be subject to the rights of the Owners (as such term is defined in the Indenture) to direct remedies under the Indenture.

SECTION 4 DEFAULT AND REMEDIES

Section 4.1. Events of Default. The occurrence of any of the following events shall constitute an Event of Default under this Mortgage:

(a) if (i) the payment due on the maturity date under the Bonds or other Bond Documents is not paid when due, (ii) any monthly installment of principal and/or interest due under the Bonds or other Bond Documents (in each case subject to any applicable grace period set forth in the Bonds), or (iii) if any portion of the Indebtedness is not paid when due and such non-payment referred to under this clause (iii) continues for five (5) business days following notice to Mortgageor from Mortgagee that the same is past due and payable.

(b) if any of the taxes or other charges required to be paid pursuant to this Mortgage are not paid when due.

(c) if Mortgageor breaches or permits or suffers a breach of Section 2 or Section 3.

(d) Mortgageor shall fail to perform or to fulfill in a timely manner any other requirement of the Indebtedness, including specifically, but not limited to, the covenants and obligations of Mortgageor contained in this Mortgage, subject to any applicable grace periods contained in this Mortgage or the documents evidencing and securing the Indebtedness.

(e) if any representation or warranty of Mortgageor set forth in this Mortgage or in the Indenture and any other Bond Document, or in any report, certificate, financial statement or other instrument, agreement or document furnished to Mortgagee shall have been false or misleading in any material respect as of the date the representation or warranty was made, provided, however, that any such breach or violation of representation or warranty shall not result in an Event of Default hereunder if (i) such breach or violation was not intentional and is susceptible of cure and (ii) within ten (10) business days of the

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earlier of (x) notice of such breach or violation from Mortgagee or (y) the date Mortgagee becomes aware of such breach or violation Mortgagee commences to cure such breach or violation and Mortgagor provides Mortgagee with satisfactory evidence of the cure of the same within thirty (30) days (or, if cure is not practicable within thirty (30) days, within ninety (90) days so long as Mortgagor is diligently prosecuting such cure during such ninety (90) day period).

(f) if the Property becomes subject to any mechanic's, materialman's or other lien other than a lien for local real estate taxes and assessments not then due and payable and the lien shall remain undischarged of record (by payment, bonding or otherwise) for a period of the earlier of (x) thirty (30) days, or (y) such time as any foreclosure or enforcement action with respect to such lien has been scheduled.

(g) Mortgagor shall become insolvent, be the subject of an order for relief, or a custodian, receiver, or other such officer of its property be appointed, or should any liquidation, reorganization, arrangement, or other proceeding under any bankruptcy law or other law for the relief of debtors be requested by or instituted against Mortgagor and, in the case of any such proceeding that is involuntary as to Mortgagor, the same is not dismissed or discharged within forty-five (45) days thereafter.

(h) if one or more final, non-appealable judgments shall be entered against Mortgagor in excess of \$1,000,000 and the same has not been vacated, bonded, satisfied within forty-five (45) days from the date of entry of such judgment.

(i) any "Event of Default" under the Bonds or the other Bond Documents.

(j) except as otherwise permitted under this Mortgage or in the Indenture and any other Bond Document, any condemnation proceeding is commenced relating to all or, in the sole discretion of Mortgagee, any material part of, the Property.

(k) any substantial damage to or destruction of the Property occurs and insurance proceeds (together with other funds deposited with Mortgagee by or on behalf of Mortgagor for the purpose of repair and restoration of such damage or destruction, if any) are not sufficient to repair and restore the Property as determined by the procedures set forth in this Mortgage or in the Indenture and any other Bond Document, or if insurance proceeds are not paid within a reasonable time.

(l) the sale, encumbrance or abandonment (except as otherwise expressly agreed to in writing by Mortgagee) of the Property or the making of any levy, seizure or attachment of or on the Property.

(m) an event of default (however denominated) shall occur under this Mortgage or in the Indenture and any other Bond Document, unless such default, event of default or similar event is fully cured within any applicable cure period agreed to in writing by Mortgagee.

Section 4.2. Acceleration of Obligations; Waiver of Notice. All Indebtedness in its entirety shall, at the option of Mortgagee, become immediately due and payable, and the liens and

security interests created or intended to be created hereby shall be subject to foreclosure, repossession and sale in any manner provided for herein or provided for by law, as Mortgagee may elect, and Mortgagee may exercise any and all of its rights under this Mortgage or in the Indenture and any other Bond Document. If an Event of Default shall occur, then the Mortgagee may, without presentment, demand, notice of intention to accelerate or notice of acceleration, or other notice of any kind, all of which are hereby expressly WAIVED, exercise the remedies provided under this Mortgage, under the Bonds, under the other Bond Documents or under the laws of the State of South Carolina or any one or more of such remedies, each of which may be pursued concurrently or otherwise, at such time and in such order as the Mortgagee may determine without impairing or otherwise affecting the other rights and remedies of the Mortgagee.

Section 4.3. Reserved.

Section 4.4. Remedies Cumulative. No remedy herein conferred on the Mortgagee is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing.

Section 4.5. Right of Mortgagee to Cure an Event of Default. If an Event of Default shall occur, the Mortgagee shall have the right, but without any obligation so to do, to cure such default for the account of the Mortgagor and to make any payment or take any action necessary to effect such cure. Without limiting the generality of the foregoing, the Mortgagor hereby authorizes the Mortgagee to pay all taxes, sewer use fees, water rates and assessments, with interest, costs and charges accrued thereon, which may at any time be a lien upon the Property, or any part thereof; to pay the premiums for any insurance required hereunder; to incur and pay reasonable expenses in protecting its rights hereunder and the security hereby granted; and to pay any balance due under any security agreement on any fixtures and equipment included as a part of the Property; and the payment of all amounts so incurred shall be secured hereby as fully and effectually as any other obligation of the Mortgagor secured hereby. If the Mortgagee shall make any payment or take action in accordance with this Section 4.5, the Mortgagee will give to the Mortgagor written notice of the making of any such payment or the taking of any such action. In any such event, the Mortgagee and any person designated by the Mortgagee shall have, and is hereby granted, the right to enter upon the Property at reasonable times and from any time and from time to time for the purpose of taking any such action, and all monies expended by the Mortgagee in connection therewith (including, but not limited to, reasonable legal expenses and disbursements), together with interest thereon at the default rate, if any, as specified in Bond Documents (or the highest rate permitted by law, whichever shall be less), from the date of each such expenditure, shall be paid by the Mortgagor to the Mortgagee forthwith upon demand by the Mortgagee, and shall be secured by this Mortgage, and the Mortgagee shall have, in addition to any other right or remedy of the Mortgagee, the same rights and remedies in the event of non-payment of any such sums by the Mortgagor as in the case of a default by the Mortgagor in the payment of any installment of principal or interest due and payable under the Bonds.

Section 4.6. Foreclosure. Without limiting any of the Mortgagee's rights set forth in Section 4.7 hereof, if an Event of Default shall occur, the Mortgagee may foreclose this Mortgage and exercise its rights as a secured party for all or any portion of the Obligations which is then due and payable, subject to the continuing lien of this Mortgage for the balance not then due and payable.

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Section 4.7. Possession of Property; Appointment of Receiver.

(a) Without limiting any of the Mortgagee's rights set forth in Section 4.6 hereof, if an Event of Default shall occur the Mortgagee may: (i) make application to a court of competent jurisdiction for and obtain the immediate *ex parte* appointment of a receiver authorized to immediately enter upon and take possession and control of the Property, including all books, records and accounts relating thereto, and the Property Income with those rights and powers more particularly set forth in Section 4.7(b) hereof; and (ii) without taking possession and control of the Property, immediately (with or without commencing any legal action or proceeding in any court of competent jurisdiction) collect directly all Property Income in the place and stead of the Mortgagor with full rights and powers to notify all parties liable to make payments of Property Income to make said payments directly to the Mortgagee or its agents, and the Mortgagee or its agents shall have the further power and authority to sue for or otherwise collect and receive all Property Income.

(b) In the event a receiver enters upon and takes possession and control of the Property and/or the Property Income pursuant to Section 4.7(a) hereof, said person or entity shall, in addition to such other rights and powers as may subsequently be authorized, have the right and power to (i) use, operate, manage, insure, maintain and control the Property and exercise all the rights and powers of the Mortgagor in its name or otherwise with respect to the same; (ii) make all necessary and proper maintenance, repairs, replacements, and improvements to the Property; (iii) collect and receive all Property Income; (iv) require Mortgagor to vacate and surrender possession of the Property to Mortgagee or to such receiver and, in default thereof, Mortgagor may be evicted by summary proceedings or otherwise; and (v) enforce all terms of existing contracts pertaining to the Property and enter into such new contracts as the Mortgagee or the receiver may determine necessary.

(c) All Property Income collected by the Mortgagee, the Mortgagee's agent or a receiver, pursuant to Section 4.7(a) hereof, shall be applied, first to the compensation, salaries, expenses and disbursements of any agents, employees, attorneys or other representatives of the Mortgagee, the Mortgagee's agents, or the receiver in connection with the possession, control and/or operation of the Property and the business operations conducted therefrom and then in such order of priority as the Mortgagee may determine to (i) interest and principal due on the Obligations; (ii) taxes, assessments and insurance premiums due with respect to the Property and/or the business operations conducted from the Property; and (iii) all costs and expenses of operating, maintaining, repairing and improving the Property.

(d) The Mortgagee, its agents, or any receiver acting pursuant to Section 4.7(a) hereof shall in no event be liable or accountable for more monies than actually are received from the Property during the period which the Mortgagee, its agents or any receiver actually is in possession and control of the Property. None of the

Mortgagee, its agents, or any receiver shall be liable or accountable in any manner for the failure to collect Property Income for any reason whatsoever.

(e) All costs, expenses and liabilities of every character incurred by the Mortgagee in managing, operating and maintaining the Property, not paid from Property Income as herein above provided, shall constitute advances by the Mortgagee pursuant to Section 4.5.

(f) In the event of foreclosure, the Mortgagee, its agents, or any receiver acting pursuant to Section 4.7(a) hereof may, if a deficiency exists, remain in possession of the Property until (i) the foreclosure sale; (ii) the redemption of the Property; or (iii) the expiration of any redemption period of the United States of America extending subsequent to the foreclosure sale. The Mortgagee, its agents, or the receiver shall incur no liability for, nor shall the Mortgagor assert any claim or setoff as a result of, any action taken while the Mortgagee, its agents, or a receiver is in possession of the Property.

Section 4.8 Legal Proceedings. Mortgagee shall have the right and power to proceed by suit or suits in equity or at law, whether for the specific performance of any covenant or agreement of Mortgagor contained herein or in aid of the execution of the powers herein granted, or for foreclosure or the sale of the Property or any part thereof under the judgment or decree of any court of competent jurisdiction, or for the enforcement of any other appropriate legal or equitable remedy.

Section 4.9 Specific Performance. Mortgagee shall have the right and power to institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained herein, in this Mortgage, the Indenture and any other Bond Document.

Section 4.10 Recover Judgment. Mortgagee shall have the right and power to recover judgment on the Bonds either before, during or after any proceedings for the enforcement of this Mortgage, the Indenture and any other Bond Document.

Section 4.11 Lifting of Automatic Stay. In the event that Mortgagor is the subject of any insolvency, bankruptcy, receivership, dissolution, reorganization or similar proceeding, federal or state, voluntary or involuntary, under any present or future law or act, Mortgagee is entitled to the automatic and absolute lifting of any automatic stay as to the enforcement of its remedies under this Mortgage, the Indenture and any other Bond Document against the security for the Indebtedness, including specifically the stay imposed by Section 362 of the United States Federal Bankruptcy Code, as amended. Mortgagor hereby consents to the immediate lifting of any such automatic stay, and will not contest any motion by Mortgagee to lift such stay. Mortgagor expressly acknowledges that the security for the Indebtedness is not now and will never be necessary to any plan of reorganization of any type.

Section 4.12 Tenants at Will. Mortgagor agrees for itself and its heirs, legal representatives, successors and assigns, that if any of them shall hold possession of the Property or any part thereof subsequent to foreclosure hereunder, Mortgagor, or the parties so holding possession, shall become and be considered as tenants at will of the purchaser or purchasers at

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such foreclosure sale; and any such tenant failing or refusing to surrender possession upon demand shall be guilty of forcible detainer and shall be liable to such purchaser or purchasers for rental on said premises, and shall be subject to eviction and removal, forcible or otherwise, with or without process of law, all damages which may be sustained by any such tenant as a result thereof being hereby expressly waived.

Section 4.13. Uniform Commercial Code. If the provisions of the Uniform Commercial Code are applicable to any property or security given to secure the indebtedness secured hereby which is sold in combination with or as a part of the Property, or any part thereof, at one or more foreclosure sales, any notice required under such provisions shall be fully satisfied by any notice given in connection with such foreclosure sales of the Property or any part thereof. Mortgagee may exercise any and all rights and remedies granted to a secured party upon default under the UCC, including, without limiting the generality of the foregoing: (i) the right to take possession of the Fixtures and Equipment, or any part thereof, and to take such other measures as Mortgagee may deem necessary for the care, protection and preservation of the Fixtures and Equipment, and (ii) request Mortgageor at its expense to assemble the Fixtures and Equipment and make it available to Mortgagee at a convenient place acceptable to Mortgagee. Any notice of sale, disposition or other intended action by Mortgagee with respect to the Fixtures and Equipment sent to Mortgageor in accordance with the provisions hereof at least five (5) days prior to such action, shall constitute commercially reasonable notice to Mortgageor.

Section 4.14. Rights Cumulative. Each right, power and remedy conferred upon the Mortgagee by this Mortgage, the Bonds and the other Bond Documents, and conferred by law or in equity, is cumulative and in addition to every other right, power and remedy herein or therein set forth or otherwise so existing, may be exercised from time to time, as often, and in such order, as may be deemed expedient by the Mortgagee, and the exercise or the beginning of the exercise of one right, power or remedy shall not be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy, and no delay or omission of, or discontinuance by, the Mortgagee in the exercise of any right, power or remedy accruing hereunder or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any default or acquiescence therein. To constitute a waiver, there must be a writing signed by an officer of the Mortgagee and directed to the Mortgageor, specifying the waiver.

No delay or omission of the Mortgagee to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy nor shall it be construed to be a waiver of any such default or an acquiescence therein, and every right, power and remedy given by this Mortgage to the Mortgagee may be exercised from time to time and as often as may be deemed expedient by the Mortgagee.

In case the Mortgagee shall have proceeded to enforce any right or remedy under this Mortgage, the Bonds or the other Bond Documents by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Mortgagee, then and in every such case the Mortgageor and the Mortgagee shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of the Mortgagee shall continue as if no such proceeding had been taken. In the event of a breach or default or an Event of Default under this Mortgage, the Bonds or other Bond Documents, the Mortgageor agrees to pay and to indemnify and hold harmless the Mortgagee for

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(c) In the event of a foreclosure of this Mortgage, or a deed in lieu of foreclosure, or other acquisition of title to any portion of the Property by the Mortgagee, all right, title and interest of the Mortgageor in, to and under the Contract Documents related to such portion of the Property shall pass to the purchaser or to the Mortgagee, as the case may be, and the Mortgagee is hereby irrevocably appointed by the Mortgageor as attorney-in-fact for the Mortgageor, to assign any such Contract Documents to any such purchaser, without accounting to the Mortgageor in any manner whatsoever.

SECTION 5 MISCELLANEOUS

Section 5.1. Notices. All notices, requests and other communications hereunder shall be made in writing, shall be sent by first-class mail, postage prepaid, or sent by commercial overnight courier delivery service, charges prepaid, or sent by hand delivery, addressed as follows:

(a) If to the Mortgageor, at:

SFRI Otarr Pointe Apartments LLC
Attn: Gerald Cichon
304 Texas Avenue, 16th Floor
El Paso, Texas 79901

With a copy to:

Mendel Blumenfeld & Pulido, PLLC
Attn: Bob Blumenfeld, Esq.
304 Texas Avenue, Suite 1503
El Paso, TX 79901

or at such other address for notice as the Mortgageor shall last have furnished in writing to the person giving the notice;

(b) If to the Mortgagee, at:

Wilmington Trust, National Association
650 Town Center Dr., Suite 800
Costa Mesa, CA 92626
Attention: Grace Yang, Senior Vice President

or at such other address for notice as the Mortgagee shall last have furnished in writing to the person giving the notice.

SECTION 5.2. JURY TRIAL WAIVER. TO THE EXTENT PERMITTED BY LAW, MORTGAGOR, AND BY ITS ACCEPTANCE HEREOF, MORTGAGEE, EACH HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVE ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH

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all reasonable expenses, attorneys' fees, taxes and other court costs occasioned by such breach or default.

Section 4.15. No Merger. In the event the Mortgagee shall acquire title to the Property by conveyance from the Mortgageor or as a result of the foreclosure of any other mortgage which the Mortgagee at any time holds with respect to the Property, this Mortgage shall not merge in the fee of the Property but shall remain and continue as an existing and enforceable lien for the Obligations secured hereby until the same shall be released of record by the Mortgagee in writing.

Section 4.16. Additional Remedies.

(a) The Mortgageor does hereby specifically authorize the Mortgagee, upon and during an occurrence of default, in the Mortgageor's name or in the Mortgagee's name, to sue for or otherwise collect and receive issues and profits from the Contract Documents, including those past due and unpaid, and apply the same against all costs and expenses of acquisition, design, construction or operation of the Property or the performance of the Mortgageor's obligations under the Contract Documents, including reasonable attorneys' fees. Any amounts remaining after such application shall be applied as provided for in the Indenture. Neither entry upon and taking possession of the Property nor the collection of the issues and rights from the Contract Documents shall in any way operate to cure or waive any default under any other instrument given by the Mortgageor to the Mortgagee, or prohibit the taking of any other action by the Mortgagee under any such instrument, or at law or in equity, to enforce payment of the indebtedness secured by the Contract Documents or to realize on any other security.

(b) The Mortgageor further agrees that: (A) should the Mortgageor fail to perform or observe any covenant or comply with any condition contained in the Contract Documents, then the Mortgagee, and provided reasonable indemnity from the Mortgageor satisfactory to the Mortgagee, and without notice to or demand on the Mortgageor or releasing the Mortgageor from its obligation so to do, but without obligation to do so, may perform such covenant or condition and may appear in and defend any action affecting the Contract Documents or the Property. To the extent that the Mortgagee shall incur any costs or pay any sums in connection therewith, including any costs or expenses of litigation, and reasonable attorneys' fees (whether incurred in litigation or otherwise), then such charges shall be included in the indebtedness secured hereby and shall bear interest from the incurring of payment thereof at the maximum contract rate of interest permitted by law; and (B) the Mortgagee shall not be obligated to perform or discharge any obligation, covenant or condition of the Mortgageor under the Indenture, this Mortgage or the Contract Documents, and the Mortgageor agrees to indemnify and hold the Mortgagee harmless against any and all liability, loss, or damage which the Mortgagee may incur under the Indenture, this Mortgage or the Contract Documents or under or by reason of this assignment and of and from all claims and demands whatsoever which may be asserted against them by reason of an act of the Mortgagee under this assignment or under the Contract Documents. Should the Mortgagee incur any such liability, loss, or damage under any Contract Document or under or by reason of this assignment, or in defense against any such claims or demands, the amount thereof, including costs, expenses, and reasonable attorneys' fees, together with interest thereon at the rate applicable to such charges in accordance with the terms of the Indenture and this Mortgage, shall be included in the indebtedness secured by this Mortgage, and the Mortgageor shall reimburse the Mortgagee therefor immediately upon demand.

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REGARD TO THE MORTGAGE, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY MORTGAGOR AND MORTGAGEE, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO TRIAL BY JURY WOULD OTHERWISE ACCRUE. MORTGAGOR AND MORTGAGEE ARE EACH HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER.

Section 5.3. Cross Default and Cross Collateral. The Mortgageor acknowledges and agrees that the occurrence of an Event of Default under the terms of this Mortgage shall constitute a default under the other Bond Documents in effect at the time of any such default, and a default under the other Bond Documents or any of them shall constitute an Event of Default under this Mortgage. The security interests, liens and other rights and interests in and relative to any of the collateral now or hereafter granted to the Mortgagee by the Mortgageor by or in any instrument or agreement, including but not limited to this Mortgage and the other Bond Documents, shall serve as security for any and all liabilities of the Mortgageor to the Mortgagee, including but not limited to the liabilities described in this Mortgage and the other Bond Documents, and, for the repayment thereof, the Mortgagee may resort to any security held by it in such order and manner as it may elect.

Section 5.4. Expenses. The Mortgageor will pay all expenses arising out of the preparation, administration, amendment, protection, collection and/or other enforcement of this Mortgage (including, without limitation, the reasonable fees and expenses of the Mortgagee's legal counsel, accountants and appraisers).

Section 5.5. Stamp Tax. The Mortgageor will pay any stamp or other tax which becomes payable in connection with this Mortgage.

Section 5.6. Schedules and Exhibits. The Schedules and Exhibits which are attached hereto are and shall constitute a part of this Mortgage.

Section 5.7. Choice of Law; Forum. This Mortgage and the rights and obligations of the parties hereunder shall be construed and interpreted in accordance with the laws of the State of South Carolina (the "Governing State") (excluding the laws applicable to conflicts or choice of law). THE MORTGAGOR AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS MORTGAGE OR ANY OF THE OTHER BOND DOCUMENTS MAY BE BROUGHT IN THE COURTS OF THE STATE OF SOUTH CAROLINA OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON THE MORTGAGOR BY MAIL AT THE ADDRESS SET FORTH IN SECTION 5.1 OF THIS MORTGAGE. THE MORTGAGOR HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT FORUM.

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Section 5.8. Survival of Representations. All representations, warranties, covenants and agreements contained in this Mortgage shall continue in full force and effect until all of the Obligations shall have been paid in full.

Section 5.9. Amendments. No modification or amendment of this Mortgage shall be effective (i) except in compliance with the provisions of the Indenture and (ii) the same shall be in writing and signed by the parties hereto.

Section 5.10. Successors and Assigns. This Mortgage shall be binding upon and shall inure to the benefit of the Mortgagor, the Mortgagee, and their respective permitted successors and assigns.

Section 5.11. Severability. Any provision of this Mortgage which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 5.12. Headings. All article and section headings in this Mortgage are included for convenience of reference only and shall not constitute a part of this Mortgage for any other purpose.

Section 5.13. Interpretation and Construction. The following rules shall apply to the interpretation and construction of this Mortgage unless the context requires otherwise: (a) the singular includes the plural and the plural, the singular; (b) words importing any gender include the other genders; (c) references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute to which reference is made and all regulations promulgated pursuant to such statutes; (d) references to "writing" includes printing, photocopying, typing, lithography and other means of reproducing words in a tangible visible form; (e) the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation;" (f) references to the introductory paragraph, preliminary statements, articles, sections (or subdivisions of sections), exhibits or schedules are to those of this Mortgage unless otherwise indicated; (g) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications to such instruments, but only to the extent that such amendments and other modifications are permitted or not prohibited by the terms of this Mortgage; (h) references to persons include their respective permitted successors and assigns; and (i) "or" is not exclusive.

Section 5.14. Replacement of Bonds. Upon receipt of an affidavit of an officer of the Mortgagee as to the loss, theft, destruction or mutilation of the Bonds or any other security document which is not of public record, and, in the case of any such loss, theft, destruction or mutilation, upon cancellation of such Bonds or other security document, the Mortgagor will issue, in lieu thereof, a replacement Bond or other security document in the same principal amount thereof and otherwise of like tenor, as more particularly set forth in the Indenture.

Section 5.15 Mortgagee. The Mortgagee shall not be liable for any error or judgment, or act done by the Mortgagee or be otherwise responsible or accountable under any circumstances whatsoever other than its own gross negligence, willful misconduct or violation of law. The

Mortgagee shall not be personally liable for any damages resulting from entry on the Property by the Mortgagee or anyone acting by virtue of the powers granted the Mortgagee under this Mortgage, or for debts contracted or liability or damages incurred in the management or operation of the Property. In taking any action hereunder, Mortgagee shall enjoy all the rights, protections, benefits, immunities and indemnities afforded to it under the Indenture, which are incorporated herein by reference. Notwithstanding anything else to the contrary set forth herein, whenever reference is made herein to any discretionary action by, consent, designation, specification, requirement or approval of, notice, request or other communication from, or other direction given or action to be undertaken (or not to be) suffered or omitted by the Mortgagee or to any election, decision, opinion, acceptance, use of judgment expression of satisfaction or other exercise of discretion, rights or remedies to be made (or not to be made) by the Mortgagee, (i) the Mortgagee shall be entitled to request and receive, and shall exercise each of the foregoing at, the written instruction of the Owners or Issuer; (ii) it is understood that in all cases, Mortgagee shall be fully justified in failing or refusing to take any such action if it shall not have received written instruction, advice or concurrence from the Owners or Issuer in respect of such action; and (iii) Mortgagee shall have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by Mortgagee in accordance with such written instruction. The Mortgagee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by it hereunder and believed by it in good faith to be genuine. The Mortgagee shall be entitled to reimbursement from Mortgagor for reasonable expenses incurred by it in the performance of the Mortgagee's duties under this Mortgage and to reasonable compensation to be paid by Mortgagor for services rendered under this Mortgage. Mortgagor will, from time to time, reimburse the Mortgagee for, save, and hold the Mortgagee harmless from and against any and all loss, cost, liability, damage and expense whatsoever incurred by it in the performance of the Mortgagee's duties other than those finally adjudicated by a court of competent jurisdiction to have directly resulted from its own gross negligence, willful misconduct or violation of law. THE INDEMNIFICATION PROVISIONS IN THIS SECTION SHALL BE ENFORCEABLE REGARDLESS OF WHETHER ANY PERSON (INCLUDING THE PERSON FROM WHOM INDEMNIFICATION IS SOUGHT) ALLEGES OR PROVES THE SOLE, CONCURRENT, CONTRIBUTORY OR COMPARATIVE NEGLIGENCE OF THE MORTGAGEE, OR OTHER SOLE OR CONCURRENT STRICT LIABILITY IMPOSED ON THE PERSON SEEKING INDEMNIFICATION. Without prejudice to the survival of any other agreements of the Mortgagor hereunder, the provisions of this Section shall survive the final payment of all Indebtedness, and the termination of this Mortgage, and resignation or removal of Mortgagee as trustee under the Indenture, and shall continue thereafter in full force and effect.

NOW THEREFORE, if the indebtedness which in accordance with the provisions hereof shall be secured hereby, and any extensions or renewals thereof and any and all other amounts due hereunder, under the Indenture, the Bonds, and the other Bond Documents shall be well and truly paid according to their tenor, and if all agreements and provisions contained in the Indenture, the Bonds, and the other Bond Documents and herein are fully kept and performed, then this Mortgage shall become null and void; otherwise to remain in full force and effect.

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Waiver of Appraisal, Valuation, Etc. The laws of South Carolina provide that in any real estate foreclosure proceedings a defendant against whom a personal judgment is taken or asked may within thirty days after the sale of the mortgaged property apply to the court for an order of appraisal. The statutory appraisal value as approved by the court would be substituted for the high bid and may decrease the amount of any deficiency owing in connection with the transaction. THE UNDERSIGNED HEREBY WAIVES AND RELINQUISHES THE STATUTORY APPRAISAL RIGHTS WHICH MEANS THE HIGH BID AT THE JUDICIAL FORECLOSURE SALE WILL BE APPLIED TO THE DEBT REGARDLESS OF ANY APPRAISED VALUE OF THE PROPERTY.

IN WITNESS WHEREOF, the Mortgagor has executed and delivered this Mortgage effective as of the date set forth above.

Signed, sealed, and delivered
in the presence of: **SFRI OTARRE POINTE APARTMENTS
LLC**, a Delaware limited liability company

Witness #1: By: _____
Gerald Cichon
Chief Executive Officer and Secretary

Name: _____
Signature: _____

Witness #2:

Name: _____
Signature: _____

STATE OF _____
COUNTY OF _____

ACKNOWLEDGMENT

I, the undersigned Notary Public, do hereby certify that Gerald Cichon, the Chief Executive Officer and Secretary of SFRI Otarre Pointe Apartments LLC, a Delaware limited liability company, on behalf of said company, personally appeared before me and acknowledged the due execution of the foregoing instrument. The foregoing person was known to me or produced satisfactory evidence as to his identity.

Witness my hand and official seal this ____ day of _____, 2025.

Notary Signature: _____
Printed Name of Notary: _____
Notary Public for _____
My Commission Expires: _____

(NOTARIAL SEAL)

EXHIBIT A

LEGAL DESCRIPTION

FORMS OF THE LAND USE RESTRICTION AGREEMENT

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LAND USE RESTRICTION AGREEMENT

By and Among

SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY,
as Authority

SFRI RESERVE AT WESCOTT APARTMENTS LLC,
as Owner

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee
Relating to

§
SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY
RESIDENTIAL DEVELOPMENT REVENUE BONDS
(SIXTEENTH FLOOR OBLIGATED GROUP PROJECTS – CREDIT ENHANCED),
SERIES 2025

Dated as of December 1, 2025

This instrument prepared by and return to:

Cantu Harden Montoya LLP
Attn: Adam Harden
1020 NE Loop 410, Suite 401
San Antonio, Texas 78209

LAND USE RESTRICTION AGREEMENT

THIS LAND USE RESTRICTION AGREEMENT (the “**Agreement**”) is made and entered into as of December 1, 2025 (the “**Effective Date**”) by and among SFRI Reserve at Wescott Apartments LLC, a Delaware limited liability company (together with its successors, and assigns, the “**Owner**”), the South Carolina Jobs-Economic Development Authority or JEDA, a public body corporate and politic and an agency of the State of South Carolina (together with its successors and assigns, the “**Authority**”) and Wilmington Trust, National Association, a national banking association organized and existing under the laws of the United States of America (together with its successors and assigns, the “**Trustee**”), for the Authority’s § South Carolina Jobs-Economic Development Authority Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced), Series 2025 (the “**Tax-Exempt Bonds**” or, the “**Bonds**”), to be issued pursuant to the Trust Indenture dated as of December 1, 2025 between the Authority and the Trustee (the “**Indenture**”). Capitalized terms that are undefined herein shall have the meaning ascribed to such term in the Indenture and the Loan Agreement.

RECITALS

WHEREAS, the Owner is the record owner and operator of the building (and improvements, furnishings, equipment and related property to be installed therein) and the parcel(s) of land on which such building is located, which is located at 4976 Wescott Boulevard, Summerville, South Carolina 29485, and is described in **Exhibit A** (the land together with the building referred to hereinafter as the “**Real Estate**”); and

WHEREAS, the Owner’s sole member is Sixteenth Floor Residential Inc., a Texas nonprofit corporation and an organization described in Section 501(c)(3) of the Code (the “**Sole Member**”); and

WHEREAS, the Owner and the Sole Member will treat the Sole Member as the owner of the Real Estate for federal tax income purposes; and

WHEREAS, the Owner and the Sole Member will treat the Owner as an entity disregarded as separate from the Sole Member for federal income tax purposes; and

WHEREAS, the Sole Member and the Owner intend that the Owner will operate the Real Estate as a multifamily residential rental housing project (commonly known as the “**Reserve at Wescott Apartments**”) that includes 288 residential units to provide rental housing to low or moderate income individuals for low or moderate rental amounts (the “**Project**”); and

WHEREAS, the Owner desires to finance its acquisition of the Real Estate and costs of issuance for the Project (collectively, the “**2025 Financing**”); and

WHEREAS, the Sole Member and the Owner have requested the financial assistance of the Authority with the 2025 Financing and the Authority has agreed and has made a loan (the “**Loan**”) to the Owner pursuant to a Loan Agreement (the “**Loan Agreement**”) dated as of December 1, 2025, by and between the Sole Member and the Authority; and

WHEREAS, the Loan was funded from proceeds of the sale of the Bonds; and

WHEREAS, interest on the Tax-Exempt Bonds is and will remain excludible from gross income for federal income tax purposes, provided, among other things, that the Project is treated as a “qualified residential rental project” under, and continuously complies with the requirements of, Section 142(d) of the Internal Revenue Code of 1986, as amended (the “**Code**”) and the applicable Treasury Regulations (“**Regulations**” or “**Treas. Reg.**”) (collectively, the “**142(d) Requirements**”); and

WHEREAS, the Project’s compliance with the 142(d) Requirements and the Tax-Exempt Bonds’ treatment as “qualified 501(c)(3) bonds” under Sections 145(a) and 145(d)(2)(B) of the Code is in large part within the control of the Owner; and

WHEREAS, another requirement necessary to preserve the exclusion of interest on the Tax-Exempt Bonds from the gross income of their owners under Section 103(a) of the Code is that the Sole Member maintain its status as an organization described in Section 501(c)(3) of the Code; and

WHEREAS, Revenue Procedure 96-32, 1996-1 C.B. 717 (“**Rev. Proc. 96-32**”), sets forth certain criteria which, if met, results in an organization that provides low-income housing will be considered charitable because it relieves the poor and distressed as described in Treas. Reg. § 1.501(c)(3)-1(d)(2), including safe harbors (the “**Low-Income Safe Harbors**”); and

WHEREAS, the Sole Member and the Owner, in connection with maintaining the Sole Member’s status as an organization described in Section 501(c)(3) of the Code, intend to comply with Rev. Proc. 96-32 and have selected to satisfy the Low-Income Safe Harbor, which requires that (i) at least 75% of the units in the Project will be occupied by residents that qualify as “low income” and (ii) at least 40% of the units in the Project will be occupied by residents that also do not exceed 120% of the area’s “low-income limit” (as such quoted terms are defined in Rev. Proc. 96-32), in connection with its operation of the Project.

NOW, THEREFORE, the Owner, the Authority, and the Trustee hereby contract and agree as follows:

Section 1.1 Definitions. In addition to words and terms defined in the above recitals and elsewhere in this Agreement, the following words and terms used in this Agreement shall have the following meanings, unless some other meaning is plainly intended, and any terms not defined in this Agreement shall have the same meaning as such terms are given in the Indenture or in Section 142(d) or Section 145 of the Code and the applicable Regulations:

“**Area Median Gross Income**” means the median income in the geographic area (as determined for purposes of Section 142(d) of the Code) in which the Residential Rental Property is located, as determined annually by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median gross income under Section 8 (or, if such program under Section 8 is terminated, under such program in effect immediately before such termination). Any determination of Area Median Gross Income shall be made in accordance with and subject to the requirements of Sections 142(d)(2)(B) and 142(d)(2)(E) of the Code.

“**Assumption Agreement**” means an agreement or undertaking by any transferee, pursuant to a Transfer, to assume the obligations and duties of the Owner described in this Agreement and the Loan Agreement.

“**Available Units**” means Residential Rental Units that are actually occupied or that are unoccupied and have been leased at least once after first becoming available for occupancy, provided that (a) in the case of an acquisition of an existing facility for the purpose of establishing or continuing a qualified residential rental project under Section 142(d) of the Code, a Residential Rental Unit that is unoccupied on the later of (i) the date such facility is acquired or (ii) the issue date of the first issue of Qualified 142(d) Bonds financing the acquisition of such facility is not an Available Unit and does not become an Available Unit until it has been leased for the first time after such date, and (b) a Residential Rental Unit that is not available for occupancy due to renovations is not an Available Unit and does not become an Available Unit until it has been leased for the first time after such renovations are completed.

“**Bond Counsel**” means Cantu Harden Montoya LLP, San Antonio, Texas or any other nationally recognized bond counsel experienced in municipal finance and, particularly, in the issuance of debt the interest on which is excludible from gross income for federal income tax purposes.

“**Certification of Income**” means a certification, including all necessary information and documentation, to substantiate the amount of income of all residents of a Residential Rental Unit, given by a prospective or current Low and Moderate Income Tenant and/or Safe Harbor Tenant.

“**Co-Bond Counsel**” means Haynsworth Sinkler Boyd, Charleston, South Carolina, or any other nationally recognized bond counsel experienced in municipal finance and, particularly, in the issuance of debt the interest on which is excludible from gross income for federal income tax purposes.

“**Dissemination Agent**” means Wilmington Trust, National Association, a national banking association, duly organized and existing under the laws of the United States of America.

“**Low and Moderate Income**” means income that does not exceed 60% of the Area Median Gross Income, with appropriate adjustments to income level made for family size, as determined in a manner consistent with the determinations of lower income families and area median gross income under Section 8 (or, if such program under Section 8 is terminated, under such program in effect immediately before such termination), all as made in accordance with and subject to the requirements of Section 142(d)(2)(B) of the Code. For these purposes, income shall be treated as not exceeding 60% of the Area Median Gross Income, with appropriate adjustments to income level made for family size, if the relevant individual’s or family’s adjusted income (computed in the manner described in Treas. Reg. § 1.167(k)-3(b)(3) prior to its removal by T.D. 8474, 1993-1 C.B. 242) does not exceed 60% of the applicable Area Median Gross Income.

“**Occupancy Standards**” means the requirement that either (A) at least 40% of the Available Units must be actually occupied by (or treated as occupied by, as provided herein), Low and Moderate Income Tenants and (B) at least 75% of the Available Units must be actually occupied by (or treated as occupied by, as provided herein) Safe Harbor Tenants. An Available Unit shall be treated as “occupied” by a Low and Moderate Income Tenant, or Safe Harbor Tenant during the applicable tenancy for purposes of the Occupancy Standards if the tenant of such Available Unit was a Low and Moderate Income Tenant, or Safe Harbor Tenant, as applicable, at the commencement of his or her actual occupancy of the Available Unit, even though such tenant ceases to be a Moderate Income Tenant or Safe Harbor Tenant, as applicable, because he or she ceases to have Low and Moderate Income or satisfy the Low-Income Safe Harbors, as applicable, provided that the second sentence of paragraph (q) of Section 4 below does not apply to such tenant. Moreover, if an Available Unit vacated by a Low and Moderate Income Tenant was actually occupied by a Low and Moderate Income Tenant, or Safe Harbor Tenant at the commencement of such Low and Moderate Income Tenant’s, or Safe Harbor Tenant’s occupancy of such Available Unit, such Available Unit shall be treated as occupied by a Low and Moderate Income Tenant, or Safe Harbor Tenant, as applicable, until reoccupied, excluding any reoccupation for a temporary period of not more than thirty-one (31) days, at which time the character of the Available Unit shall be redetermined. The character of any Available Unit described in the immediately preceding sentence shall be redetermined upon expiration of the thirty-one (31)-day period. In calculating the foregoing (A) 40% or (B) 75% requirements, if the resulting number of Available Units contains a fraction, it shall be rounded up to the next highest whole number.

“**Purpose Investment**” means an investment acquired to carry out the governmental purpose of the Tax-Exempt Bonds, as described in Treas. Reg. § 1.148-1(b).

“**Qualified 142(d) Bonds**” means obligations that satisfy the requirements of Sections 103 and 142(d) or 145(d)(2)(B) of the Code.

“**Qualified Project Period**” means the period commencing on the later of the first day on which at least 10% of the Residential Rental Units in the Residential Rental Property are occupied or the issue date of the Qualified 142(d) Bonds issued to acquire (directly or indirectly) such facility and ending on the latest of the following: (A) the date that is fifteen years after the date on which at least 50% of the Residential Rental Units in the facility are first occupied; (B) the first day on which no tax-exempt private activity bond (as defined in Section 141(a) of the Code) issued with respect to the facility is outstanding; or (C) the date on which any assistance provided with respect to the facility under Section 8 terminates.

“**Related Person**” means an individual or entity who, concerning the referenced party, is described in Treas. Reg. § 1.103-10(e).

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under Sections 145(a) and 145(d)(2)(B) of the Code. All provisions herein shall be construed in accordance with such intent.

Section 2. Benefit. The Owner, the Authority, and the Trustee each acknowledges that a primary purpose for requiring compliance by the Owner with this Agreement is to preserve the excludability from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds, and that the Trustee, on behalf of the holders of the Tax-Exempt Bonds, who are declared to be third party beneficiaries of this Agreement, shall be entitled to all remedies, both at law and in equity, in the event of any breach of the provisions hereof.

Section 3. Covenant with Respect to Tax Status of the Tax-Exempt Bonds. The Authority and the Owner each covenant that it will not knowingly take, or permit to be taken, any action that would adversely affect the excludability from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

Section 4. Qualified Residential Rental Project Requirements. The Owner represents, warrants and covenants that the Project shall, throughout the Qualified Project Period, unless this Agreement is earlier terminated pursuant to Section 14 of this Agreement, satisfy the following terms and conditions, limitations and restrictions:

(a) **Satisfaction of Applicable Legal Requirements.** The Project was acquired by the Owner for federal income tax purposes and for the purpose of providing multifamily Residential Rental Units, and the Project shall be owned, managed and operated as multifamily Residential Rental Units, all in accordance with the qualified residential rental project requirements of Section 142(d) of the Code and the applicable residential rental project provisions of Treas. Reg. § 1.103-8(b) and the administrative guidance issued thereunder;

(b) **Similarly Constructed Residential Rental Units.** All of the Residential Rental Units in the Project are similarly constructed;

(c) **Transient Use.** During the term of this Agreement, (i) none of the Residential Rental Units in the Project shall at any time be utilized on a transient basis, (ii) none of the Residential Rental Units in the Project shall ever be leased or rented for a period of less than thirty (30) days and (iii) neither the Project nor any portion thereof shall ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, trailer court or park or for any other use on a transient basis;

(d) **General Public Availability.** During the term of this Agreement, (i) the Residential Rental Units in the Project shall be leased and rented or made available for rental on a continuous basis to members of the general public except as otherwise permitted by federal, state or local law and (ii) the Owner shall not give preference in renting Residential Rental Units in the Project to any particular class or group of persons, other than Low and Moderate Income Tenant and/or Safe Harbor Tenants as provided herein; provided, however, that Residential Rental Units in the Project may be occupied by maintenance, security or managerial employees of the Sole Member or the Owner or its property manager who are reasonably required to maintain residences in the Project, but only to the extent such occupation does not cause the Project to cease to be a qualified residential rental project under Section 142(d) of the Code. The Project will not fail to be available to members of the general public if it is limited, to the extent permitted under Rev. Proc. 2019-17, to (a) low-income people with special needs, (b) low-income members of a specified group under a federal or state program, or policy that supports housing for such group (e.g., military veterans) and/or (c) low-income people who are involved in artistic or literary activities;

(e) **Use of Related Facilities by Tenants.** Any functionally related and subordinate facilities (e.g., parking areas, laundry facilities, tenant offices, physical therapy rooms, dining rooms, meeting rooms, common areas, swimming pools, tennis courts, etc.) (the “**Related Facilities**”) for the Project will be made available to all tenants of the Project on an equal basis. Fees charged to residential tenants for use of the Related Facilities will be commensurate with

“**Residential Rental Property**” means the Real Estate or any other building or structure containing one or more similarly constructed Residential Rental Units used for the Project, including facilities functionally related and subordinate thereto, as provided in Treas. Reg. § 1.103-8(b).

“**Residential Rental Unit**” means a housing unit containing separate and complete living, sleeping, eating, cooking and sanitation facilities for a single person or a family. Such housing unit shall contain a kitchen that includes a cooking appliance (e.g., a stove or cooking range), full-size refrigerator and sink. A housing unit shall not fail to be treated as a “Residential Rental Unit” if it does not have a stove or cooking range or a full-size refrigerator, provided that such housing unit (i) if it does not contain a stove or cooking range, contains a full-size microwave oven because the physical or mental frailties of the resident make it imprudent to provide a functioning stove or cooking range for that resident, (ii) if it does not contain a full-size refrigerator, contains a refrigerator that gives the intended resident(s) the capability of food storage and food preparation for him/herself (themselves) and his/her (their) guest(s) independent of facilities outside of that housing unit and that has the same attributes or features of a full-size refrigerator, and (iii) will allow for the placing of a stove or cooking range and a full-size refrigerator without further construction, rewiring, or alteration of such housing unit. Further, a housing unit, however, shall not fail to be treated as a “Residential Rental Unit” merely because it is a single-room occupancy unit (within the meaning of Section 42 of the Code).

“**Safe Harbor Tenant**” means any individual or family with income that does not exceed 80% of the area median gross income, with appropriate adjustments to income level made for family size, as determined in a manner consistent with the determinations of lower income families and area median gross income, all as made in accordance with and subject to the requirements of Rev. Proc. 96-32. For these purposes, income shall be treated as not exceeding 80% of the area median gross income, with appropriate adjustments to income level made for family size, if the relevant individual’s or family’s adjusted income (computed in the manner described in Treas. Reg. § 1.167(k)-3(b)(3) prior to its removal by T.D. 8474, 1993-1 C.B. 242) does not exceed 80% of the applicable area median gross income. However, if all the occupants of a Residential Rental Unit are Students, such individuals may not be treated as Safe Harbor Tenants. Subject to the foregoing, “**Safe Harbor Tenant**” may include any individual who is (i) a student and receiving assistance under Title IV of the Social Security Act, (ii) a student who was previously under the care and placement responsibility of the South Carolina agency responsible for administering a plan under part B or part E of Title IV of the Social Security Act or (iii) enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar Federal, state or local laws.

“**Section 8**” means Section 8 of the United States Housing Act of 1937, as amended.

“**Student**” means any full-time student (within the meaning of Section 42(i)(3)(D) of the Code) unless he or she is described in Section 42(i)(3)(D)(ii) of the Code.

“**Transfer**” means any conveyance, transfer, whether by sale, exchange, gift or assignment or other disposition of the subject matter.

Section 1.2 Number and Gender. Unless the context clearly requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

Section 1.3 Headings. The titles and headings of the sections of this Agreement have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Agreement or any provision hereof or in ascertaining intent, if any question of intent shall arise.

Section 1.4 Construction. It is intended that this Agreement set forth the terms, conditions, limitations and restrictions applicable to the Project and that the Project be a “qualified residential rental project” under Section 142(d) of the Code and the Tax-Exempt Bonds be “qualified 501(c)(3) bonds”

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fees charged for similar facilities at similar residential rental properties in the surrounding area and, in no event will any such fees charged to tenants of the Project be discriminatory or exclusionary as to the Low and Moderate Income Tenant and/or Safe Harbor Tenants of the Project. No Related Facilities will be made available to persons other than tenants or their guests. Parking, if available, will be made available to all tenants on a first come, first served basis;

(f) **No Continual or Frequent Nursing, Medical or Psychiatric Services.** No continual or frequent nursing, medical or psychiatric services, within the meaning of Rev. Rul. 98-47, will be provided to the residents of the Project at any time or in any manner;

(g) **No Encumbrances.** During the term of this Agreement and except as otherwise permitted in the Owner Agreement, the Owner shall not: (1) execute, grant, or transfer, by sale or transfer of the Project or a sale or transfer of all of the membership interest in the Owner in accordance with the terms of this Agreement, encumber any portion of the Project or grant commercial leases of any portion thereof or permit the conveyance, transfer or encumbrance of any portion of the Project (except for apartment leases) unless the Sole Member or the Owner, as applicable, receives an opinion of Bond Counsel and Co-Bond Counsel to the effect that such action will not adversely affect the exclusion of the interest on the Tax-Exempt Bonds from gross income of the owners thereof for federal income tax purposes; or (2) demolish any part of the Project or substantially subtract from any real or personal property of the Project; provided, that nothing herein shall prohibit the Owner from granting operating leases and/or licenses of those facilities constituting part of the Project that are functionally related and subordinate to the Residential Rental Units, such as laundry or recreational facilities, for the purposes of providing for the operation of such facilities for the benefit of the Project;

(g) **Noncooperative Housing Corporation Ownership.** During the term of this Agreement, no part of the Project or the Owner will at any time be owned or used by a cooperative housing corporation;

(h) **Ownership, Structure and Financing.** The Project will consist of one or more buildings or structures, all of which will be (i) owned by the same person for federal tax purposes, (ii) located on a single tract of land, consisting of any parcel of land or two or more parcels of land that are contiguous except for being separated only by a road, street, stream or similar property (parcels are contiguous if their boundaries meet at one or more points) and (iii) financed with proceeds of the Tax-Exempt Bonds or otherwise pursuant to a common plan of financing. Each such building or structure is a discrete edifice or other man-made construction consisting of an independent foundation, outer walls and roof and containing five or more similarly constructed units;

(i) **Condominium Ownership.** During the term of this Agreement, the Owner will not convert the Project to condominium ownership;

(j) **Sole Member/Owner Rentals.** During the term of this Agreement, no Residential Rental Unit in the Project shall be occupied by the Sole Member or the Owner (or a Related Person to either of them) at any time unless the Sole Member or the Owner (or a Related Person to either of them) resides in a Residential Rental Unit in a building or structure that contains at least five Residential Rental Units and unless the resident of such Residential Rental Unit is a resident manager or other necessary employee (e.g., maintenance and security personnel);

(k) **Certificate of Project Commencement.** The Project is fully constructed and equipped. Prior to the issue date, the Project received a certificate of occupancy.

(l) **No Discrimination.** During the term of this Agreement, the Owner shall not discriminate on the basis of age, race, color, creed, national origin, religion, sex or marital status in the lease, use or occupancy of the Project except as otherwise permitted by federal, state or local law or in connection with the employment or application for employment of persons for the operation and management of the Project; and the Owner specifically agrees that the Owner will not refuse to lease units or deny occupancy in the Project to persons whose family includes minor

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dependents who will occupy such unit, unless such refusal is based upon factors not related to the presence of such minors in the family;

(m) *Payment of Expenses.* During the term of this Agreement, the Owner shall make timely payment of the fees and expenses, if any, of the Trustee in accordance with the provisions of this Agreement, the Indenture, and the Loan Agreement, including any fees and expenses incurred by the Trustee in the performance of its duties and obligations under this Agreement;

(n) *Certification of Income.* As a condition of occupancy, each Low and Moderate Income Tenant and/or Safe Harbor Tenant shall be required to sign and deliver to the Owner a Certification of Income, in a form designed to establish compliance with the applicable provisions of the Code and the Regulations, or as otherwise required by the Internal Revenue Service. Such Low and Moderate Income Tenant and/or Safe Harbor Tenant, as applicable, shall also be required to provide whatever other information, documents or certifications are deemed necessary by the Owner to substantiate the Certification of Income. All Certifications of Income with respect to each Low and Moderate Income Tenant and/or Safe Harbor Tenant, as applicable, who resides in a Residential Rental Unit in the Project or resided in a Residential Rental Unit during the immediately preceding calendar year shall be maintained (digitally or physical copy) on file at the main business office of the Project and shall be available for inspection by the Authority or the Trustee;

(o) *Annual Determinations.* The determination of whether a resident of the Project is a Low and Moderate Income Tenant and/or Safe Harbor Tenant shall be made at least annually on the basis of the current income of all the residents of the Residential Rental Unit. Owner shall use its best efforts to obtain such annual recertification. Each lease to a Low and Moderate Income Tenant and/or Safe Harbor Tenant entered into after the date hereof shall require the tenant to sign the Certification of Income annually, or a reaffirmation thereof, attesting to the combined income of all the occupants of each Residential Rental Unit and at any other time as the Owner may reasonably request;

(p) *Subsequent Changes to Income.* If a tenant is a Low and Moderate Income Tenant and/or Safe Harbor Tenant upon commencement of occupancy of a Residential Rental Unit, the income of such tenant shall be treated as Low and Moderate Income or as satisfying the applicable Low-Income Safe Harbor, as applicable. The preceding sentence shall cease to apply to any tenant whose income as of the most recent annual determination under paragraph (p) of this Section exceeds 140% of Low and Moderate Income or the applicable Low-Income Safe Harbor, as applicable, if, after such determination, but before the next annual determination, any Residential Rental Unit of comparable or smaller size in the Project is occupied by a new tenant who does not qualify as a Low and Moderate Income Tenant and/or Safe Harbor Tenant;

(q) *Form of Lease.* Any lease used in renting any Residential Rental Unit in the Project to a Low and Moderate Income Tenant or Safe Harbor Tenant shall provide for termination of the lease and consent by such tenant to immediate eviction, subject to applicable provisions of South Carolina law, for failure to qualify as a Low and Moderate Income Tenant or Safe Harbor Tenant, as applicable, as a result of any material misrepresentation made by such person with respect to any Certification of Income. Each Low and Moderate Income Tenant or Safe Harbor Tenant occupying a Residential Rental Unit shall be required to execute a written lease that shall be effective for a term of at least six (6) months. No meals or other services will be provided to tenants of the Project;

(r) *Owner's Certification.* On the fifteenth day after each calendar quarter, the Owner shall prepare a record, in substantially the same form as that attached hereto as Exhibit D, of the percentage of Residential Rental Units of the Project occupied (and treated as occupied by) Safe Harbor Tenants during the preceding month. Such record shall be maintained on file at the main business office of the Project, shall be available for inspection by the Authority or the Trustee and shall contain such other information and be in the form required by the Authority;

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this Section 5, and execute any necessary or appropriate document reasonably requested by the Authority with respect to assuming its obligations under this Agreement and the Loan Agreement in the form of an Assumption Agreement, which document shall be recorded in the Dorchester County, South Carolina Register of Deed's Office; (3) the Trustee shall have received an opinion of Bond Counsel to the effect that such Transfer is permitted and will not adversely affect the exclusion of the interest on the Tax-Exempt Bonds from gross income of the owners thereof for federal income tax purposes; (4) the Sole Member and/or Owner shall deliver to the Trustee a certificate to the effect that the Sole Member did not acquire the Project via its acquisition of the membership interest in the Owner with the intention of sale upon completion of its rehabilitation; (5) the Sole Member and/or the Owner shall deliver to the Trustee an opinion of counsel to the transferee that the transferee has duly assumed the obligations of the Owner under this Agreement and that such obligations and this Agreement are binding on the transferee; and (6) the Owner shall deliver to the Trustee a certificate confirming such other conditions are met as are set forth in or referred to in the Loan Agreement or as the Authority may reasonably impose as part of the Assumption Agreement (i) to protect the exclusion of the interest on the Tax-Exempt Bonds from gross income of the owners thereof for federal income tax purposes, (ii) to ensure that the Project is not acquired by a person that has pending against it, or that has a history of, building code violations, as identified by municipal, county, state or federal regulatory agencies, and (iii) to provide that indemnification of the Authority and the Trustee under Section 16 of this Agreement and elsewhere is assumed by the purchaser or assignee. Once the Assumption Agreement has been delivered and all conditions of this Section 5 have been satisfied, the Trustee shall execute a form of release requested by the Owner to release the Sole Member and/or the Owner, as applicable, with respect to any future compliance with the provisions of this Agreement with respect to the Project, and the Authority shall have delivered a release with respect to the Loan Agreement (subject to any further transfer restrictions in the Loan Agreement). The Sole Member and/or the Owner shall deliver the Assumption Agreement to the Trustee prior to a proposed Transfer.

Section 6. Certification to Secretary. The Owner represents, warrants and covenants that, if the Secretary of the Treasury so requires, on behalf of the Sole Member, it shall annually submit to the Secretary of the Treasury (at such time and in such manner as the Secretary shall prescribe) a certification attesting that the Project continues to meet the requirements of Section 142(d) of the Code and shall simultaneously send copies of such certification, including, but not limited to, IRS Form 8703, and any additional certifications or information required to be submitted to the Secretary of the Treasury, to the Authority and the Trustee. The Owner acknowledges that failure to file such certification with the Secretary of the Treasury when required would subject the Sole Member to penalty, as provided in Section 6652(j) of the Code. The Trustee may conclusively rely on the certification delivered to the Trustee by the Sole Member or the Owner without independent investigation, and the Trustee's responsibility hereunder shall not extend beyond the Trustee's receipt of the certification required to be submitted to the Trustee by the Sole Member or the Owner under this Agreement. The Trustee shall be under no duty to make any investigation or inquiry as to any statement or other matter referred to in any such instruments received by it but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. Any certification provided to the Trustee shall not include Social Security numbers. If Social Security numbers are included in the certification, the certification shall be transmitted to the Trustee by a secured electronic method approved by the Trustee.

Section 7. Enforcement. The Owner further represents, warrants and covenants that:

(a) *Examination of Records.* The Owner shall permit, after two (2) business days prior written notice, any duly authorized representative of the Authority or the Trustee to inspect any books and records of the Owner regarding the Project, particularly with respect to the incomes of Low and Moderate Income Tenant and/or Safe Harbor Tenants that pertain to compliance with the provisions of this Agreement, Sections 142(d) and 145(d) of the Code and Rev. Proc. 96-32. Any certification, records or other documents deemed necessary by the Authority or the Trustee to show the Project's compliance with Section 142(d) of the Code shall be maintained on file at the Project until six (6) years after the later of (i) the date on which no portion of the Tax-Exempt Bonds (and any tax-exempt obligations used to refund any of the Tax-Exempt Bonds) remain outstanding or (ii) the end of the Qualified Project Period;

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(s) *Occupancy Standards.* The Project shall use best efforts to satisfy the Occupancy Standards. In the event Owner is unable to satisfy the Occupancy Standards, then on or before the 45th day after the calendar year end, Owner shall provide a written plan documenting its efforts to comply with the Occupancy Standards, explanations concerning any failure to achieve the Occupancy Standards, and explanations for how the Property otherwise still complies with Rev. Proc. 96-32; and

(t) *Records Maintenance and Inspection.* During the term of this Agreement, the Owner shall (i) maintain complete and accurate records pertaining to the Residential Rental Units occupied or to be occupied by Low and Moderate Income Tenant and/or Safe Harbor Tenants, and (ii) permit any duly authorized representative of the Authority, the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Owner pertaining to the income of and Certification of Income of Low and Moderate Income Tenant and/or Safe Harbor Tenants residing in the Project upon reasonable notice and at reasonable times.

Section 4.1 Charitable Housing Requirements. During the term of this Agreement, the Owner shall take any and all steps necessary to help maintain the Sole Member's status as an organization described in Section 501(c)(3) of the Code, and shall use best efforts to satisfy one of the Low-Income Safe Harbors under Rev. Proc. 96-32 in connection with the Owner's operation of the Project. In connection therewith, at least 75% of the Residential Rental Units in the Project shall be occupied by residents who qualify as "low income" and at least 40% of the Residential Rental Units in the Project shall be occupied by residents or held for occupancy by Low and Moderate Income Tenants. Further, the housing provided under the Project must be affordable to the residents. This affordability requirement will ordinarily be satisfied if the Sole Member and/or Owner adopts a rental policy that complies with government-imposed rental restrictions or otherwise provides for the limitation of the tenant's portion of the rent charged to ensure that the housing is affordable to "low income" and "low and moderate-income" residents. If the Project consists of multiple buildings and each building does not separately meet the above requirements of this Section 4.1, then the buildings must share the same grounds. However, the preceding sentence does not apply to organizations that provide individual homes or individual apartment units located at scattered sites in the community exclusively to families with incomes at or below 80 percent of the area's median income. For purposes of this Section 4.1, "low income" means eighty percent (80%) of an area's median income and "low and moderate income tenant" means sixty (60%) of an area's median income, in each case, adjusted by the Department of Housing and Urban Development ("HUD") to reflect economic differences, such as high housing costs, in each area and/or different family sizes; provided, however, that if HUD's program terminates, the income limits shall be those determined by the Internal Revenue Service under such program as is in effect immediately before such termination. The retention of the right to evict tenants for failure to pay rent or other misconduct, or the right to foreclose on homeowners for defaulting on loans will not, in and of itself, cause the Sole Member or the Owner to fail to meet the Low-Income Safe Harbors. Further, if the Owner and the Sole Member originally meet the Low-Income Safe Harbors, they will continue to satisfy the requirements of the Low-Income Safe Harbors if a resident's income increases and causes the Owner and/or the Sole Member to fail the Low Income Safe Harbors, provided that the resident's income does not exceed one hundred forty percent (140%) of the applicable income limit under the Low-Income Safe Harbors. If the resident's income exceeds one hundred forty percent (140%) of the qualifying income limit under the applicable Low-Income Safe Harbor, neither the Owner nor the Sole Member will fail to meet the applicable Low-Income Safe Harbor if the Owner rents the next comparable non-qualifying Residential Rental Unit to someone under the applicable income limits.

Section 5. Transfer Restrictions. For the Qualified Project Period, except with respect to foreclosure or deed in lieu of foreclosure or other involuntary loss described in Treas. Reg. § 1.103-8(b)(6)(iii)(a) and not otherwise described in paragraph (b) thereof, the Sole Member shall not Transfer any portion of the membership interest in the Owner and the Owner shall not Transfer the Project or any interest therein, in whole or in part, except in accordance with the terms of the Loan Agreement and this Section 5. Any Transfer of the Project or any interest therein, in whole or in part, and any Transfer of the membership interest in the Owner shall only be permitted if: (1) the Owner shall not be in default hereunder; (2) the purchaser or assignee shall assume in writing in a form acceptable to the Authority, all duties and obligations of the Sole Member and/or Owner, as applicable, under this Agreement, including

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(b) *Other Information.* The Owner shall provide such other information, documents or certifications requested by the Authority or the Trustee that the Authority deems reasonably necessary, to substantiate the Owner's continuing compliance with the provisions of this Agreement and Section 142(d) of the Code; and

(c) *Reliance on Sole Member, Owner or Tenant Certification.* In the enforcement of the Agreement, the Authority may rely on any certificate delivered by or on behalf of the Sole Member, the Owner or any tenant concerning the Project.

Section 8. Violations.

(a) *Notice.* The Owner further represents, warrants and covenants that it will inform the Authority and the Trustee by written notice of any violation of the Owner's obligations under this Agreement or the occurrence or existence of any situation or event (an "**Adverse Development**") that would cause the interest of the Tax-Exempt Bonds to become includable in the gross income of their holders for federal income tax purposes within five (5) days after discovering any such Adverse Development, and the Trustee covenants and agrees to inform the Owner, by written notice of any Adverse Development that would cause the interest on the Tax-Exempt Bonds to become includable in the gross income of their holders for federal income tax purposes within five (5) days after discovering such Adverse Development;

(b) *Time to Correct.* The Owner covenants and agrees to correct or rectify any Adverse Development no later than sixty (60) days after such Adverse Development is first discovered or should have been discovered by the Owner's exercise of reasonable diligence;

(c) *[Reserved];* and

(d) *Specific Performance.* The Owner acknowledges that the Authority or the Trustee and, to the extent permitted in the Indenture, any owner of a Tax-Exempt Bond, may also apply, individually or collectively, to any court, state or federal, for specific performance of this Agreement, or for an injunction against any violation of this Agreement, or for any other remedies at law or in equity or for any such other actions as shall be necessary or desirable so as to correct non-compliance with this Agreement.

Section 9. Agent of the Authority and Trustee. The Owner further represents, warrants and covenants that the Authority and the Trustee shall each have the right to appoint an agent to carry out any of its duties and obligations under this Agreement, and the Authority and the Trustee shall inform the Owner and the other party of any such agency appointment by written notice. Neither the Trustee nor the Authority shall have a duty to enforce any of the obligations of the Owner under this Agreement. The Owner hereby agrees to pay all fees, costs and expenses of the Trustee in performing its express duties under this Agreement. The Owner hereby agrees, upon reasonable written notice from the Trustee, to make the Project and the books and records relating to tenant income compliance required hereunder available for inspection during regular business hours by the Trustee as an agent of the Authority. Notwithstanding the foregoing or any other provision herein to the contrary, the Owner and the Trustee acknowledge and agree that the Authority shall have no duty to monitor compliance with the terms and conditions of this Agreement.

Section 10. Amendment. This Agreement may be amended to reflect changes in Section 142(d) or 145(d) of the Code, the applicable Regulations and administrative guidance promulgated thereunder. The Authority and the Owner each covenants to take any lawful action (including amendment of this Agreement) if, in the opinion of Bond Counsel and Co-Bond Counsel, such action is necessary to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service from time to time pertaining to organizations described in Section 501(c)(3) of the Code or obligations issued under Section 142(d) of the Code and affecting the Project. No amendment of this Agreement shall be made without the prior written approval of the Authority, the Trustee and the Owner, which approval shall not be unreasonably withheld, conditioned or delayed, and, after issuance of the

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Tax-Exempt Bonds, an approving opinion of Bond Counsel that such amendment will not adversely affect the tax-exempt status of the Tax-Exempt Bonds.

Section 11. Severability. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.

Section 12. Notices. The Authority, the Owner and the Trustee each agrees that all notices to be given pursuant to this Agreement shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing:

The Owner: SFRI Reserve at Wescott Apartments LLC
304 Texas Avenue, 16th Floor
El Paso, Texas 79901
Attention: Gerald Cichon, Chief Executive Officer and Secretary
Telephone: (915) 849-3770

With a copy to: Mendel Blumenfeld & Pulido PLLC
304 Texas Avenue, Suite 1503
El Paso, Texas 79901
Attention: Robert Blumenfeld
Telephone: (915) 587-8855

The Authority: South Carolina Jobs-Economic Development Authority
1201 Main Street, Suite 1600
Columbia, South Carolina 29201
Attention: Jesse Smith, Executive Director
Telephone: (803) 737-0627

The Trustee: Wilmington Trust, National Association
650 Town Center Drive, Suite 800
Costa Mesa, California 92626
Attention: Grace Yang
Telephone: (714) 384-4159

Section 13. Governing Law. This Agreement and all disputes, claims, defenses, controversies or causes of action (whether in contract or tort) that may be based upon, arise out of or relate hereto, including as to any representation or warranty made by the Owner in or in connection with this Agreement or as an inducement to enter into this Agreement, shall be governed by the internal laws of the State of South Carolina, without regard to any conflicts of law principles.

Section 14. Termination. The Authority, the Owner and the Trustee each agrees that this Agreement shall terminate:

(a) **Completion.** Upon the termination of the Qualified Project Period;

(b) **Involuntary Non-Compliance.** In the event of an involuntary non-compliance caused by unforeseen events, such as fire, seizure, requisition, change in a federal law or an action of a federal agency after the date of issuance of the Tax-Exempt Bonds that prevents the Authority or the Trustee from enforcing the provisions of this Agreement or condemnation or similar event, provided that:

(i) the Tax-Exempt Bonds are retired at or after their first applicable available call date, subject to the requirements of paragraph (c) below; or

(ii) any insurance proceeds or condemnation award or other amounts received as a result of such loss or destruction are used to provide a project that meets the

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in the Register of Deed's Office of Dorchester County, South Carolina and in such other places as the Authority may reasonably request. This Agreement (and all amendments and supplements hereto) shall be recorded in the grantor-grantee index to the name of the Owner as grantor and to the name of the Trustee as grantee (as the assignee of the Authority). The Owner shall pay all fees and charges incurred in connection with any such recording(s). Upon delivery by the Owner to the Trustee of an opinion of independent counsel acceptable to the Authority that the conditions to termination of this Agreement have been made, the Trustee shall, upon written request by the Owner, and at the Owner's expense, execute any documentation necessary prepared by Owner to remove this Agreement from the real estate records of Dorchester County, South Carolina and the Owner shall cause any such documentation to be filed.

Section 18. Covenants to Run with the Land; Successors Bound. The Owner hereby subjects the Real Estate to the covenants, reservations and restrictions set forth in this Agreement for the entire duration of its effectiveness. The Authority, the Trustee and the Owner hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants, reservations and restrictions running with the land to the extent permitted by law and shall pass to and be binding upon the Owner's successors in title to the Real Estate throughout the term of this Agreement. Each and every contract, deed, mortgage, or other instrument hereafter executed covering or conveying the Real Estate or any portion thereof or interest therein shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed, mortgage or other instrument.

Section 19. No Conflict with Other Documents. The Owner warrants that it has not executed and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede all other requirements in conflict herewith.

Section 20. Multiple Counterparts. This Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original. The exchange of copies of this Agreement and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Agreement as to the parties hereto and may be used in lieu of the original Agreement and signature pages for all purposes.

Section 21. Litigation Expenses. In the event of litigation relating to enforcement of rights under this Agreement, the prevailing party shall be entitled to recover all litigation expenses, including attorneys' fees and court costs, from the non-prevailing party. Notwithstanding the foregoing, no litigation expenses, including attorneys' fees or expenses, shall be recoverable from the Trustee, regardless of whether the Trustee is the prevailing party or non-prevailing party.

Section 22. Rights of Trustee. The Trustee will act only as specifically provided herein and in the Indenture. Authority and Owner acknowledge and agree that this Agreement is provided to the Trustee in its capacity as such under the Indenture, and in taking any action hereunder, that Trustee shall enjoy all the rights, protections, benefits, immunities, powers, privileges and indemnities afforded to it thereunder. The Trustee shall be under no duty to make any investigation or inquiry as to any statement or other matter referred to in instruments delivered to it hereunder but it may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements, and the Trustee shall have no further duty to investigate if the same reflect compliance. The incorporated provisions of the Indenture are intended to survive the retirement of the Bonds, discharge of the Loan, termination of the Loan Agreement and defeasance or termination of the Indenture. Subject to the Trustee's rights under the Indenture, the Trustee will, at the direction of the Authority, take reasonable actions to enforce compliance by the Borrower with the terms of this Agreement. The Trustee may resign or be removed as provided in the Indenture.

Neither the Trustee nor any of its officers, directors or employees shall be liable for any action taken or omitted to be taken by it or them hereunder or in connection herewith except as finally adjudicated by a court of competent jurisdiction as being the result of its or their own gross negligence or willful misconduct. No provision of this Agreement shall require the Trustee to expend or risk its own funds in the performance of its duties hereunder or in the exercise of any of its rights or powers.

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requirements of Section 142(d) of the Code and Treas. Reg. § 1.103-8(b) as amended, or any successor law or regulation;

(c) **Certain Transfers.** In the event of foreclosure, transfer of title by deed in lieu of foreclosure, or similar event, following which and within a reasonable period of time the Tax-Exempt Bonds are redeemed or the amounts received as a consequence of such event are used to provide a qualified residential rental project meeting the applicable requirements of the Code and the Regulations, unless, at any time subsequent to such event and during the Qualified Project Period, the Owner or any direct successor in interest, or any transferee from the Sole Member, the Owner or its successor is subject to an Assumption Agreement, or any Related Person to such persons, or any other person who was, prior to the event of foreclosure or other such event, an obligor on any Purpose Investment issued in connection with any financing for the Project, obtains an ownership interest in the Project for tax purposes; or

(d) **Opinion of Bond Counsel.** Upon the delivery of an opinion of Bond Counsel acceptable to the Authority that continued compliance with the requirements of Section 4 hereof is not required in order for interest on the Tax-Exempt Bonds to be and continue to be excludible from the gross income of the holders of the Tax-Exempt Bonds for federal income tax purposes.

Section 15. Post-Defeasance or Redemption. The Authority, the Owner and Trustee each agrees that upon the defeasance or redemption of the Tax-Exempt Bonds, the Trustee shall have no further obligation hereunder and shall not be deemed a party hereunder. The Owner represents, warrants and covenants that in the event that the Tax-Exempt Bonds are defeased or redeemed and the lien of the Indenture released, but this Agreement remains in full force and effect, it shall contract, at the Sole Member's and/or the Owner's expense, with a compliance monitoring agent reasonably satisfactory to the Authority, to review compliance by the Owner with the requirements of this Agreement.

Section 16. Indemnification. Provided that this indemnity shall not include the payment of principal and interest under the Loan Agreement (it being intended that the repayment of the Loan is a limited obligation of the Owner, as provided in the Loan Agreement), the Owner hereby covenants and agrees that it shall indemnify and hold harmless the Authority, the Trustee and their officers, directors, officials, employees, attorneys and agents (each an "**Indemnified Party**") and together the "**Indemnified Parties**") from and against (a) any and all claims arising from any act or omission of the Sole Member or the Owner or any of each's agents, contractors, servants, employees or licensees, in connection with the Tax-Exempt Bonds, the Loan Agreement, the Indenture, any mortgage, this Agreement or the Project and (b) all costs, taxes, losses, counsel fees and expenses, expenses or liabilities incurred in connection with any such claim or proceeding brought thereon. In the event that any action or proceeding is brought against the Authority, the Trustee or any of its officers, directors, officials, employees, attorneys or agents with respect to which indemnity may be sought hereunder, the Owner, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel and the payment of all fees and expenses. The Indemnified Party shall have the right to participate in the investigation and defense thereof and in the event the Indemnified Party reasonably determines that a conflict of interest exists between such party and the Sole Member or the Owner in connection therewith, the Indemnified Party may employ separate counsel with the consent and approval of the Owner, which consent shall not be unreasonably withheld, and in such event the Owner shall pay the fees and expenses of such separate counsel. Except for the payment of principal of and interest on the Loan, which is a limited obligation of the Sole Member as provided in the Loan Agreement, the obligations of the Owner hereunder are full recourse obligations. Notwithstanding the foregoing, neither the Owner nor the Trustee shall be indemnified pursuant to this Section 16 against its own gross negligence or willful misconduct, as finally adjudicated by a court of competent jurisdiction, and the Authority shall not be indemnified under this Section 16 to the extent of its own willful misconduct. The indemnification obligations hereunder shall be cumulative with and in addition to, all other indemnification obligations owed from the Sole Member to the Trustee and their related Indemnified Parties under any Bond Document (as defined in the Indenture). The provisions of this Section shall survive the termination of this Agreement and the resignation or removal of the Trustee.

Section 17. Recordation. The Authority, the Owner and the Trustee each agrees that the Owner shall cause this Agreement (and all amendments and supplements hereto) to be recorded and filed

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IN WITNESS WHEREOF, the parties have caused this Agreement to be signed and sealed by their respective, duly authorized representatives.

**SOUTH CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY**

By: _____
Jesse Smith, Executive Director

Witness #1:

Signature: _____
Name: _____
Address: _____

Witness #2:

Signature: _____
Name: _____
Address: _____

STATE OF SOUTH CAROLINA)
COUNTY OF _____) SS:

On this, the _____ day of _____, 2025, before me, the undersigned Notary Public, personally appeared Jesse Smith, who acknowledged that he is the Executive Director of the South Carolina Jobs-Economic Development Authority and that he, as such officer, being duly authorized so to do, executed the foregoing Land Use Restriction Agreement for the purposes therein contained by signing his name as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

By: _____
Notary Public, State of South Carolina
My Commission expires: _____

(Notary Seal)

SFRI Reserve at Wescott Apartments LLC,
A Delaware limited liability company

By: Sixteenth Floor Residential Inc.
A Texas nonprofit corporation
Its sole member

By: _____
Gerald Cichon
Chief Executive Officer and
Secretary

Witness #1:

Signature: _____
Name: _____
Address: _____

Witness #2:

Signature: _____
Name: _____
Address: _____

State of Texas)
County of El Paso) SS:

The foregoing instrument was acknowledged before me by means of ____ physical presence or
____ online notarization, this ____ day of _____, 2025, by Gerald Cichon, as Authorized
Signatory of Sixteenth Floor Residential, Inc., a Texas nonprofit corporation and the sole member of
SFRI Reserve at Wescott Apartments LLC, a Delaware limited liability company, on behalf of such
entity. He is personally known to me or has produced a _____ driver's license as identification.

Notary Public of

(SEAL)

Signature of Notary Public

Printed Name

My Commission expires:

Owner Signature Page of Land Use Restriction Agreement

EXHIBIT A

DESCRIPTION OF PROJECT SITE

PARCEL 1

All that certain piece, parcel, or tract of land, with any improvements thereon, situate, lying and being in
the City of North Charleston, County of Dorchester, State of South Carolina, located on the Northern side
of the Right of Way of Wescott Boulevard (150' R/W), and being more particularly shown and
designated as Parcel 1, containing 16.88 acres, more or less, on plat of survey dated March 14, 2003,
entitled "ALTA/ACSM Land Title Survey of FHA Project No. 054-35652, Project Name: The Reserve at
Wescott Plantation, Wescott Boulevard, North Charleston, Dorchester County, South Carolina," prepared
by Trico Engineering Consultants, Inc., and recorded March 19, 2003, in Plat Cabinet K, Page 58.
Reference to said plat is hereby craved for a fuller description, with all measurements being a little more
or less.

TMS Number: 162-00-00-045-000

PARCEL 2

All that certain piece, parcel and tract of land, with improvements thereon, if any, situate, lying and being
in the Town of North Charleston, County of Dorchester, South Carolina, located along Wescott
Boulevard, containing 9.215 acres, more or less, and more particularly shown as Parcel 2A on that certain
ALTA/ACSM Land Title Survey dated July 12, 2005, prepared by Trico Engineering Consultants, Inc., as
recorded in the Office of the Dorchester County Register of Deeds in Plat Book K page 168. Reference to
said plat is craved for a fuller description with all measurements being a little more or less.

TMS Number: 162-00-00-038-000

This being the same property conveyed to SFRI Reserve at Wescott Apartments LLC, a Delaware limited
liability company, by deed of conveyance of Sunroad Wescott Apartments, LLC, a Delaware limited
liability company, dated _____, 2025, and recorded simultaneously herewith in the Dorchester
County Register of Deeds office.

**WILMINGTON TRUST, NATIONAL
ASSOCIATION, as trustee**

By: _____
Grace Yang, Senior Vice President

State of _____)
County of _____) SS:

Witness #1:

Signature: _____
Name: _____
Address: _____

Witness #2:

Signature: _____
Name: _____
Address: _____

Before me appeared Grace Yang, to me personally known, who being duly sworn, acknowledged
he/she is an officer of Wilmington Trust, National Association, and that he/she as such officer, being
authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the
name of Wilmington Trust, National Association as such officer.

Witness my hand and seal, this _____ day of _____, 2025.

Notary Public of

(SEAL)

Signature of Notary Public

My Commission expires:

Trustee's Signature Page of Land Use Restriction Agreement

EXHIBIT B

[RESERVED]

EXHIBIT C

[RESERVED]

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8. To the best knowledge of the undersigned, after due inquiry, all units were rented or available for rental on a continuous basis during the immediately preceding calendar quarter to members of the general public, and the Owner is in compliance with and is not now and has not been in default under the terms of the Regulatory Agreement, except as indicated in Section 9 below.
9. If the Owner is in default under the terms of the Regulatory Agreement such knowledge should be detailed here:
- _____
- _____
- _____
10. The Owner has not transferred any interest in the Project since the date of submission of the Certificate of Continuing Program Compliance last submitted to the Trustee and the Authority with respect to the Project. If the Owner has transferred any interest in the Project, such transfer should be detailed here:
- _____
- _____
- _____

The Owner has on file a separate document listing, among other items, the following information for each unit in the Project: the number of each unit, the name of the primary occupants of such unit, the number of occupants in the unit, the size of the unit, whether such unit was treated as being occupied or last occupied by a Low and Moderate Income or a Safe Harbor Tenant, the date of the last Certification of Income for the occupants of the unit, and which units became Available Units since the filing of the last Certificate of Continuing Program Compliance. The information contained thereon is, to the best knowledge of the Owner (based upon information supplied by tenants of the Project), true and accurate.

SFRI RESERVE AT WESCOTT APARTMENTS LLC, a
Delaware limited liability company

By: Sixteenth Floor Residential Inc., a Texas
Nonprofit corporation, Its Sole Member

By: _____
Gerald Cichon
Chief Executive Officer and Secretary

EXHIBIT D

(Please note, this Exhibit D is not required to be executed)

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Re: \$ _____ South Carolina Jobs-Economic Development Authority Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced), Series 2025 (the “**Bonds**”).

SFRI Reserve at Wescott Apartments LLC, a Delaware limited liability company (the “**Owner**”), hereby represents and warrants on behalf of itself, as Owner, that:

- A review of the activities of the Owner during the period of the last three calendar months has been made under the supervision of the undersigned.
- The Owner owns Reserve at Wescott Apartments (the “**Project**”).
- The Project was financed, in substantial part, as a result of the loan of the proceeds of the Bonds provided to Owner’s sole member.
- The undersigned has read and is thoroughly familiar with the provisions of the Land Use Restriction Agreement (the “**Regulatory Agreement**”) dated and effective as of December 1, 2025, among the Owner, South Carolina Jobs-Economic Development Authority (the “**Authority**”), and Wilmington Trust, National Association, as trustee (the “**Trustee**”). The Regulatory Agreement was executed, delivered and recorded against the Project in connection with the issuance of the Bonds. Hereinafter, unless otherwise expressly provided herein or unless the context requires otherwise, the capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Regulatory Agreement.
- The Project’s Qualified Project Period commenced on December __, 2025 (the “**Initial Closing Date**”) and will end on the latest of (a) the date that is fifteen years after the Initial Closing Date, (b) the first date on which no tax-exempt private activity bond (as that phrase is used in Section 142(d)(2) of the Code) issued with respect to the Project is outstanding, or (c) the date on which any assistance was provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates.
- From the Initial Closing Date and continuing throughout the remainder of the Qualified Project Period no less than 40% of the total number of units of the Project at all times has been and will be rented to and occupied by, or held for occupancy by, Low and Moderate Income Tenants, and no less than 75% of the total number of units of the Project at all times has been and will be rented to and occupied by, or held for occupancy by, Safe Harbor Tenants.
- As of the date of this certificate, the following percentages of completed residential units in the Project (i) are occupied by Safe Harbor Tenants or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Safe Harbor Tenant vacated such unit, and as indicated:

Occupied by Low and Moderate Income Tenants: _____ percent
Held vacant for occupancy continuously since last
occupied by Low and Moderate Income Tenant: _____ percent
Occupied by Safe Harbor Tenants: _____ percent
Held vacant for occupancy continuously since last
occupied by Safe Harbor Tenant: _____ percent

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SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY
RESIDENTIAL DEVELOPMENT REVENUE BONDS
(SIXTEENTH FLOOR OBLIGATED GROUP PROJECTS – CREDIT ENHANCED),
SERIES 2025

OCCUPANCY SUMMARY
AS OF _____
For Period _____ through _____

PROJECT NAME: Reserve at Wescott Apartments

PROJECT LOCATION: 4976 Wescott Boulevard, Summerville, South Carolina 29485

- a. Total Number of Units: [_____]
- b. Required Units for Low and Moderate Income Tenants (40 percent): [_____]
- c. Total Units Occupied or Last Occupied and Held Vacant for Low and Moderate Income Tenants: _____ (____ percent)
- d. Required Units for Safe Harbor Tenants (75 percent): [_____]
- e. Total Units Occupied or Last Occupied and Held Vacant for Safe Harbor Tenants: _____ (____ percent)

Number of Low and Moderate Income Tenants whose Annual Income exceeded 140 percent of the applicable income limit for a Low and Moderate Income Tenant of the same family size this quarter: _____

Number of Safe Harbor Tenants whose Annual Income exceeded 140 percent of the applicable income limit for a Safe Harbor Tenant of the same family size this quarter: _____

Number of Low and Moderate Income Tenants and Safe Harbor Tenants terminating occupancy this quarter: _____

1.	_____	Number of Low and Moderate Income Tenants commencing occupancy this quarter.
2.	_____	Number of Low and Moderate Income Tenants continuing occupancy this quarter for which a Certification of Income was not previously attached.
3.	_____	Number of Safe Harbor Tenants commencing occupancy this quarter.
4.	_____	Number of Safe Harbor Tenants continuing occupancy this quarter for which a Certification of Income was not previously attached.
+5.	_____	Total Number of Certifications of Income attached hereto as required by the Regulatory Agreement, (sum of Lines 1 through Line 4)

PREPARED AND SUBMITTED BY:

Phone: _____
Date: _____

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LAND USE RESTRICTION AGREEMENT

By and Among

SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY,
as Authority

SFRI OTARRE POINTE APARTMENTS LLC,
as Owner

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee
Relating to

§
SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY
RESIDENTIAL DEVELOPMENT REVENUE BONDS
(SIXTEENTH FLOOR OBLIGATED GROUP PROJECTS – CREDIT ENHANCED),
SERIES 2025

Dated as of December 1, 2025

This instrument prepared by and return to:

Cantu Harden Montoya LLP
Attn: Adam Harden
1020 NE Loop 410, Suite 401
San Antonio, Texas 78209

LAND USE RESTRICTION AGREEMENT

THIS LAND USE RESTRICTION AGREEMENT (the “**Agreement**”) is made and entered into as of December 1, 2025 (the “**Effective Date**”) by and among SFRI Otarre Pointe Apartments LLC, a Delaware limited liability company (together with its successors, and assigns, the “**Owner**”), the South Carolina Jobs-Economic Development Authority or JEDA, a public body corporate and politic and an agency of the State of South Carolina (together with its successors and assigns, the “**Authority**”) and Wilmington Trust, National Association, a national banking association organized and existing under the laws of the United States of America (together with its successors and assigns, the “**Trustee**”), for the Authority’s § South Carolina Jobs-Economic Development Authority Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced), Series 2025 (the “**Tax-Exempt Bonds**” or, the “**Bonds**”), to be issued pursuant to the Trust Indenture dated as of December 1, 2025 between the Authority and the Trustee (the “**Indenture**”). Capitalized terms that are undefined herein shall have the meaning ascribed to such term in the Indenture and the Loan Agreement.

RECITALS

WHEREAS, the Owner is the record owner and operator of the building (and improvements, furnishings, equipment and related property to be installed therein) and the parcel(s) of land on which such building is located, which is located at 1137 Fort Congaree Trail, Cayce, South Carolina 29033, and is described in **Exhibit A** (the land together with the building referred to hereinafter as the “**Real Estate**”); and

WHEREAS, the Owner’s sole member is Sixteenth Floor Residential Inc., a Texas nonprofit corporation and an organization described in Section 501(c)(3) of the Code (the “**Sole Member**”); and

WHEREAS, the Owner and the Sole Member will treat the Sole Member as the owner of the Real Estate for federal tax income purposes; and

WHEREAS, the Owner and the Sole Member will treat the Owner as an entity disregarded as separate from the Sole Member for federal income tax purposes; and

WHEREAS, the Sole Member and the Owner intend that the Owner will operate the Real Estate as a multifamily residential rental housing project (commonly known as the “**Otarre Pointe Apartments**”) that includes 299 residential units to provide rental housing to low or moderate income individuals for low or moderate rental amounts (the “**Project**”); and

WHEREAS, the Owner desires to finance its acquisition of the Real Estate and costs of issuance for the Project (collectively, the “**2025 Financing**”); and

WHEREAS, the Sole Member and the Owner have requested the financial assistance of the Authority with the 2025 Financing and the Authority has agreed and has made a loan (the “**Loan**”) to the Owner pursuant to a Loan Agreement (the “**Loan Agreement**”) dated as of December 1, 2025, by and between the Sole Member and the Authority; and

WHEREAS, the Loan was funded from proceeds of the sale of the Bonds; and

WHEREAS, interest on the Tax-Exempt Bonds is and will remain excludible from gross income for federal income tax purposes, provided, among other things, that the Project is treated as a “qualified residential rental project” under, and continuously complies with the requirements of, Section 142(d) of the Internal Revenue Code of 1986, as amended (the “**Code**”) and the applicable Treasury Regulations (“**Regulations**” or “**Treas. Reg.**”) (collectively, the “**142(d) Requirements**”); and

WHEREAS, the Project’s compliance with the 142(d) Requirements and the Tax-Exempt Bonds’ treatment as “qualified 501(c)(3) bonds” under Sections 145(a) and 145(d)(2)(B) of the Code is in large part within the control of the Owner; and

WHEREAS, another requirement necessary to preserve the exclusion of interest on the Tax-Exempt Bonds from the gross income of their owners under Section 103(a) of the Code is that the Sole Member maintain its status as an organization described in Section 501(c)(3) of the Code; and

WHEREAS, Revenue Procedure 96-32, 1996-1 C.B. 717 (“**Rev. Proc. 96-32**”), sets forth certain criteria which, if met, results in an organization that provides low-income housing will be considered charitable because it relieves the poor and distressed as described in Treas. Reg. § 1.501(c)(3)-1(d)(2), including safe harbors (the “**Low-Income Safe Harbors**”); and

WHEREAS, the Sole Member and the Owner, in connection with maintaining the Sole Member’s status as an organization described in Section 501(c)(3) of the Code, intend to comply with Rev. Proc. 96-32 and have selected to satisfy the Low-Income Safe Harbor, which requires that (i) at least 75% of the units in the Project will be occupied by residents that qualify as “low income” and (ii) at least 20% of the units in the Project will be occupied by residents that also do not exceed 100% of the area’s “very low-income limit” (as such quoted terms are defined in Rev. Proc. 96-32), in connection with its operation of the Project.

NOW, THEREFORE, the Owner, the Authority, and the Trustee hereby contract and agree as follows:

Section 1.1 Definitions. In addition to words and terms defined in the above recitals and elsewhere in this Agreement, the following words and terms used in this Agreement shall have the following meanings, unless some other meaning is plainly intended, and any terms not defined in this Agreement shall have the same meaning as such terms are given in the Indenture or in Section 142(d) or Section 145 of the Code and the applicable Regulations:

“**Area Median Gross Income**” means the median income in the geographic area (as determined for purposes of Section 142(d) of the Code) in which the Residential Rental Property is located, as determined annually by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median gross income under Section 8 (or, if such program under Section 8 is terminated, under such program in effect immediately before such termination). Any determination of Area Median Gross Income shall be made in accordance with and subject to the requirements of Sections 142(d)(2)(B) and 142(d)(2)(E) of the Code.

“**Assumption Agreement**” means an agreement or undertaking by any transferee, pursuant to a Transfer, to assume the obligations and duties of the Owner described in this Agreement and the Loan Agreement.

“**Available Units**” means Residential Rental Units that are actually occupied or that are unoccupied and have been leased at least once after first becoming available for occupancy, provided that (a) in the case of an acquisition of an existing facility for the purpose of establishing or continuing a qualified residential rental project under Section 142(d) of the Code, a Residential Rental Unit that is unoccupied on the later of (i) the date such facility is acquired or (ii) the issue date of the first issue of Qualified 142(d) Bonds financing the acquisition of such facility is not an Available Unit and does not become an Available Unit until it has been leased for the first time after such date, and (b) a Residential Rental Unit that is not available for occupancy due to renovations is not an Available Unit and does not become an Available Unit until it has been leased for the first time after such renovations are completed.

“**Bond Counsel**” means Cantu Harden Montoya LLP, San Antonio, Texas or any other nationally recognized bond counsel experienced in municipal finance and, particularly, in the issuance of debt the interest on which is excludible from gross income for federal income tax purposes.

“**Certification of Income**” means a certification, including all necessary information and documentation, to substantiate the amount of income of all residents of a Residential Rental Unit, given by a prospective or current Very Low Income Tenant and/or Safe Harbor Tenant.

“**Co-Bond Counsel**” means Haynsworth Sinkler Boyd, Charleston, South Carolina, or any other nationally recognized bond counsel experienced in municipal finance and, particularly, in the issuance of debt the interest on which is excludible from gross income for federal income tax purposes.

“**Dissemination Agent**” means Wilmington Trust, National Association, a national banking association, duly organized and existing under the laws of the United States of America.

“**Low and Moderate Income**” means income that does not exceed 60% of the Area Median Gross Income, with appropriate adjustments to income level made for family size, as determined in a manner consistent with the determinations of lower income families and area median gross income under Section 8 (or, if such program under Section 8 is terminated, under such program in effect immediately before such termination), all as made in accordance with and subject to the requirements of Section 142(d)(2)(B) of the Code. For these purposes, income shall be treated as not exceeding 60% of the Area Median Gross Income, with appropriate adjustments to income level made for family size, if the relevant individual’s or family’s adjusted income (computed in the manner described in Treas. Reg. § 1.167(k)-3(b)(3) prior to its removal by T.D. 8474, 1993-1 C.B. 242) does not exceed 60% of the applicable Area Median Gross Income.

“**Occupancy Standards**” means the requirement that either (A) at least 20% of the Available Units must be actually occupied by (or treated as occupied by, as provided herein), Very Low Income Tenants and (B) at least 75% of the Available Units must be actually occupied by (or treated as occupied by, as provided herein) Safe Harbor Tenants. An Available Unit shall be treated as “occupied” by a Very Low Income Tenant, or Safe Harbor Tenant during the applicable tenancy for purposes of the Occupancy Standards if the tenant of such Available Unit was a Very Low Income Tenant, or Safe Harbor Tenant, as applicable, at the commencement of his or her actual occupancy of the Available Unit, even though such tenant ceases to be a Moderate Income Tenant or Safe Harbor Tenant, as applicable, because he or she ceases to have Very Low Income or satisfy the Low-Income Safe Harbors, as applicable, provided that the second sentence of paragraph (q) of Section 4 below does not apply to such tenant. Moreover, if an Available Unit vacated by a Very Low Income Tenant was actually occupied by a Very Low Income Tenant, or Safe Harbor Tenant at the commencement of such Very Low Income Tenant’s, or Safe Harbor Tenant’s occupancy of such Available Unit, such Available Unit shall be treated as occupied by a Very Low Income Tenant, or Safe Harbor Tenant, as applicable, until reoccupied, excluding any reoccupation for a temporary period of not more than thirty-one (31) days, at which time the character of the Available Unit shall be redetermined. The character of any Available Unit described in the immediately preceding sentence shall be redetermined upon expiration of the thirty-one (31)-day period. In calculating the foregoing (A) 20% or (B) 75% requirements, if the resulting number of Available Units contains a fraction, it shall be rounded up to the next highest whole number.

“**Purpose Investment**” means an investment acquired to carry out the governmental purpose of the Tax-Exempt Bonds, as described in Treas. Reg. § 1.148-1(b).

“**Qualified 142(d) Bonds**” means obligations that satisfy the requirements of Sections 103 and 142(d) or 145(d)(2)(B) of the Code.

“**Qualified Project Period**” means the period commencing on the later of the first day on which at least 10% of the Residential Rental Units in the Residential Rental Property are occupied or the issue date of the Qualified 142(d) Bonds issued to acquire (directly or indirectly) such facility and ending on the latest of the following: (A) the date that is fifteen years after the date on which at least 50% of the Residential Rental Units in the facility are first occupied; (B) the first day on which no tax-exempt private activity bond (as defined in Section 141(a) of the Code) issued with respect to the facility is outstanding; or (C) the date on which any assistance provided with respect to the facility under Section 8 terminates.

“**Related Person**” means an individual or entity who, concerning the referenced party, is described in Treas. Reg. § 1.103-10(e).

“**Residential Rental Property**” means the Real Estate or any other building or structure containing one or more similarly constructed Residential Rental Units used for the Project, including facilities functionally related and subordinate thereto, as provided in Treas. Reg. § 1.103-8(b).

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plural number and vice versa. This Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

Section 1.3 Headings. The titles and headings of the sections of this Agreement have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Agreement or any provision hereof or in ascertaining intent, if any question of intent shall arise.

Section 1.4 Construction. It is intended that this Agreement set forth the terms, conditions, limitations and restrictions applicable to the Project and that the Project be a “qualified residential rental project” under Section 142(d) of the Code and the Tax-Exempt Bonds be “qualified 501(c)(3) bonds” under Sections 145(a) and 145(d)(2)(B) of the Code. All provisions herein shall be construed in accordance with such intent.

Section 2. Benefit. The Owner, the Authority, and the Trustee each acknowledges that a primary purpose for requiring compliance by the Owner with this Agreement is to preserve the excludability from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds, and that the Trustee, on behalf of the holders of the Tax-Exempt Bonds, who are declared to be third party beneficiaries of this Agreement, shall be entitled to all remedies, both at law and in equity, in the event of any breach of the provisions hereof.

Section 3. Covenant with Respect to Tax Status of the Tax-Exempt Bonds. The Authority and the Owner each covenant that it will not knowingly take, or permit to be taken, any action that would adversely affect the excludability from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

Section 4. Qualified Residential Rental Project Requirements. The Owner represents, warrants and covenants that the Project shall, throughout the Qualified Project Period, unless this Agreement is earlier terminated pursuant to Section 14 of this Agreement, satisfy the following terms and conditions, limitations and restrictions:

(a) **Satisfaction of Applicable Legal Requirements.** The Project was acquired by the Owner for federal income tax purposes and for the purpose of providing multifamily Residential Rental Units, and the Project shall be owned, managed and operated as multifamily Residential Rental Units, all in accordance with the qualified residential rental project requirements of Section 142(d) of the Code and the applicable residential rental project provisions of Treas. Reg. § 1.103-8(b) and the administrative guidance issued thereunder;

(b) **Similarly Constructed Residential Rental Units.** All of the Residential Rental Units in the Project are similarly constructed;

(c) **Transient Use.** During the term of this Agreement, (i) none of the Residential Rental Units in the Project shall at any time be utilized on a transient basis, (ii) none of the Residential Rental Units in the Project shall ever be leased or rented for a period of less than thirty (30) days and (iii) neither the Project nor any portion thereof shall ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, trailer court or park or for any other use on a transient basis;

(d) **General Public Availability.** During the term of this Agreement, (i) the Residential Rental Units in the Project shall be leased and rented or made available for rental on a continuous basis to members of the general public except as otherwise permitted by federal, state or local law and (ii) the Owner shall not give preference in renting Residential Rental Units in the Project to any particular class or group of persons, other than Low and Moderate Income Tenant and/or Safe Harbor Tenants as provided herein; provided, however, that Residential Rental Units in the Project may be occupied by maintenance, security or managerial employees of the Sole Member or the Owner or its property manager who are reasonably required to maintain residences in the Project, but only to the extent such occupation does not cause the Project to

“**Residential Rental Unit**” means a housing unit containing separate and complete living, sleeping, eating, cooking and sanitation facilities for a single person or a family. Such housing unit shall contain a kitchen that includes a cooking appliance (e.g., a stove or cooking range), full-size refrigerator and sink. A housing unit shall not fail to be treated as a “Residential Rental Unit” if it does not have a stove or cooking range or a full-size refrigerator, provided that such housing unit (i) if it does not contain a stove or cooking range, contains a full-size microwave oven because the physical or mental frailties of the resident make it imprudent to provide a functioning stove or cooking range for that resident, (ii) if it does not contain a full-size refrigerator, contains a refrigerator that gives the intended resident(s) the capability of food storage and food preparation for him/herself (themselves) and his/her (their) guest(s) independent of facilities outside of that housing unit and that has the same attributes or features of a full-size refrigerator, and (iii) will allow for the placing of a stove or cooking range and a full-size refrigerator without further construction, rewiring, or alteration of such housing unit. Further, a housing unit, however, shall not fail to be treated as a “Residential Rental Unit” merely because it is a single-room occupancy unit (within the meaning of Section 42 of the Code).

“**Safe Harbor Tenant**” means any individual or family with income that does not exceed 80% of the area median gross income, with appropriate adjustments to income level made for family size, as determined in a manner consistent with the determinations of lower income families and area median gross income, all as made in accordance with and subject to the requirements of Rev. Proc. 96-32. For these purposes, income shall be treated as not exceeding 80% of the area median gross income, with appropriate adjustments to income level made for family size, if the relevant individual’s or family’s adjusted income (computed in the manner described in Treas. Reg. § 1.167(k)-3(b)(3) prior to its removal by T.D. 8474, 1993-1 C.B. 242) does not exceed 80% of the applicable area median gross income. However, if all the occupants of a Residential Rental Unit are Students, such individuals may not be treated as Safe Harbor Tenants. Subject to the foregoing, “**Safe Harbor Tenant**” may include any individual who is (i) a student and receiving assistance under Title IV of the Social Security Act, (ii) a student who was previously under the care and placement responsibility of the South Carolina agency responsible for administering a plan under part B or part E of Title IV of the Social Security Act or (iii) enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar Federal, state or local laws.

“**Section 8**” means Section 8 of the United States Housing Act of 1937, as amended.

“**Student**” means any full-time student (within the meaning of Section 42(i)(3)(D) of the Code) unless he or she is described in Section 42(i)(3)(D)(ii) of the Code.

“**Transfer**” means any conveyance, transfer, whether by sale, exchange, gift or assignment or other disposition of the subject matter.

“**Very Low-Income Tenant**” shall mean and include individuals or families with income (adjusted for family size), calculated in the manner prescribed in Section 142(d)(2)(B) of the Code, which does not exceed fifty percent (50%) of the annual median gross income for the area in which the Project is located, determined in a manner consistent with determinations of median gross income made under the leased housing program established under Section 8 of the United States Housing Act of 1937, as amended. In no event, however, will the occupants of a residential unit be considered to be Very Low-Income Tenants if all the occupants are students, no one of which is entitled to file a joint federal income tax return. Notwithstanding the foregoing, a residential unit shall not fail to be treated as a residential unit that is occupied by Very Low-Income Tenants merely because such residential unit is occupied (a) by an individual who is (i) a student and receiving assistance under Title IV of the Social Security Act, (ii) a student who was previously under the care and placement responsibility of a foster care program (under Part B or Part E of the Title IV of the Social Security Act), or (iii) a student enrolled in a government supported job training program, or (b) entirely by full-time students if such students are (i) single parents and their children and such parents are not dependents of any person other than the full-time student occupying the unit, or (ii) married and file a joint return.

Section 1.2 Number and Gender. Unless the context clearly requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the

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cease to be a qualified residential rental project under Section 142(d) of the Code. The Project will not fail to be available to the general public if it is limited, to the extent permitted under Rev. Proc. 1919-17, to (a) low-income people with special needs, (b) low-income members of a specified group under a federal or state program, or policy that supports housing for such group (e.g., military veterans) and/or (c) low-income people who are involved in artistic or literary activities;

(e) **Use of Related Facilities by Tenants.** Any functionally related and subordinate facilities (e.g., parking areas, laundry facilities, tenant offices, physical therapy rooms, dining rooms, meeting rooms, common areas, swimming pools, tennis courts, etc.) (the “**Related Facilities**”) for the Project will be made available to all tenants on an equal basis. Fees charged to residential tenants for use of the Related Facilities will be commensurate with fees charged for similar facilities at similar residential rental properties in the surrounding area and, in no event will any such fees charged to tenants of the Project be discriminatory or exclusionary as to the Very Low Income Tenant and/or Safe Harbor Tenants of the Project. No Related Facilities will be made available to persons other than tenants or their guests. Parking, if available, will be made available to all tenants on a first come, first served basis;

(f) **No Continual or Frequent Nursing, Medical or Psychiatric Services.** No continual or frequent nursing, medical or psychiatric services, within the meaning of Rev. Rul. 98-47, will be provided to the residents of the Project at any time or in any manner;

(g) **No Encumbrances.** During the term of this Agreement and except as otherwise permitted in the Loan Agreement, Indenture, the Owner shall not: (1) except upon a sale or transfer of the Project or a sale or transfer of all of the membership interest in the Owner in accordance with the terms of this Agreement, encumber any portion of the Project or grant commercial leases of any portion thereof or permit the conveyance, transfer or encumbrance of any portion of the Project (except for apartment leases) unless the Sole Member or the Owner, as applicable, receives an opinion of Bond Counsel and Co-Bond Counsel to the effect that such action will not adversely affect the exclusion of the interest on the Tax-Exempt Bonds from gross income of the owners thereof for federal income tax purposes; or (2) demolish any part of the Project or substantially subtract from any real or personal property of the Project; provided, that nothing herein shall prohibit the Owner from granting operating leases and/or licenses of those facilities constituting part of the Project that are functionally related and subordinate to the Residential Rental Units, such as laundry or recreational facilities, for the purposes of providing for the operation of such facilities for the benefit of the Project;

(g) **Noncooperative Housing Corporation Ownership.** During the term of this Agreement, no part of the Project or the Owner will at any time be owned or used by a cooperative housing corporation;

(h) **Ownership, Structure and Financing.** The Project will consist of one or more buildings or structures, all of which will be (i) owned by the same person for federal tax purposes, (ii) located on a single tract of land, consisting of any parcel of land or two or more parcels of land that are contiguous except for being separated only by a road, street, stream or similar property (parcels are contiguous if their boundaries meet at one or more points) and (iii) financed with proceeds of the Tax-Exempt Bonds or otherwise pursuant to a common plan of financing. Each such building or structure is a discrete edifice or other man-made construction consisting of an independent foundation, outer walls and roof and containing five or more similarly constructed units;

(i) **Condominium Ownership.** During the term of this Agreement, the Owner will not convert the Project to condominium ownership;

(j) **Sole Member/Owner Rentals.** During the term of this Agreement, no Residential Rental Unit in the Project shall be occupied by the Sole Member or the Owner (or a Related Person to either of them) at any time unless the Sole Member or the Owner (or a Related Person to either of them) resides in a Residential Rental Unit in a building or structure that contains at

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least five Residential Rental Units and unless the resident of such Residential Rental Unit is a resident manager or other necessary employee (e.g., maintenance and security personnel);

(k) *Certificate of Project Commencement.* The Project is fully constructed and equipped. Prior to the issue date, the Project received a certificate of occupancy.

(l) *No Discrimination.* During the term of this Agreement, the Owner shall not discriminate on the basis of age, race, color, creed, national origin, religion, sex or marital status in the lease, use or occupancy of the Project except as otherwise permitted by federal, state or local law or in connection with the employment or application for employment of persons for the operation and management of the Project; and the Owner specifically agrees that the Owner will not refuse to lease units or deny occupancy in the Project to persons whose family includes minor dependents who will occupy such unit, unless such refusal is based upon factors not related to the presence of such minors in the family;

(m) *Payment of Expenses.* During the term of this Agreement, the Owner shall make timely payment of the fees and expenses, if any, of the Trustee in accordance with the provisions of this Agreement, the Indenture, and the Loan Agreement, including any fees and expenses incurred by the Trustee in the performance of its duties and obligations under this Agreement;

(n) *Certification of Income.* As a condition of occupancy, each Very Low Income Tenant and/or Safe Harbor Tenant shall be required to sign and deliver to the Owner a Certification of Income, in a form designed to establish compliance with the applicable provisions of the Code and the Regulations, or as otherwise required by the Internal Revenue Service. Such Very Low Income Tenant and/or Safe Harbor Tenant, as applicable, shall also be required to provide whatever other information, documents or certifications are deemed necessary by the Owner to substantiate the Certification of Income. All Certifications of Income with respect to each Very Low Income Tenant and/or Safe Harbor Tenant, as applicable, who resides in a Residential Rental Unit in the Project or resided in a Residential Rental Unit during the immediately preceding calendar year shall be maintained (digitally or physical copy) on file at the main business office of the Project and shall be available for inspection by the Authority or the Trustee;

(o) *Annual Determinations.* The determination of whether a resident of the Project is a Very Low Income Tenant and/or Safe Harbor Tenant shall be made at least annually on the basis of the current income of all the residents of the Residential Rental Unit. Owner shall use its best efforts to obtain such annual recertification. Each lease to a Very Low Income Tenant and/or Safe Harbor Tenant entered into after the date hereof shall require the tenant to sign the Certification of Income annually, or a reaffirmation thereof, attesting to the combined income of all the occupants of each Residential Rental Unit and at any other time as the Owner may reasonably request;

(p) *Subsequent Changes to Income.* If a tenant is a Very Low Income Tenant and/or Safe Harbor Tenant upon commencement of occupancy of a Residential Rental Unit, the income of such tenant shall be treated as Very Low Income or as satisfying the applicable Low-Income Safe Harbor, as applicable. The preceding sentence shall cease to apply to any tenant whose income as of the most recent annual determination under paragraph (p) of this Section exceeds 140% of Very Low Income or the applicable Low-Income Safe Harbor, as applicable, if, after such determination, but before the next annual determination, any Residential Rental Unit of comparable or smaller size in the Project is occupied by a new tenant who does not qualify as a Very Low Income Tenant and/or Safe Harbor Tenant;

(q) *Form of Lease.* Any lease used in renting any Residential Rental Unit in the Project to a Very Low Income Tenant or Safe Harbor Tenant shall provide for termination of the lease and consent by such tenant to immediate eviction, subject to applicable provisions of South Carolina law, for failure to qualify as a Very Low Income Tenant or Safe Harbor Tenant, as applicable, as a result of any material misrepresentation made by such person with respect to any Certification of Income. Each Very Low Income Tenant or Safe Harbor Tenant occupying a

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Section 5. Transfer Restrictions. For the Qualified Project Period, except with respect to foreclosure or in the event of foreclosure or other involuntary loss described in Treas. Reg. § 1.103-8(b)(6)(iii)(a) and not otherwise described in paragraph (b) thereof, the Sole Member shall not Transfer any portion of the membership interest in the Owner and the Owner shall not Transfer the Project or any interest therein, in whole or in part, except in accordance with the terms of the Loan Agreement and this Section 5. Any Transfer of the Project or any interest therein, in whole or in part, and any Transfer of the membership interest in the Owner shall only be permitted if: (1) the Owner shall not be in default hereunder; (2) the purchaser or assignee shall assume in writing in a form acceptable to the Authority, all duties and obligations of the Sole Member and/or Owner, as applicable, under this Agreement, including this Section 5, and execute any necessary or appropriate document reasonably requested by the Authority with respect to assuming its obligations under this Agreement and the Loan Agreement in the form of an Assumption Agreement, which document shall be recorded in the Lexington County, South Carolina Register of Deed's Office; (3) the Trustee shall have received an opinion of Bond Counsel to the effect that such Transfer is permitted and will not adversely affect the exclusion of the interest on the Tax-Exempt Bonds from gross income of the owners thereof for federal income tax purposes; (4) the Sole Member and/or Owner shall deliver to the Trustee a certificate to the effect that the Sole Member did not acquire the Project via its acquisition of the membership interest in the Owner with the intention of sale upon completion of its rehabilitation; (5) the Sole Member and/or the Owner shall deliver to the Trustee an opinion of counsel to the transferee that the transferee has duly assumed the obligations of the Owner under this Agreement and that such obligations and this Agreement are binding on the transferee; and (6) the Owner shall deliver to the Trustee a certificate confirming such other conditions are met as are set forth in or referred to in the Loan Agreement or as the Authority may reasonably impose as part of the Assumption Agreement (i) to protect the exclusion of the interest on the Tax-Exempt Bonds from gross income of the owners thereof for federal income tax purposes, (ii) to ensure that the Project is not acquired by a person that has pending against it, or that has a history of, building code violations, as identified by municipal, county, state or federal regulatory agencies, and (iii) to provide that indemnification of the Authority and the Trustee under Section 16 of this Agreement and elsewhere is assumed by the purchaser or assignee. Once the Assumption Agreement has been delivered and all conditions of this Section 5 have been satisfied, the Trustee shall execute a form of release requested by the Owner to release the Sole Member and/or the Owner, as applicable, with respect to any future compliance with the provisions of this Agreement with respect to the Project, and the Authority shall have delivered a release with respect to the Loan Agreement (subject to any further transfer restrictions in the Loan Agreement). The Sole Member and/or the Owner shall deliver the Assumption Agreement to the Trustee prior to a proposed Transfer.

Section 6. Certification to Secretary. The Owner represents, warrants and covenants that, if the Secretary of the Treasury so requires, on behalf of the Sole Member, it shall annually submit to the Secretary of the Treasury (at such time and in such manner as the Secretary shall prescribe) a certification attesting that the Project continues to meet the requirements of Section 142(d) of the Code and shall simultaneously send copies of such certification, including, but not limited to, IRS Form 8703, and any additional certifications or information required to be submitted to the Secretary of the Treasury, to the Authority and the Trustee. The Owner acknowledges that failure to file such certification with the Secretary of the Treasury when required would subject the Sole Member to penalty, as provided in Section 6652(j) of the Code. The Trustee may conclusively rely on the certification delivered to the Trustee by the Sole Member or the Owner without independent investigation, and the Trustee's responsibility hereunder shall not extend beyond the Trustee's receipt of the certification required to be submitted to the Trustee by the Sole Member or the Owner under this Agreement. The Trustee shall be under no duty to make any investigation or inquiry as to any statement or other matter referred to in any such instruments received by it but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. Any certification provided to the Trustee shall not include Social Security numbers. If Social Security numbers are included in the certification, the certification shall be transmitted to the Trustee by a secured electronic method approved by the Trustee.

Section 7. Enforcement. The Owner further represents, warrants and covenants that:

(a) *Examination of Records.* The Owner shall permit, after two (2) business days prior written notice, any duly authorized representative of the Authority or the Trustee to inspect any books and records of the Owner regarding the Project, particularly with respect to the

Residential Rental Unit shall be required to execute a written lease that shall be effective for a term of at least six (6) months. No meals or other services will be provided to tenants of the Project;

(r) *Owner's Certification.* On the fifteenth day after each calendar quarter, the Owner shall prepare a record, in substantially the same form as that attached hereto as **Exhibit D**, of the percentage of Residential Rental Units of the Project occupied (and treated as occupied) by Safe Harbor Tenants during the preceding month. Such record shall be maintained on file at the main business office of the Project and shall be available for inspection by the Authority or the Trustee and shall contain such other information and be in the form required by the Authority;

(s) *Occupancy Standards.* The Project shall use best efforts to satisfy the Occupancy Standards. In the event Owner is unable to satisfy the Occupancy Standards, then on or before the 45th day after the calendar year end, Owner shall provide a written plan documenting its efforts to comply with the Occupancy Standards, explanations concerning any failure to achieve the Occupancy Standards, and explanations for how the Property otherwise still complies with Rev. Proc. 96-32; and

(t) *Records Maintenance and Inspection.* During the term of this Agreement, the Owner shall (i) maintain complete and accurate records pertaining to the Residential Rental Units occupied or to be occupied by Very Low Income Tenant and/or Safe Harbor Tenants, and (ii) permit any duly authorized representative of the Authority, the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Owner pertaining to the income of and Certification of Income of Very Low Income Tenant and/or Safe Harbor Tenants residing in the Project upon reasonable notice and at reasonable times.

Section 4.1 Charitable Housing Requirements. During the term of this Agreement, the Owner shall take any and all steps necessary to help maintain the Sole Member's status as an organization described in Section 501(c)(3) of the Code, and shall use best efforts to satisfy one of the Low-Income Safe Harbors under Rev. Proc. 96-32 in connection with the Owner's operation of the Project. In connection therewith, at least 75% of the Residential Rental Units in the Project shall be occupied by residents who qualify as "low income" and at least 20% of the Residential Rental Units in the Project shall be occupied by residents or held for occupancy by Very Low Income Tenants. Further, the housing provided under the Project must be affordable to the residents. This affordability requirement will ordinarily be satisfied if the Sole Member and/or Owner adopts a rental policy that complies with government-imposed rental restrictions or otherwise provides for the limitation of the tenant's portion of the rent charged to ensure that the housing is affordable to "low income" and "low and moderate-income" residents. If the Project consists of multiple buildings and each building does not separately meet the above requirements of this Section 4.1, then the buildings must share the same grounds. However, the preceding sentence does not apply to organizations that provide individual homes or individual apartment units located at scattered sites in the community exclusively to families with incomes at or below 80 percent of the area's median income. For purposes of this Section 4.1, "low income" means eighty percent (80%) of an area's median income and "very low income tenant" means fifty (50%) of an area's median income, in each case, adjusted by the Department of Housing and Urban Development ("HUD") to reflect economic differences, such as high housing costs, in each area and/or different family sizes; provided, however, that if HUD's program terminates, the income limits shall be those determined by the Internal Revenue Service under such program as is in effect immediately before such termination. The retention of the right to evict tenants for failure to pay rent or other misconduct, or the right to foreclose on homeowners for defaulting on loans will not, in and of itself, cause the Sole Member or the Owner to fail to meet the Low-Income Safe Harbors. Further, if the Owner and the Sole Member originally meet the Low-Income Safe Harbors, they will continue to satisfy the requirements of the Low-Income Safe Harbors if a resident's income increases and causes the Owner and/or the Sole Member to fail the Low Income Safe Harbors, provided that the resident's income does not exceed one hundred forty percent (140%) of the applicable income limit under the Low-Income Safe Harbors. If the resident's income exceeds one hundred forty percent (140%) of the qualifying income limit under the applicable Low-Income Safe Harbor, neither the Owner nor the Sole Member will fail to meet the applicable Low-Income Safe Harbor if the Owner rents the next comparable non-qualifying Residential Rental Unit to someone under the applicable income limits.

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incomes of Very Low Income Tenant and/or Safe Harbor Tenants that pertain to compliance with the provisions of this Agreement, Sections 142(d) and 145(d) of the Code and Rev. Proc. 96-32. Any certification, records or other documents deemed necessary by the Authority or the Trustee to show the Project's compliance with Section 142(d) of the Code shall be maintained on file at the Project site until six (6) years after the later of (i) the date on which no portion of the Tax-Exempt Bonds (and any tax-exempt obligations used to refund any of the Tax-Exempt Bonds) remain outstanding or (ii) the end of the Qualified Project Period;

(b) *Other Information.* The Owner shall provide such other information, documents or certifications requested by the Authority or the Trustee that the Authority deems reasonably necessary, to substantiate the Owner's continuing compliance with the provisions of this Agreement and Section 142(d) of the Code; and

(c) *Reliance on Sole Member, Owner or Tenant Certification.* In the enforcement of the Agreement, the Authority may rely on any certificate delivered by or on behalf of the Sole Member, the Owner or any tenant concerning the Project.

Section 8. Violations.

(a) *Notice.* The Owner further represents, warrants and covenants that it will inform the Authority and the Trustee by written notice of any violation of the Owner's obligations under this Agreement or the occurrence or existence of any situation (an "Adverse Development") that would cause the interest of the Tax-Exempt Bonds to become includable in the gross income of their holders for federal income tax purposes within five (5) days after discovering any such Adverse Development, and the Trustee covenants and agrees to inform the Owner, by written notice of any Adverse Development that would cause the interest on the Tax-Exempt Bonds to become includable in the gross income of their holders for federal income tax purposes within five (5) days after discovering such Adverse Development;

(b) *Time to Correct.* The Owner covenants and agrees to correct or rectify any Adverse Development no later than sixty (60) days after such Adverse Development is first discovered or should have been discovered by the Owner's exercise of reasonable diligence;

(c) [Reserved]; and

(d) *Specific Performance.* The Owner acknowledges that the Authority or the Trustee and, to the extent permitted in the Indenture, any owner of a Tax-Exempt Bond, may also apply, individually or collectively, to any court, state or federal, for specific performance of this Agreement, or for an injunction against any violation of this Agreement, or for any other remedies at law or in equity or for any such other actions as shall be necessary or desirable so as to correct non-compliance with this Agreement.

Section 9. Agent of the Authority and Trustee. The Owner further represents, warrants and covenants that the Authority and the Trustee shall each have the right to appoint an agent to carry out any of its duties and obligations under this Agreement, and the Authority and the Trustee shall inform the Owner and the other party of any such agency appointment by written notice. Neither the Trustee nor the Authority shall have a duty to enforce any of the obligations of the Owner under this Agreement. The Owner hereby agrees to pay all fees, costs and expenses of the Trustee in performing its express duties under this Agreement. The Owner hereby agrees, upon reasonable written notice from the Trustee, to make the Project and the books and records relating to the tenant income compliance required hereunder available for inspection during regular business hours by the Trustee as an agent of the Authority. Notwithstanding the foregoing or any other provision herein to the contrary, the Owner and the Trustee acknowledge and agree that the Authority shall have no duty to monitor compliance with the terms and conditions of this Agreement.

Section 10. Amendment. This Agreement may be amended to reflect changes in Section 142(d) or 145(d) of the Code, the applicable Regulations and administrative guidance promulgated

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thereunder. The Authority and the Owner each covenants to take any lawful action (including amendment of this Agreement) if, in the opinion of Bond Counsel and Co-Bond Counsel, such action is necessary to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service from time to time pertaining to organizations described in Section 501(c)(3) of the Code or obligations issued under Section 142(d) of the Code and affecting the Project. No amendment of this Agreement shall be made without the prior written approval of the Authority, the Trustee and the Owner, which approval shall not be unreasonably withheld, conditioned or delayed, and, after issuance of the Tax-Exempt Bonds, an approving opinion of Bond Counsel that such amendment will not adversely affect the tax-exempt status of the Tax-Exempt Bonds.

Section 11. Severability. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.

Section 12. Notices. The Authority, the Owner and the Trustee each agrees that all notices to be given pursuant to this Agreement shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing:

The Owner: SFRI Otarre Pointe Apartments LLC
304 Texas Avenue, 16th Floor
El Paso, Texas 79901
Attention: Gerald Cichon, Chief Executive Officer and Secretary
Telephone: (915) 849-3770

With a copy to: Mendel Blumenfeld & Pulido PLLC
304 Texas Avenue, Suite 1503
El Paso, Texas 79901
Attention: Robert Blumenfeld
Telephone: (915) 587-8855

The Authority: South Carolina Jobs-Economic Development Authority
1201 Main Street, Suite 1600
Columbia, South Carolina 29201
Attention: Jesse Smith, Executive Director
Telephone: (803) 737-0627

The Trustee: Wilmington Trust, National Association
650 Town Center Drive, Suite 800
Costa Mesa, California 92626
Attention: Grace Yang
Telephone: (714) 384-4159

Section 13. Governing Law. This Agreement and all disputes, claims, defenses, controversies or causes of action (whether in contract or tort) that may be based upon, arise out of or relate hereto, including as to any representation or warranty made by the Owner in or in connection with this Agreement or as an inducement to enter into this Agreement, shall be governed by the internal laws of the State of South Carolina, without regard to any conflicts of law principles.

Section 14. Termination. The Authority, the Owner and the Trustee each agrees that this Agreement shall terminate:

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the fees and expenses of such separate counsel. Except for the payment of principal of and interest on the Loan, which is a limited obligation of the Sole Member as provided in the Loan Agreement, the obligations of the Owner hereunder are full recourse obligations. Notwithstanding the foregoing, neither the Owner nor the Trustee shall be indemnified pursuant to this Section 16 against its own gross negligence or willful misconduct, as finally adjudicated by a court of competent jurisdiction, and the Authority shall not be indemnified under this Section 16 to the extent of its own willful misconduct. The indemnification obligations hereunder shall be cumulative with and in addition to, all other indemnification obligations owed from the Sole Member to the Trustee and their related Indemnified Parties under any Bond Document (as defined in the Indenture). The provisions of this Section shall survive the termination of this Agreement and the resignation or removal of the Trustee.

Section 17. Recordation. The Authority, the Owner and the Trustee each agrees that the Owner shall cause this Agreement (and all amendments and supplements hereto) to be recorded and filed in the Register of Deed's Office of Lexington County, South Carolina and in such other places as the Authority may reasonably request. This Agreement (and all amendments and supplements hereto) shall be recorded in the grantor-grantee index to the name of the Owner as grantor and to the name of the Trustee as grantee (as the assignee of the Authority). The Owner shall pay all fees and charges incurred in connection with any such recording(s). Upon delivery by the Owner to the Trustee of an opinion of independent counsel acceptable to the Authority that the conditions to termination of this Agreement have been made, the Trustee shall, upon written request by the Owner, and at the Owner's expense, execute any documentation necessary prepared by Owner to remove this Agreement from the real estate records of Lexington County, South Carolina and the Owner shall cause any such documentation to be filed.

Section 18. Covenants to Run with the Land; Successors Bound. The Owner hereby subjects the Real Estate to the covenants, reservations and restrictions set forth in this Agreement for the entire duration of its effectiveness. The Authority, the Trustee and the Owner hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants, reservations and restrictions running with the land to the extent permitted by law and shall pass to and be binding upon the Owner's successors in title to the Real Estate throughout the term of this Agreement. Each and every contract, deed, mortgage, or other instrument hereafter executed covering or conveying the Real Estate or any portion thereof or interest therein shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed, mortgage or other instrument.

Section 19. No Conflict with Other Documents. The Owner warrants that it has not executed and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede all other requirements in conflict herewith.

Section 20. Multiple Counterparts. This Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original. The exchange of copies of this Agreement and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Agreement as to the parties hereto and may be used in lieu of the original Agreement and signature pages for all purposes.

Section 21. Litigation Expenses. In the event of litigation relating to enforcement of rights under this Agreement, the prevailing party shall be entitled to recover all litigation expenses, including attorneys' fees and court costs, from the non-prevailing party. Notwithstanding the foregoing, no litigation expenses, including attorneys' fees or expenses, shall be recoverable from the Trustee, regardless of whether the Trustee is the prevailing party or non-prevailing party.

Section 22. Rights of Trustee. The Trustee will act only as specifically provided herein and in the Indenture. Authority and Owner acknowledge and agree that this Agreement is provided to the Trustee in its capacity as such under the Indenture, and in taking any action hereunder, that Trustee shall enjoy all the rights, protections, benefits, immunities, powers, privileges and indemnities afforded to it thereunder. The Trustee shall be under no duty to make any investigation or inquiry as to any statement or other matter referred to in instruments delivered to it hereunder but it may accept and rely upon the

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(a) **Completion.** Upon the termination of the Qualified Project Period;

(b) **Involuntary Non-Compliance.** In the event of an involuntary non-compliance caused by unforeseen events, such as fire, seizure, requisition, change in a federal law or an action of a federal agency after the date of issuance of the Tax-Exempt Bonds that prevents the Authority or the Trustee from enforcing the provisions of this Agreement or condemnation or similar event, provided that:

(i) the Tax-Exempt Bonds are retired at or after their first applicable available call date, subject to the requirements of paragraph (c) below; or

(ii) any insurance proceeds or condemnation award or other amounts received as a result of such loss or destruction are used to provide a project that meets the requirements of Section 142(d) of the Code and Treas. Reg. § 1.103-8(b) as amended, or any successor law or regulation;

(c) **Certain Transfers.** In the event of foreclosure, transfer of title by deed in lieu of foreclosure, or similar event, following which and within a reasonable period of time the Tax-Exempt Bonds are redeemed or the amounts received as a consequence of such event are used to provide a qualified residential rental project meeting the applicable requirements of the Code and the Regulations, unless, at any time subsequent to such event and during the Qualified Project Period, the Owner or any direct successor in interest, or any transferee from the Sole Member, the Owner or its successor is subject to an Assumption Agreement, or any Related Person to such persons, or any other person who was, prior to the event of foreclosure or other such event, an obligor on any Purpose Investment issued in connection with any financing for the Project, obtains an ownership interest in the Project for tax purposes; or

(d) **Opinion of Bond Counsel.** Upon the delivery of an opinion of Bond Counsel acceptable to the Authority that continued compliance with the requirements of Section 4 hereof is not required in order for interest on the Tax-Exempt Bonds to be and continue to be excludible from the gross income of the holders of the Tax-Exempt Bonds for federal income tax purposes.

Section 15. Post-Defeasance or Redemption. The Authority, the Owner and Trustee each agrees that upon the defeasance or redemption of the Tax-Exempt Bonds, the Trustee shall have no further obligation hereunder and shall not be deemed a party hereunder. The Owner represents, warrants and covenants that in the event that the Tax-Exempt Bonds are defeased or redeemed and the lien of the Indenture released, but this Agreement remains in full force and effect, it shall contract, at the Sole Member's and/or the Owner's expense, with a compliance monitoring agent reasonably satisfactory to the Authority, to review compliance by the Owner with the requirements of this Agreement.

Section 16. Indemnification. Provided that this indemnity shall not include the payment of principal and interest under the Loan Agreement (it being intended that the repayment of the Loan is a limited obligation of the Owner, as provided in the Loan Agreement), the Owner hereby covenants and agrees that it shall indemnify and hold harmless the Authority, the Trustee and their officers, directors, officials, employees, attorneys and agents (each an **"Indemnified Party"** and together the **"Indemnified Parties"**) from and against (a) any and all claims arising from any act or omission of the Sole Member or the Owner or any of each's agents, contractors, servants, employees or licensees, in connection with the Tax-Exempt Bonds, the Loan Agreement, the Indenture, any mortgage, this Agreement or the Project and (b) all costs, taxes, losses, counsel fees and expenses, expenses or liabilities incurred in connection with any such claim or proceeding brought thereon. In the event that any action or proceeding is brought against the Authority, the Trustee or any of its officers, directors, officials, employees, attorneys or agents with respect to which indemnity may be sought hereunder, the Owner, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel and the payment of all fees and expenses. The Indemnified Party shall have the right to participate in the investigation and defense thereof and in the event the Indemnified Party reasonably determines that a conflict of interest exists between such party and the Sole Member or the Owner in connection therewith, the Indemnified Party may employ separate counsel with the consent and approval of the Owner, which consent shall not be unreasonably withheld, and in such event the Owner shall pay

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same as conclusive evidence of the truth and accuracy of such statements, and the Trustee shall have no further duty to investigate if the same reflect compliance. The incorporated provisions of the Indenture are intended to survive the retirement of the Bonds, discharge of the Loan, termination of the Loan Agreement and defeasance or termination of the Indenture. Subject to the Trustee's rights under the Indenture, the Trustee will, at the direction of the Authority, take reasonable actions to enforce compliance by the Borrower with the terms of this Agreement. The Trustee may resign or be removed as provided in the Indenture.

Neither the Trustee nor any of its officers, directors or employees shall be liable for any action taken or omitted to be taken by it or them hereunder or in connection herewith except as finally adjudicated by a court of competent jurisdiction as being the result of its or their own gross negligence or willful misconduct. No provision of this Agreement shall require the Trustee to expend or risk its own funds in the performance of its duties hereunder or in the exercise of any of its rights or powers.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be signed and sealed by their respective, duly authorized representatives.

**SOUTH CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY**

By: _____
Jesse Smith, Executive Director

Witness #1:

Signature: _____
Name: _____
Address: _____

Witness #2:

Signature: _____
Name: _____
Address: _____

STATE OF SOUTH CAROLINA)
) SS:
COUNTY OF _____)

On this, the _____ day of _____, 2025, before me, the undersigned Notary Public, personally appeared Jesse Smith, who acknowledged that he is the Executive Director of the South Carolina Jobs-Economic Development Authority and that he, as such officer, being duly authorized so to do, executed the foregoing Land Use Restriction Agreement for the purposes therein contained by signing his name as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

By: _____
Notary Public, State of South Carolina
My Commission expires: _____

(Notary Seal)

Authority Signature Page of Land Use Restriction Agreement

SFRI Otarre Pointe Apartments LLC,
A Delaware limited liability company

By: Sixteenth Floor Residential Inc.
 A Texas nonprofit corporation
 Its sole member

By: _____
Gerald Cichon
Chief Executive Officer and
Secretary

Witness #1:

Signature: _____
Name: _____
Address: _____

Witness #2:

Signature: _____
Name: _____
Address: _____

State of Texas)
) SS:
County of El Paso)

The foregoing instrument was acknowledged before me by means of ____ physical presence or ____ online notarization, this _____ day of _____, 2025, by Gerald Cichon, as Authorized Signatory of Sixteenth Floor Residential, Inc., a Texas nonprofit corporation and the sole member of SFRI Otarre Pointe Apartments LLC, a Delaware limited liability company, on behalf of such entity. He is personally known to me or has produced a _____ driver's license as identification.

Notary Public of

(SEAL)

Signature of Notary Public

Printed Name

My Commission expires:

Owner Signature Page of Land Use Restriction Agreement

**WILMINGTON TRUST, NATIONAL
ASSOCIATION, as trustee**

By: _____
Grace Yang, Senior Vice President

State of _____)
) SS:
County of _____)

Witness #1:

Signature: _____
Name: _____
Address: _____

Witness #2:

Signature: _____
Name: _____
Address: _____

Before me appeared Grace Yang, to me personally known, who being duly sworn, acknowledged he/she is an officer of Wilmington Trust, National Association, and that he/she as such officer, being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the name of Wilmington Trust, National Association as such officer.

Witness my hand and seal, this _____ day of _____, 2025.

Notary Public of

(SEAL)

Signature of Notary Public

My Commission expires:

EXHIBIT A

DESCRIPTION OF PROJECT SITE

B-1

C-1

EXHIBIT D

(Please note, this Exhibit D is not required to be executed)

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Re: \$ _____ South Carolina Jobs-Economic Development Authority Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced), Series 2025 (the “**Bonds**”).

SFRI Otarre Pointe Apartments LLC, a Delaware limited liability company (the “**Owner**”), hereby represents and warrants on behalf of itself, as Owner, that:

1. A review of the activities of the Owner during the period of the last three calendar months has been made under the supervision of the undersigned.
2. The Owner owns Otarre Pointe Apartments (the “**Project**”).
3. The Project was financed, in substantial part, as a result of the loan of the proceeds of the Bonds provided to Owner’s sole member.
4. The undersigned has read and is thoroughly familiar with the provisions of the Land Use Restriction Agreement (the “**Regulatory Agreement**”) dated and effective as of December 1, 2025, among the Owner, South Carolina Jobs-Economic Development Authority (the “**Authority**”), and Wilmington Trust, National Association, as trustee (the “**Trustee**”). The Regulatory Agreement was executed, delivered and recorded against the Project in connection with the issuance of the Bonds. Hereinafter, unless otherwise expressly provided herein or unless the context requires otherwise, the capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Regulatory Agreement.
5. The Project’s Qualified Project Period commenced on December __, 2025 (the “**Initial Closing Date**”) and will end on the latest of (a) the date that is fifteen years after the Initial Closing Date, (b) the first date on which no tax-exempt private activity bond (as that phrase is used in Section 142(d)(2) of the Code) issued with respect to the Project is outstanding, or (c) the date on which any assistance was provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates.
6. From the Initial Closing Date and continuing throughout the remainder of the Qualified Project Period no less than 20% of the total number of units of the Project at all times has been and will be rented to and occupied by, or held for occupancy by, Very Low Income Tenants, and no less than 75% of the total number of units of the Project at all times has been and will be rented to and occupied by, or held for occupancy by, Safe Harbor Tenants.
7. As of the date of this certificate, the following percentages of completed residential units in the Project (i) are occupied by Safe Harbor Tenants or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Safe Harbor Tenant vacated such unit, and as indicated:

Occupied by Very Low Income Tenants: _____ percent
Held vacant for occupancy continuously since last occupied by Very Low Income Tenant: _____ percent
Occupied by Safe Harbor Tenants: _____ percent
Held vacant for occupancy continuously since last occupied by Safe Harbor Tenant: _____ percent

8. To the best knowledge of the undersigned, after due inquiry, all units were rented or available for rental on a continuous basis during the immediately preceding calendar quarter to members of the general public, and the Owner is in compliance with and is not now and has not been in default under the terms of the Regulatory Agreement, except as indicated in Section 9 below.
9. If the Owner is in default under the terms of the Regulatory Agreement such knowledge should be detailed here:

10. The Owner has not transferred any interest in the Project since the date of submission of the Certificate of Continuing Program Compliance last submitted to the Trustee and the Authority with respect to the Project. If the Owner has transferred any interest in the Project, such transfer should be detailed here:

The Owner has on file a separate document listing, among other items, the following information for each unit in the Project: the number of each unit, the name of the primary occupants of such unit, the number of occupants in the unit, the size of the unit, whether such unit was treated as being occupied or last occupied by a Very Low Income or a Safe Harbor Tenant, the date of the last Certification of Income for the occupants of the unit, and which units became Available Units since the filing of the last Certificate of Continuing Program Compliance. The information contained thereon is, to the best knowledge of the Owner (based upon information supplied by tenants of the Project), true and accurate.

SFRI OTARRE POINTE APARTMENTS LLC, a
Delaware limited liability company

By: Sixteenth Floor Residential Inc., a Texas
Nonprofit corporation, Its Sole Member

By: _____
Gerald Cichon
Chief Executive Officer and Secretary

D-1

A-108

D-2

SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY
RESIDENTIAL DEVELOPMENT REVENUE BONDS
(SIXTEENTH FLOOR OBLIGATED GROUP PROJECTS – CREDIT ENHANCED),
SERIES 2025

OCCUPANCY SUMMARY

AS OF _____
For Period _____ through _____

PROJECT NAME: Otarre Pointe Apartments

PROJECT LOCATION: 1137 Fort Congaree Trail, Cayce, South Carolina, 29033

- a. Total Number of Units: [_____]
- b. Required Units for Very Low Income Tenants (20 percent): [_____]
- c. Total Units Occupied or Last Occupied and Held Vacant for Very Low Income Tenants: _____ (____ percent)
- d. Required Units for Safe Harbor Tenants (75 percent): [_____]
- e. Total Units Occupied or Last Occupied and Held Vacant for Safe Harbor Tenants: _____ (____ percent)

Number of Very Low Income Tenants whose Annual Income exceeded 140 percent of the applicable income limit for a Very Low Income Tenant of the same family size this quarter: _____

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Number of Safe Harbor Tenants whose Annual Income exceeded 140 percent of the applicable income limit for a Safe Harbor Tenant of the same family size this quarter: _____

Number of Very Low Income Tenants and Safe Harbor Tenants terminating occupancy this quarter:

1.	_____	Number of Very Low Income Tenants commencing occupancy this quarter.
2.	_____	Number of Very Low Income Tenants continuing occupancy this quarter for which a Certification of Income was not previously attached.
3.	_____	Number of Safe Harbor Tenants commencing occupancy this quarter.
4.	_____	Number of Safe Harbor Tenants continuing occupancy this quarter for which a Certification of Income was not previously attached.
+5.	_____	Total Number of Certifications of Income attached hereto as required by the Regulatory Agreement, (sum of Lines 1 through Line 4)

PREPARED AND SUBMITTED BY:

Phone: _____
Date: _____

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FORM OF THE TAX AGREEMENT

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TAX REGULATORY AGREEMENT AND NO-ARBITRAGE CERTIFICATE

Dated as of December 10, 2025

among

SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY
as Issuer

SFRI RESERVE AT WESCOTT APARTMENTS LLC
AND
SFRI OTARRE POINTE APARTMENTS LLC
collectively, the Borrower

and

SIXTEENTH FLOOR RESIDENTIAL INC.,
as Sole Member

Relating to

§
South Carolina Jobs-Economic Development Authority
Residential Development Revenue Bonds
(Sixteenth Floor Obligated Group Projects – Credit Enhanced),
Series 2025

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TAX REGULATORY AGREEMENT AND NO-ARBITRAGE CERTIFICATE

THIS TAX REGULATORY AGREEMENT AND NO-ARBITRAGE CERTIFICATE (this “Tax Agreement”) is entered into and dated as of December __, 2025 among the **SOUTH CAROLINA - JOBS-ECONOMIC DEVELOPMENT AUTHORITY** (together with its successors and assigns, the “Issuer”), a public body corporate and politic and an agency created and existing under the laws of the State of South Carolina, **SFRI RESERVE AT WESCOTT APARTMENTS LLC** and **SFRI OTARRE POINTE APARTMENTS LLC**, each a limited liability company, duly organized and existing under the laws of the United States of America created and existing under the laws of the State of Delaware (the “Borrower”), and the sole member of the Borrower, **SIXTEENTH FLOOR RESIDENTIAL LLC**, a Texas nonprofit corporation (the “Sole Member”) described in Section 501(c)(3) of the Code (as defined in the Indenture described below) and exempt from federal income taxation under Section 501(a) of the Code, and acknowledged and accepted by **WILMINGTON TRUST, NATIONAL ASSOCIATION** (the “Trustee”), a national banking association, duly organized and existing under the laws of the United States of America, in connection with the issuance of the Issuer’s Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced), Series 2025 (the “Bonds”).

RECITALS:

WHEREAS, the undersigned are, respectively, the duly qualified and authorized officers or representatives of the Issuer, the Borrower, the Sole Member and the Trustee.

WHEREAS, the undersigned authorized officer of the Issuer is charged, with others, with the responsibility for delivering the Bonds.

WHEREAS, the Issuer has authorized the issuance of the Bonds pursuant to a resolution adopted by the Board of Directors of the Issuer on November 19, 2025 in accordance with the Act (as defined in the Bond Indenture dated as of December 1, 2025 (the “Indenture”) between the Issuer and the Trustee.

WHEREAS, the Bonds were sold pursuant to the Bond Purchase Agreement dated December __, 2025 by and among the Issuer, the Borrower and KeyBanc Capital Markets (the “Underwriter”).

WHEREAS, the Issuer is issuing the Bonds, which are intended to be Governmental Obligations, as defined herein, to provide funds that will be used to make a loan (the “Loan”) from the Issuer to the Borrower under a Loan Agreement, dated as of December 1, 2025 (the “Loan Agreement”) (i) to pay a portion of the costs of acquisition, renovation, furnishing and equipping of the hereinafter defined Facilities, (ii) to fund a debt service reserve fund, and (iii) pay a portion of the costs of issuance of the Bonds.

WHEREAS, the Bonds are being issued for new money purposes.

WHEREAS, the Issuer, the Borrower and the Sole Member intend that the Bonds will satisfy the applicable requirements of the Code to be treated as Qualified 501(c)(3) Bonds (as defined herein).

WHEREAS, one purpose of executing this Tax Agreement is to set forth various facts, representations and warranties regarding the Bonds and to establish the reasonable expectations of the Issuer, the Borrower and the Sole Member, as to future events regarding the Bonds and the use of the Proceeds of the Bonds and to serve as the Issuer’s certification under Treas. Reg. (as defined herein) § 1.148-2(b)(2).

NOW, THEREFORE, the Issuer, the Borrower, the Sole Member and the Trustee do hereby certify and represent, based on their knowledge, information and belief, and covenant as follows.

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“Capital Contribution” means any gift or contribution made for the purpose of financing particular Capital Expenditures.

“Capital Expenditure” means any expense that is properly depreciable or amortizable or is otherwise treated as a capital expenditure under the Code and, for the purposes of determining eligible Reimbursement Allocations, Costs of Issuance.

“Change in Use” means any sale, exchange, lease or other disposition and any contract for any sale, exchange, lease or other disposition of any portion of a Qualified 501(c)(3) Facility to any Non-Exempt Person or any Use of any of the Facilities that would not be an Exempt Use.

“Co-Bond Counsel” means Haynsworth Sinkler Boyd, P.A.

“Code” or “Internal Revenue Code” means the Internal Revenue Code of 1986, as amended to the date hereof, or any successor law.

“Computation Date” means, generally, the date that is five years after the Issue Date of the Bonds, unless an earlier date is chosen for this purpose, and thereafter, the date that is five years after the preceding Computation Date, until the Final Computation Date for the Bonds.

“Conduit Borrower” means any borrower, including the Borrower, of any Gross Proceeds of the Bonds other than the Governmental Issuer of the Bonds.

“Construction Expenditure” means any Capital Expenditure that is allocable to the cost of constructing real or personal property, as defined in Treas. Reg. § 1.148-7(g), issued under the Code. Expenditures do not include costs of acquiring interests in land or existing property, but may include costs for reconstruction and rehabilitation.

“Construction Expenditure Amount” means the amount of ACP of a Construction Issue that must be expended by each Target Date for that Construction Issue under Section 148(f)(4)(C)(ii) of the Code. The Construction Expenditure Amount for the First Target Date is 10% of the ACP of the Construction Issue; the Construction Expenditure Amount for the Second Target Date is 45% of the ACP of the Construction Issue; the Construction Expenditure Amount for the Third Target Date is 75% of the ACP of the Construction Issue; and the Construction Expenditure Amount for the Fourth Target Date is 100% of the ACP of the Construction Issue; except that if certain amounts are to be retained for a reasonable business purpose relating to the facilities being financed with the Proceeds of the Construction Issue at the Fourth Target Date, 95% may be used instead of 100%. If 95% (rather than 100%) is used at the Fourth Target Date, then 100% of the ACP of the Construction Issue must be spent by the Fifth Target Date. For these purposes, a Reimbursement Allocation may be treated as a Capital Expenditure.

“Construction Issue” means an issue or portion of an issue of Governmental Obligations if at least 75% of the Proceeds of the issue or portion will finance Construction Expenditures.

“Costs of Issuance” means any expenditure incurred in connection with, and allocable to, the issuance of the Bonds, including such costs as underwriters’ or placement agents’ fee or spread, rating agency fees, financial advisory fees, appraisal costs, attorneys’ fees and expenses, trustee fees, issuer fees, paying agent fees, bond registrar, certification and authentication fees, public approval process costs, engineering and feasibility study costs, fees imposed by the Issuer and printing costs for the obligations and offering documents, guarantee fees (other than Qualified Guarantee Fees), and other similar costs as contemplated under the definition of “issuance costs” in Treas. Reg. § 1.150-1(b).

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ARTICLE I - EFFECT OF CONTENTS

Section 1.1 Definitions.

Capitalized terms used in this Tax Agreement and not defined herein shall have the meanings given to them where defined in the Indenture or the Loan Agreement, as applicable. Where the following words and terms appear in this Tax Agreement, they shall have the following respective meanings, unless some other meaning is clearly intended:

“AMT Bond” means a Qualified Private Activity Bond, other than a Qualified 501(c)(3) Bond, the interest on which is a specific item of tax preference under Section 57(a)(5) of the Code, subject to the federal alternative minimum tax under Section 55 of the Code.

“Applicable Temporary Period” means the temporary investment period available for each particular category of Gross Proceeds of the Bonds, as provided in Treas. Reg. §§ 1.148-2(c) and 1.148-9(d), as applicable, during which time the Gross Proceeds may be invested at a Materially Higher Yield. The Applicable Temporary Period for amounts deposited into the Bond Fund ends thirteen (13) months after the date of deposit into the Bond Fund. The Applicable Temporary Period for amounts deposited into the Project Fund ends three (3) years after the Issue Date of the Bonds. Except as otherwise set forth in Section 4.5(d) hereof with respect to the investment of Gross Proceeds deposited in the Project Fund, the Applicable Temporary Period for Investment Proceeds of the Bonds ends one year after the date of receipt or deemed receipt of the monies. The Applicable Temporary Period for Replacement Proceeds of the Bonds ends thirty (30) days after the date the amounts become Replacement Proceeds. The Applicable Temporary Period for Disposition Proceeds of the Bonds will be determined under Treas. Reg. § 1.141-12(a).

“Arbitrage Bond” means any Tax-Exempt Bond that is treated as an arbitrage bond under Sections 103(b)(2) and 148 of the Code.

“Available Construction Proceeds” or “ACP” means the portion of the Proceeds of a Construction Issue that are described in Section 148(f)(4)(C)(vi) of the Code.

“Bona Fide Debt Service Fund” means a fund that is used primarily to achieve a proper matching of revenues with Debt Service of the Bonds within each Bond Year, and is depleted at least once each Bond Year, except for the Permitted Carryover. In all events, “Bona Fide Debt Service Fund” shall have the same meaning as “bona fide debt service fund” as defined in Treas. Reg. § 1.148-1(b).

“Bond Counsel” means Cantu Harden Montoya LLP or any other nationally recognized bond counsel experienced in municipal finance, particularly in the issuance of Tax-Exempt Bonds.

“Bond Fund” means the Bond Fund established in Section 4.3 of the Indenture.

“Bond Year” means, as determined in accordance with the definition of “bond year” under Treas. Reg. § 1.148-1(b), the period commencing on the Issue Date and ending on December 1 of the next following calendar year and each subsequent one-year period ending December 1, except that the last Bond Year shall end on the final maturity date of the Bonds.

“Borrower” means SFRI Reserve at Wescott Apartments LLC and SFRI Otarre Pointe Apartments LLC, each a Delaware limited liability company, and their successors and assigns and, as appropriate, predecessors in interest.

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“Costs of Issuance Account” means the Costs of Issuance Account established in Section 4.5 of the Indenture.

“Debt Service” means any principal, premium, if any, and interest payments on any loan, obligation or the Bonds, as applicable.

“Debt Service Reserve Account” means such account established pursuant to Section 5.01 of the Indenture.

“Disposition Cash” means the Disposition Proceeds of Tax-Exempt Bonds if the consideration consists exclusively of cash.

“Disposition Proceeds” means the amounts, including property, received from the sale, exchange or other disposition of any Qualified 501(c)(3) Facilities, as provided in Treas. Reg. § 1.141-12(c).

“Disproportionate Private Use” means the excess of Related Private Use over the Related Governmental Use.

“Eighteen Month Capital Expenditure Exception to Rebate” means Treas. Reg. § 1.148-7(d), issued under the Code, which provides that Governmental Obligations will be treated as satisfying the rebate requirements under Section 148 of the Code if the Expenditure Amounts are spent by the Expenditure Dates for the obligations and any Required Rebate owed on Proceeds of the obligations that are not required to be expended to satisfy Treas. Reg. § 1.148-7(d)(3), issued under the Code, is paid.

“Exempt Entity” means any Governmental Entity or any 501(c)(3) Organization, except when such Organization is engaged in an Unrelated Trade or Business.

“Exempt Use” means the Use of the Proceeds of any Tax-Exempt Bonds or of a facility financed with such Proceeds by an Exempt Entity. Payment of Costs of Issuance is not an Exempt Use.

“Expenditure Amount” means the amount of Proceeds of the Bonds that must be expended for Governmental Purpose Expenditures for the Bonds by each Expenditure Date for the Bonds, under Treas. Reg. § 1.148-7(d)(1)(i), to satisfy the Eighteen-Month Capital Expenditure Exception to Rebate. The Expenditure Amount for the First Expenditure Date is 15% of the Gross Proceeds, as specifically modified by Treas. Reg. § 1.148-7(d)(3) (the “Modified Gross Proceeds”), of the Bonds; the Expenditure Amount for the Second Expenditure Date is 60% of the Modified Gross Proceeds of the Bonds; and the Expenditure Amount for the Third Expenditure Date is 100% of the Modified Gross Proceeds of the Bonds, except that if certain amounts are to be retained for a reasonable business purpose relating to the facilities being financed with the Proceeds of the Bonds at the Third Expenditure Date, 95% may be used instead of 100%. If 95% (rather than 100%) is used at the Third Expenditure Date, then 100% of the Modified Gross Proceeds of the Bonds must be spent by the Fourth Expenditure Date. For these purposes, a Reimbursement Allocation may be treated as a Governmental Purpose Expenditure.

“Expenditure Date” means each date by which the Expenditure Amounts for the Bonds must be spent, as provided in Treas. Reg. § 1.148-7(d)(1)(i). The First Expenditure Date for the Bonds means the date that is six months after the Issue Date of the Bonds; the Second Expenditure Date means the date that is one year after the Issue Date of the Bonds, the Third Expenditure Date means the date that is eighteen months after the Issue Date of the Bonds; and the Fourth Expenditure Date means the date that is thirty months after the Issue Date of the Bonds.

“Facilities” means the facilities, as more particularly described in Exhibit G to this Tax Agreement, financed and refinanced with proceeds of the Bonds.

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“Federal Tax Status” means the classification of any Tax-Exempt Bond as a Qualified 501(c)(3) Bond.

“Final Computation Date” means the Redemption Date of the Bonds, but no earlier than eight months after the Issue Date of the Bonds unless the Issuer, or the Conduit Borrower, if applicable, reasonably expects that the Eighteen-Month Capital Expenditure Exception to Rebate will apply to the Bonds, in which event, it means the Final Expenditure Date for the Bonds, if later than the Redemption Date of the Bonds.

“Final Target Date” means the Fourth or the Fifth Target Date for the Construction Issue, as applicable.

“501(c)(3) Organization” means an organization described in Section 501(c)(3) of the Code and determined by the Internal Revenue Service to be exempt from taxation under Section 501(a) of the Code.

“501(c)(3) User” means a 501(c)(3) Organization that uses facilities financed with the Proceeds of Qualified 501(c)(3) Bonds without being the owner of or being deemed the owner of such facilities.

“Future Value” means future value, as defined in Treas. Reg. § 1.148-3(c).

“GIC Computational Base” means the amount of Gross Proceeds the Issuer reasonably expects to be deposited, as of the date the contract is acquired, over the term of the contract as described in Treas. Reg. § 1.148-5(c)(2)(iii)(B)(2).

“Governmental Entity” means (i) any State and any political subdivision thereof, (ii) any agency of any State or political subdivision thereof described in Treas. Reg. § 1.103-1(b) or the Internal Revenue Service administrative guidance issued thereunder or (iii) any other entity determined by Bond Counsel as being eligible to issue a Tax-Exempt Bond the interest on which is excludible from gross income for federal income tax purposes under Section 103 of the Code. “Governmental Entity” does not include the United States or any agency or instrumentality thereof.

“Governmental Facility” means any property owned by one or more Governmental Entities financed or refinanced with Tax-Exempt Bonds, if no more than 10% of the property is used by Private Users.

“Governmental Issuer” means the Governmental Entity that is the debtor on or issuer of a Tax-Exempt Bond.

“Governmental Obligation” means any debt obligation of a Governmental Entity for federal income tax purposes.

“Governmental Program” means a program of a Governmental Entity that satisfies the requirements of items (1) through (5) of the definition of “program investment” under Treas. Reg. § 1.148-1(b).

“Gross Proceeds” means Proceeds and Replacement Proceeds, determined under Treas. Reg. §§ 1.148-1(b) and -1(c) of the Bonds until spent.

“Health Care Facility” means a facility in which continual or frequent nursing, medical or psychiatric services, within the meaning of Rev. Rul. 98-47, 1998-2 C.B. 397, are made available to the residents of such facility.

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“Negative Pledge” means any agreement to maintain an amount of Investment Property at a particular level for the benefit, directly or indirectly, of any holder of the Bonds or any guarantor of the Bonds, except that any agreement under which the Issuer, or the Borrower if applicable, of the Bonds can grant rights to the Investment Property superior to the rights of any holder or guarantor of the Bonds that meets the requirements of Treas. Reg. § 1.148-1(c)(3)(ii)(A) or any agreement under which the amount to be maintained is reasonable and may be tested no more often than every six months and that meets the requirements of Treas. Reg. § 1.148-1(c)(3)(ii)(B) will not be treated as a Negative Pledge.

“Net Proceeds” means the Proceeds of the Tax-Exempt Bonds less the amount of Proceeds of such Tax-Exempt Bonds deposited in a Reasonably Required Reserve or Replacement Fund, if any.

“Net Sale Proceeds” means the Sale Proceeds of the Bonds less the amount of Proceeds of the Bonds deposited in a Reasonably Required Reserve or Replacement Fund, if any, and less the Minor Portion.

“Non-Exempt Person” means any natural person engaged in a trade or business and any entity that is not an Exempt Entity.

“Non-Exempt Use” means any Use that is not an Exempt Use.

“Non-Governmental Person” means any natural person and any entity, other than a Governmental Entity.

“Non-Governmental User” means any Non-Governmental Person, other than a Conduit Borrower, that Uses Facilities financed with the Proceeds of the Bonds.

“Nonpurpose Investment” means any Investment Property other than a Purpose Investment.

“Nonqualified Amount” means the portion of the Proceeds of the Bonds described in Section 141(b)(8) of the Code for Qualified 501(c)(3) Bonds.

“Nonqualified Portion” means the portion of the Bonds no longer deemed to finance Qualified 501(c)(3) Facilities following any Change in Use of such Facilities, determined using the highest percentage of Non-Exempt Use in the one-year period commencing with the date of the Change in Use.

“Original Expenditure” means an expenditure for a governmental purpose that is originally paid from a source other than a reimbursement bond.

“Permitted Carryover” means an amount that does not exceed the greater of the earnings on the Bona Fide Debt Service Fund for Governmental Obligations for the immediately preceding Bond Year or 1/12 of the Debt Service of the obligations for the immediately preceding Bond Year.

“Pledged Fund” means any amount pledged, directly or indirectly, to pay Debt Service of the Bonds, that provides reasonable assurance that such Debt Service would be paid even if the Issuer or the Borrower or the 501(c)(3) User, as applicable, experiences financial difficulties. Pledged Funds include amounts subject to a Negative Pledge.

“Pre-Issuance Accrued Interest” means amounts representing interest that accrued on the Bonds for a period not greater than one year before the Issue Date of the Bonds but only if those amounts are paid within one (1) year after the Issue Date of the Bonds.

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“Hedge” means any contract with respect to the Bonds that creates an interest rate swap, an interest rate cap, the right to future delivery of Investment Property, or the right to sell or buy either the Bonds or Investment Property purchased with the Proceeds of the Bonds, or other similar rights.

“Improvements” means capital improvements to the Facilities to be financed with proceeds of the Bonds and described on Appendix G hereto.

“Investment Proceeds” means any amounts actually or constructively earned or received from investing the Proceeds of Tax-Exempt Bonds in Investment Property; however, for purposes of determining Net Proceeds of the Bonds, “Investment Proceeds” means amounts resulting from the investment of any of the Sale Proceeds of the Bonds in Nonpurpose Investments, except amounts that are received with respect to obligations of the Bonds allocated to a Reasonably Required Reserve or Replacement Fund or that accrue after construction or acquisition of the Facilities has been completed.

“Investment Property” means any security (as defined in Section 165(g)(2)(A) or (B) of the Code), obligation (not including any Tax-Exempt Bond other than an AMT Bond), annuity contract and other investment-type property.

“Issue” means two or more Tax-Exempt Bonds that are treated as a single issue of bonds under Treas. Reg. § 1.150-1(c).

“Issue Date” means the date of issuance of the Bonds.

“Issue Price” means, generally, the initial offering price to the public (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which a substantial amount (at least 10% of each maturity) of the Bonds is sold, unless the Bonds are sold to one purchaser that intends to hold the Bonds for investment and not resale to the general public, and then the Issue Price means the Purchase Price paid by the purchaser. In no event may the Issue Price of the Bonds exceed their fair market value as of the Sale Date. In all events, the Issue Price shall be determined in accordance with the definition of “issue price” under Treas. Reg. § 1.148-1(b).

“Loan” means the loan from the Issuer to the Borrower under the Loan Agreement to provide funds (i) to pay a portion of the costs of acquisition, renovation, furnishing and equipping of the Facilities, (ii) to fund the Reserve Fund and (iii) pay the Costs of Issuance.

“Loan Agreement” means the Loan Agreement between the Issuer and the Borrower dated as of December 1, 2025.

“Mandatory Redemption Provision” means a requirement that Tax-Exempt Bonds must be retired or redeemed no later than six months after the occurrence of a Non-Exempt Use of the Proceeds of such Obligations or of any facilities financed with the Proceeds, if, on the Issue Date of such Obligations, the Governmental Issuer and the Borrower or the 501(c)(3) User, as applicable, had Reasonable Use Exception.

“Materially Higher Yield” means any Yield that is greater than the Yield permitted to be earned under Section 148 of the Code and Treas. Reg. §§ 1.148-1 through -11.

“Minor Portion” means an amount of the Proceeds of the Bonds, other than Proceeds invested in a Reasonably Required Reserve or Replacement Fund or Proceeds of the Bonds invested during an Applicable Temporary Period, not in excess of the lesser of (i) 5% of the Proceeds of the Bonds, or (ii) \$100,000.

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“Private Activity Bond” means any Tax-Exempt Bonds if (i) there is more than 10% Private Use of the Proceeds of the Tax-Exempt Bond and more than 10% of the principal of or interest on the Tax-Exempt Bond (under the terms of such Tax-Exempt Bonds or any underlying arrangement) has been, is, or will be directly or indirectly, (A) secured by any interest in (I) property used or to be used for a Private Use or (II) payments in respect of such property or (B) derived from payments (whether or not to the applicable Governmental Issuer) in respect of property or borrower money used or to be used for a Private Use; (ii) more than the lesser of 5% of the Proceeds of the Tax-Exempt Bond or \$5,000,000 is used to make Private Loans; or (iii) the aggregate of the Unrelated Private Use and the Disproportionate Private Use of the Proceeds of the Tax-Exempt Bond and payments, property and borrowed money with respect to such Unrelated Private Use or Disproportionate Private Use of such Proceeds (collectively, the “Unrelated and Disproportionate Private Use”) is more than 5% of the Proceeds of the Tax-Exempt Bond and more than 5% of the principal of or interest on the Tax-Exempt Bond (under the terms of such Tax-Exempt Bonds or any underlying arrangement) has been, is, or will be directly or indirectly, (A) secured by any interest in (I) property used or to be used for Unrelated and Disproportionate Private Use or (II) payments in respect of such property or (B) derived from payments (whether or not the applicable Governmental Issuer) in respect of property or borrower money used or to be used for Unrelated and Disproportionate Private Use, all as described in Section 141 of the Code.

“Private Loan” means any loan, directly or indirectly, of any Proceeds of Tax-Exempt Bonds to a Non-Governmental Person. A loan described in Section 141(c)(2) of the Code will not be treated as a “Private Loan.”

“Private Use” means the Use of any Proceeds of Tax-Exempt Bonds or any facilities financed with the Proceeds by Private Users.

“Private User” means any Non-Governmental Person, other than a natural person not engaged in a trade or business.

“Proceeds” means all Sale Proceeds, Investment Proceeds and Transferred Proceeds of Tax-Exempt Bonds. Proceeds, however, do not include amounts actually or constructively received with respect to a Purpose Investment that are properly allocable to the immaterially higher yield under Treas. Reg. § 1.148-2(d), Section 143(g) of the Code or to Qualified Administrative Costs. For purposes of determining whether any Tax-Exempt Bond is a Private Activity Bond, “Proceeds” means the “proceeds” (as determined in Treas. Reg. § 1.141-1(b)) of such Tax-Exempt Bond.

“Project Fund” means the Project Fund established pursuant to Section 4.4 of the Indenture.

“Program Investment” means a “program investment” as defined in Treas. Reg. § 1.148-1(b).

“Purchase Price” means fair market value, as provided in Treas. Reg. § 1.148-5(d).

“Purpose Investment” means any Investment Property purchased with Gross Proceeds of the Bonds to carry out a governmental purpose for which the Bonds were issued, as provided in Treas. Reg. § 1.148-1(b).

“Qualified Administrative Costs” means qualified administrative costs as defined in Treas. Reg. § 1.148-5(c).

“Qualified Administrative Fee” means any reasonable, direct administrative cost, other than a carrying cost, such as a separately stated brokerage or selling commission, but does not include any legal or accounting fee, record keeping, custody or similar costs, or general overhead costs and similar indirect costs of the Governmental Issuer or the Conduit Borrower, if applicable.

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“Qualified Alternative Use” means Use of Qualified 501(c)(3) Facilities by any Exempt Entity other than the Governmental Issuer or the Conduit Borrower or the original 501(c)(3) User, as applicable, following a Change in Use of the facilities in a manner that would qualify under any provision of Sections 103 and 141 through 150 of the Code, if all of the requirements of Treas. Reg. § 1.141-12(f) are satisfied.

“Qualified Bonds” means the portion of outstanding bonds issued as Qualified 501(c)(3) Bonds that, if issued on the date on which a Change in Use occurs, would not satisfy the private business tests of Section 141(b) of the Code or private loan financing test of Section 141(c) of the Code, as applicable, as modified by Section 145 of the Code.

“Qualified Cash Defeasance” means the creation with the Disposition Cash remaining after being allocated to other Remedial Actions of a Yield-Restricted Escrow no later than ninety days after a Change in Use of a Qualified 501(c)(3) Facility to defease a pro rata portion of the Qualified 501(c)(3) Bonds issued to finance or refinance such Facility for retirement or redemption at the earliest call date available, if the Commissioner of the Internal Revenue Service is notified of the establishment of the escrow fund no later than ninety days after its creation.

“Qualified Cash Redemption” means the retirement or redemption, with the Disposition Cash remaining after being allocated to Qualified Replacements, if any, of a pro rata portion of the Nonqualified Portion of Qualified 501(c)(3) Bonds no later than ninety days after a Change in Use of a Qualified 501(c)(3) Facility financed with the Net Proceeds of such obligations. Although generally a pro rata portion of each maturity of the obligations must be retired or redeemed, the Governmental Issuer or the Conduit Borrower, as applicable, may instead retire or redeem any obligation so long as the weighted average maturity of the remaining obligations is not greater than the weighted average maturity of all the obligations immediately before the retirement or redemption of the Nonqualified Portion.

“Qualified 501(c)(3) Bond” means any Qualified Private Activity Bond that satisfies the requirements of Section 145 of the Code.

“Qualified 501(c)(3) Facility” means any property owned by and used exclusively by one or more Exempt Entities for a purpose that would not be an activity that is an Unrelated Trade or Business financed or refinanced with Qualified 501(c)(3) Bonds.

“Qualified Guarantee Fee” means any expenditure incurred in connection with obtaining a “qualified guarantee” (within the meaning of Treas. Reg. § 1.148-4(f)) of the Bonds.

“Qualified Hedge” means a contract which satisfies the requirements of Treas. Reg. § 1.148-4(h)(2)(i)-(viii).

“Qualified Private Activity Bond” means any Private Activity Bond that satisfies the requirements of Section 141(c) of the Code.

“Qualified Project Period” means the period beginning on the first date on which ten percent of the residential units in the Facilities are occupied and ending on the latest of (a) the date which is fifteen years after the date on which 50 percent of the residential units in the Facilities are occupied, (b) the first day on which no Tax-Exempt Bond issued with respect to the Facilities is outstanding, or (c) the date on which any assistance provided with respect to the Facilities under Section 8 of the United States Housing Act of 1937 terminates.

“Qualified Redemption” means (i) the retirement or redemption of the Nonqualified Portion of the Bonds no later than ninety days after the date on which a Change in Use of a Qualified 501(c)(3) Facility financed with the Proceeds of the Bonds occurs and (ii) a Qualified Cash Redemption. Although generally

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“Remedial Action” means a Qualified Alternative Use, Qualified Redemption, Qualified Cash Defeasance or Qualified Replacement.

“Replacement Proceeds” means amounts that have a sufficiently direct nexus to the Bonds or the governmental purpose of the Bonds to conclude that such amounts would have been used for that governmental purpose if the Proceeds of the Bonds were not used or to be used for that governmental purpose and includes amounts, but is not limited to, any Sinking Fund, Pledged Fund, and other Replacement Proceeds described in Treas. Reg. § 1.148-1(c)(4) to the extent that those Funds or amounts are held by or derived from a substantial beneficiary of the Bonds within the meaning of Treas. Reg. § 1.148-1(c)(1) (e.g., the Issuer, a Related Party to the Issuer, and, if the Issuer is not a State, the State in which the Issuer is located). For purposes of this definition, governmental purposes include the expected Use of amounts for Debt Service payments on a particular date.

“Required Rebate” means the amount determined by subtracting the Future Value, as of each Computation Date for the Bonds, of all Rebate Payments for the Bonds previously made from (i) as of a Computation Date for the Bonds, at least 90% of the rebate amount determined as of that date, and (ii) as of the Final Computation Date for the Bonds, the rebate amount.

“Reserve Fund” means the Debt Service Reserve Fund established in Section 5.01 of the Indenture.

“Residential Rental Project” means a building or structure, or group of proximate buildings or structures, containing units that provide separate and complete facilities for living, sleeping, cooking, eating and sanitation for individuals or families, not on a transient basis, and functionally related and subordinate facilities thereto, all as described in Treas. Reg. §§ 1.103-8(b)(4) and (8). The Facilities will not fail to be treated as Residential Rental Projects solely because they contain at least one unit as a single room occupancy unit (within the meaning of Section 42 of the Code).

“Sale Date” means December __, 2025.

“Sale Proceeds” means the Issue Price of Tax-Exempt Bonds, including amounts paid or deemed paid as underwriters’ discount or compensation, plus (to the extent not already reflected in the Issue Price) accrued interest, other than Pre-Issuance Accrued Interest, and, for purposes of Section 148 of the Code, any amount required to be added under Treas. Reg. § 1.148-4(b)(4) and plus or minus, as applicable, any adjustment under Treas. Reg. § 1.148-4(b)(5).

“Sinking Fund” means a debt service fund, redemption fund, Reasonably Required Reserve or Replacement Fund, reserve fund, replacement fund or any similar fund to the extent reasonably expected to be used directly or indirectly to pay any portion of the Debt Service on the Bonds.

“SLGS” means any security that is part of the United States Treasury Obligation - State and Local Government Series.

“Sole Member” means Sixteenth Floor Residential LLC, a Delaware nonprofit corporation, and its successors and assigns and, as appropriate, predecessors in interest.

“State” means any state, territory and possession of the United States of America and the District of Columbia.

“Target Date” means each of the dates by which the Construction Expenditure Amounts for the applicable Construction Issue must be spent. The First Target Date for the Governmental Obligations is six months after the Issue Date of the Governmental Obligations; the Second Target Date is one year after the Issue Date of the Governmental Obligations; the Third Target Date is eighteen months after the Issue

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a pro rata portion of each maturity of the Bonds must be retired or redeemed, the Issuer may instead retire or redeem any obligations under the Bonds so long as the weighted average maturity of the remaining obligations under the Bonds is not greater than the weighted average maturity of all the Bonds immediately before the retirement or redemption of the Nonqualified Portion.

“Qualified Replacement” means the purchase, with Disposition Cash, of Replacement Property no later than two years after the date on which a Change in Use of a Qualified 501(c)(3) Facility occurs, if any remaining Disposition Cash is used for Qualified Cash Redemption or a Qualified Cash Defeasance.

“Reasonable Use Exception” means the expectation, reasonably based on the facts known on the Issue Date of Tax-Exempt Bonds, that the facilities financed with the Proceeds of such obligations would be used as Qualified 501(c)(3) Facilities for a substantial period before any Non-Exempt Use, if neither the Governmental Issuer, nor the Conduit Borrower if applicable, enters into any arrangements with respect to the facilities with any Non-Exempt Person before the Issue Date of such obligations.

“Reasonably Required Reserve or Replacement Fund” means any fund that is pledged as security for or is available for payment of any Debt Service of any Governmental Obligation and is reasonably required by a lender, a State or other governmental or regulatory authority having jurisdiction over the Governmental Issuer, or the Conduit Borrower if applicable, a national bond rating agency or an underwriter or financial advisor and that satisfies the limitations of Treas. Reg. § 1.148-2(f) and Section 148(d) of the Code.

“Rebate Amount” means the excess of the Future Value of “Receipts” over the Future Value of “Payments” (each as defined in the Treasury Regulations) from and for Nonpurpose Investments, under Treas. Reg. § 1.148-3(b). For this purpose, a “computation credit” of \$1,000 (as adjusted for cost-of-living increases, \$1,650 for bond years ending in 2015) may be treated as a “Payment” made on the last date of each Bond Year during which there are Gross Proceeds of the Bonds invested that are subject to the rebate provisions of Section 148(f) of the Code and Treas. Reg. § 1.148-3 and Section 148(d) of the Code.

“Rebate Analyst” means Bond Counsel or a nationally recognized independent public accounting firm.

“Rebate Fund” means the Rebate Fund established in Section 5.3 of the Indenture.

“Rebate Payment” means the amount of Required Rebate that must be remitted to the United States Treasury under the Code and Treasury Regulations issued thereunder, plus penalties and interest, if any.

“Redemption Date” means the date on which the final payment of Debt Service of the Bonds is made, whether upon maturity, redemption or acceleration thereof.

“Reimbursement Allocation” has the meaning set forth in Section 7.10 of the Tax Agreement.

“Related Governmental Use” means any Use of Governmental Facilities by a Governmental Entity that is related to the Use of the facilities by a Private User.

“Related Party” means a “related party” within the meaning of Treas. Reg. § 1.150-1(b).

“Related Person” means a “related person” within the meaning of Section 147(a)(2) of the Code.

“Related Private Use” means any Private Use that is not Unrelated Private Use.

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Date of the Governmental Obligations; the Fourth Target Date is two years after the Issue Date of the Governmental Obligations; and the Fifth Target Date is three years after the Issue Date of the Governmental Obligations.

“Tax Agreement” means this Tax Regulatory Agreement and No-Arbitrage Certificate dated as of December 10, 2025, among the Issuer, the Borrower and the Sole Member and acknowledged by the Trustee.

“Tax-Exempt Bond” means any obligation, the interest on which is excludible from gross income for federal income tax purposes, under Section 103 of the Code.

“Transferred Proceeds” means Proceeds of a refunded issue which become transferred proceeds (within the meaning of Treas. Reg. § 1.148-9(b)) of a refunding issue and cease to be Proceeds of a prior issue when Proceeds of the refunding issue discharge any of the outstanding principal amount of the prior issue. The amount of Proceeds of the prior issue that become Transferred Proceeds of the refunding issue is an amount equal to the Proceeds of the prior issue on the date of that discharge multiplied by a fraction: (a) the numerator of which is the principal amount of the prior issue discharged with Proceeds of the refunding issue on the date of that discharge; and (b) the denominator of which is the total outstanding principal amount of the prior issue on the date immediately before the date of that discharge.

“Treasury Regulation” and “Treas. Reg.” means any regulation, proposed regulation or temporary regulation, as may be applicable, issued by the United States Treasury Department under the Code or the Code, as appropriate.

“Trustee” means Wilmington Trust, National Association, a national banking association, duly organized and existing under the laws of the United States of America, and its successors and assigns under the Indenture.

“Underwriter” means KeyBanc Capital Markets.

“United States” means the United States of America and any agency or instrumentality of the United States.

“United States Treasury Obligation” means any Investment Property that is an obligation of the United States Treasury.

“Unrelated Private Use” means any Private Use of Governmental Facilities not related to the Use by a Governmental Entity of Governmental Facilities.

“Unrelated Trade or Business” means a trade or business or similar activity carried on by a 501(c)(3) Organization that is unrelated to the exempt purpose of the 501(c)(3) Organization under Section 513 of the Code.

“Use” means (i) owning, (ii) leasing, (iii) managing or servicing, (iv) being entitled to the output of facilities financed with Tax-Exempt Bonds, or (v) having any other arrangement, agreement or understanding, whether written or oral, that (A) conveys special legal entitlements to any person with respect to the Facilities, if available to the general public, or (B) conveys special economic benefits to any person with respect to the Facilities if not available for Use by the general public. Use under contracts entered into prior to August 18, 2017, and not materially modified or extended on or after such date, and that meet the requirements of Rev. Proc. 93-19, 1993-1 C.B. 525 or Rev. Proc. 97-13, 1997-1 C.B. 632, as modified by Rev. Proc. 2001-39, 2001-28 I.R.B. 38 and Rev. Proc. 2014-67, 2014-46 I.R.B. 822, whichever is applicable, does not constitute Use. Use under contracts meeting the requirements of Rev. Proc. 2016-

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44, 2016-36 I.R.B. 316, or any applicable successor Revenue Ruling or Revenue Procedure or United States Treasury Regulation does not constitute Use. Use under research agreements meeting the requirements of Rev. Proc. 2007-47, 2007-2 C.B. 108, 2007-29 I.R.B. 108, or any applicable successor Revenue Ruling or Revenue Procedure or United States Treasury Regulation does not constitute Use. Use by a natural person as an employee for federal income tax purposes of a user does not constitute Use. In all events, whether a use constitutes Use will be determined in accordance with Treas. Reg. § 1.141-3.

“Yield” means “yield” computed under Treas. Reg. § 1.148-4 in the case of the Bonds or any obligation under the Bonds and under Treas. Reg. § 1.148-5 in the case of any Investment Property.

“Yield-Restricted Escrow” means Investment Property held in an escrow fund that, either together, or if Treas. Reg. § 1.148-10(b) applies, individually, may not be invested at a Materially Higher Yield, under Treas. Reg. § 1.148-2.

“Yield-Restricted Investment Computational Base” means the initial amount of Gross Proceeds of Governmental Obligations invested in the Investment Property.

“Yield-Restricted Proceeds” means any Gross Proceeds of the Bonds that may not be invested at a Materially Higher Yield, under Section 148 of the Code.

Section 1.2 Rules of Construction.

For all purposes of this Tax Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) “This Tax Agreement” means this instrument as originally executed and as it may from time to time be supplemented or amended under the applicable provisions hereof.

(b) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed; and the words “herein,” “hereof,” “hereunder” and “herewith” and other words of similar import refer to this Tax Agreement as a whole and not to any particular Article, Section or other subdivision hereof.

(c) The table of contents and the headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect, of this Tax Agreement.

(d) The singular form of any word used herein, including the terms defined in Section 1.1, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders.

(e) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (“GAAP”); any calculation made in accordance with GAAP will be made under GAAP as in effect on the Issue Date or under GAAP in effect at the date of the calculation, as directed by the Borrower, unless the Code requires otherwise.

(f) The terms defined elsewhere in this Tax Agreement have the meanings therein prescribed for them.

(g) The parties acknowledge that the Issuer, the Borrower, the Sole Member, and their respective counsels have participated in the drafting of this Tax Agreement and the other documents relating to the issuance and delivery of the Bonds. Accordingly, the parties agree that any rule of construction to

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Section 1.5 Bond Counsel’s Benefit.

All of the certifications, representations, warranties, covenants and agreements contained herein also are made on behalf of the Issuer, the Borrower and the Sole Member for the benefit of Cantu Harden Montoya LLP and Haynsworth Sinkler Boyd, P.A. The Borrower and the Sole Member will indemnify and hold harmless the Issuer and Cantu Harden Montoya LLP and Haynsworth Sinkler Boyd, P.A., and their respective agents, contractors, servants, employees, or partners against (a) any and all claims of or on behalf of any person arising from any cause whatsoever, and (b) all costs, reasonable counsel fees, expenses or liabilities incurred in connection with any such claim or proceeding brought thereon as consequences of material misrepresentation in or material omission from this Tax Agreement.

Section 1.6 Issuer’s Performance.

The Issuer, the Borrower, and the Sole Member acknowledge that the provisions of Section 6.1 of the Indenture shall apply to obligations of the Issuer under this Tax Agreement as if fully set forth herein.

[End of Article I]

the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Tax Agreement or the other documents relating to the issuance of the Bonds or any amendment or supplement or exhibit hereto or thereto.

Section 1.3 Reliance on Facts and Expectations.

Except as expressly set forth in Sections 2.2(c), 2.3, 3.3(d), 3.10, 4.2(a), 4.4(a), 4.5, 7.2, 7.5 7.6, 7.7, 7.9, 7.11(a), 7.13(a), 8.5 and 8.10 of this Tax Agreement, the Issuer is making the certifications and representations herein (including, without limitation, as to its expectations concerning the uses of the proceeds of the Bonds and the use and operation of the Facilities and other matters) in reliance, without independent inquiry or investigation, upon representations and certifications of the Borrower and the Sole Member and other parties, as the case may be, set forth in this Tax Agreement and the exhibits hereto, in any other document or agreement executed and delivered in connection with the Bonds (regardless of whether the Issuer is a party thereto) or in any other document otherwise included in the books and records with respect to the Bonds. Although the Issuer has made no independent investigation of the representations of other parties, including the Borrower, the Issuer is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation or certification made in this Tax Agreement. With respect to any representations or certifications regarding matters of federal tax law, the Issuer is relying exclusively on the advice of Bond Counsel. With respect to its covenants herein, the Issuer is relying upon the faithful performance by the Trustee and the Borrower or the Sole Member, as the case may be, of their respective obligations under the Indenture and Loan Agreement pertinent hereto.

The Issuer’s certifications, representations, warranties and covenants made herein and expectations presented herein are intended, and may be relied upon, as a certification of an officer of the Issuer given in good faith and described in Treas. Reg. § 1.148-2(b)(2).

To the knowledge and belief of the Issuer, the Borrower and the Sole Member, all facts, estimates and circumstances are true, correct and complete and the respective parties’ expectations as to future events, which are based thereon, are in all respects reasonable and there are no other facts, estimates or circumstances in existence or likely to occur that would materially change such expectations. On the basis of such facts, estimates and circumstances, representations, warranties and covenants, it is not expected that the Proceeds of the Bonds will be used in a manner that would cause the Bonds (i) to be considered Arbitrage Bonds or (ii) to fail to be considered Qualified 501(c)(3) Bonds.

Section 1.4 Bondholders’ Benefit.

All of the certifications, representations, warranties, covenants and agreements contained herein are made on behalf of the Issuer, the Borrower and the Sole Member for the benefit of the owners from time to time of the Bonds. Notwithstanding anything to the contrary contained herein, the specific agreements of the Trustee regarding the retention of records described herein are made on behalf of the Trustee for the benefit of the owners from time to time of the Bonds and the Trustee shall have no duty or responsibility hereunder concerning any other certification, representation, warranty, covenant or agreement contained herein or concerning any other requirement contained herein and shall only be obligated to follow the specific written instructions of the Borrower or the Issuer (upon which the Trustee may conclusively rely), to maintain records as provided herein, and to observe its covenants contained in Sections 6.1 (a) and (d) and 7.15. No implied covenants shall be read into this Tax Agreement against the Trustee. The Trustee is not (i) responsible for monitoring compliance by the Issuer or the Borrower with the terms of the Tax Agreement or (ii) responsible for ensuring compliance with the provisions of the Code and/or the regulations promulgated thereunder or for ensuring the interest on the Bonds will be and will remain excludable from gross income under the Code and regulations promulgated thereunder.

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ARTICLE II - GENERAL REPRESENTATIONS AND COVENANTS OF THE ISSUER, THE BORROWER AND THE SOLE MEMBER

Section 2.1 Authority of Signatory on Behalf of the Borrower and the Sole Member.

The undersigned, Gerald Cichon, hereby certifies that he is the Chief Executive Officer and Secretary of the Sole Member. The Borrower is managed by the Sole Member. The undersigned has all authority to execute this Tax Agreement on behalf of the Borrower and the Sole Member and has personal knowledge of the facts, estimates, representations, covenants and warranties set forth herein on behalf of the Borrower and the Sole Member.

Section 2.2 Organization and Authority of the Borrower, the Sole Member and the Issuer.

(a) *Borrower.* The Borrower represents that:

(1) Name. The legal name of the Borrower is Sixteenth Floor Residential LLC, a limited liability company, duly organized, validly existing under and in good standing under the laws of the State of Delaware and is authorized to do business in the State of Delaware. The Sole Member is the sole member of the Borrower.

(2) Disregarded Entity Status. Each of the Sole Member and the Borrower hereby represents that (i) the Sole Member is the sole owner of one hundred percent (100%) of the equity, capital and profits interests in the Borrower, (ii) the Borrower is a limited liability company that is not classified as a corporation under Treas. Reg. §§ 301.7701-2(b)(1), (3), (4), (5), (6), (7) or (8), and (iii) none of the Borrower, nor any person or entity acting on behalf of the Borrower, has made an election to be classified as an association under Treas. Reg. § 301.7701-3(a). Accordingly, the Borrower is disregarded as an entity separate from the Sole Member under Treas. Reg. § 301-7701-3(b)(1)(ii) and the Sole Member will be deemed the owner of the Facilities for federal income tax purposes. The Sole Member will not take or permit to be taken any action that would change the Borrower’s status as a disregarded entity for federal income tax purposes during the entire stated term of the Bonds without receiving an opinion of Bond Counsel that any such change will not adversely affect the Federal Tax Status of the Bonds. A copy of the legal opinion from counsel to the Borrower, concerning the Borrower’s current status as a disregarded entity is attached hereto as Exhibit D.

(3) Unrelated Business Income. The ownership and operation of the Facilities by the Borrower will not result in unrelated business taxable income of the Sole Member, determined by applying Section 513(a) of the Code.

(b) *Sole Member.* The Sole Member represents that:

(1) Name. The legal name of the Sole Member is SFRI Reserve at Wescott Apartments LLC, and it is a not-for-profit corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and is authorized to do business in the State of South Carolina.

(2) 501(c)(3) Status. The Sole Member (A) is a 501(c)(3) Organization and will continue to maintain such status while the Bonds remain outstanding; (B) has received a favorable determination letter from the Internal Revenue Service concerning its status as a 501(c)(3) Organization and such letter has not been adversely modified, limited or revoked; (C) is in compliance with all material terms, conditions and limitations, if any, contained in such letter and

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the facts and circumstances that form the basis of such letter continue substantially to exist as represented to the Internal Revenue Service; (D) is not aware of any facts or circumstances that could cause a revocation of that letter; and (E) is exempt from federal income taxes under Section 501(a) of the Code, except for unrelated business income subject to taxation. The operation of the Facilities is an activity that is not inconsistent with the exempt purpose of the Sole Member and has not been, and will not be, treated as an unrelated trade or business of the Sole Member under Section 513 of the Code. A true, correct and complete copy of the Sole Member's determination letter from the Internal Revenue Service concerning its exemption from taxation under Section 501(a) of the Code is attached hereto as Exhibit A. A copy of the legal opinion from counsel to the Sole Member, concerning the Sole Member's current status as a 501(c)(3) Organization and the status of the Facilities as an activity that is not inconsistent with the exempt purpose of the Sole Member and that has not been, and will not be, treated as an unrelated trade or business of Sole Member under Section 513 of the Code is attached hereto as Exhibit D.

(c) *The Issuer.* The Issuer represents that:

(1) *General.* The Issuer is issuing the Bonds pursuant to the Indenture and the laws of the State of South Carolina. The Issuer hereby certifies that (i) the Issuer has been created pursuant to the laws of the State of South Carolina; (ii) the Issuer was created for one or more public purposes; (iii) the Issuer is governed by a body controlled by the State of South Carolina or one or more political subdivisions of the State of South Carolina; (iv) the Issuer is authorized to issue obligations such as the Bonds for the public purposes for which the Issuer was created; (v) upon dissolution of the Issuer, title to the assets of the Issuer will revert to the State of South Carolina or one or more political subdivisions of the State of South Carolina; and (vi) the Issuer's net earnings will not inure to the benefit of any private person. Accordingly, the Issuer is an "on behalf of" issuer of obligations of a state or a political subdivision of a state within the meaning of Section 103 of the Code and Treas. Reg. § 1.103-1(b).

(2) *No Pecuniary Liability of the Issuer.* As is more particularly set forth in the Indenture and Loan Agreement, the Bonds are payable solely from funds or moneys pledged for their payment in accordance with the Indenture. No provision of this Tax Agreement shall be construed to impose any pecuniary or other financial liability on the Issuer. The Borrower shall be responsible for paying all costs associated with post-issuance compliance with respect to the Bonds, including without limitation the costs incurred in the course of any examination of the Bonds by the Internal Revenue Service. No Authority Indemnified Person (as defined in the Loan Agreement) shall be individually or personally liable for the payment of any principal, premium, if any, or interest on the Bonds or any costs incidental thereto or any sum hereunder or under the Loan Agreement or be subject to any personal liability or accountability by reason of the execution and delivery of this Tax Agreement.

Section 2.3 General Covenant.

The Issuer (to its knowledge), the Sole Member and the Borrower each represents that none of them has taken any action or omitted to take any action or permitted another person or entity to take any action or omitted to take any action if such action or omission would cause any of the Bonds to be treated as "private activity bonds" within the meaning of Section 141(a) of the Code (other than Qualified 501(c)(3) Bonds) or would otherwise cause interest on any of the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes or be treated as a specific item of tax preference under Section 57 of the Code.

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ARTICLE III - FACILITIES REQUIREMENTS

Section 3.1 Description of the Facilities.

(a) *General.* The Facilities are being acquired with proceeds of the Bonds, which will also finance the Improvements. The Facilities consist of two Qualified 501(c)(3) Facilities known as (i) Reserve at Wescott ("Reserve at Wescott") located at 4976 Wescott Boulevard, Summerville, South Carolina 29485, and consisting of 288 residential rental units and (ii) Otter Pointe ("Otter Pointe") located at 1137 Fort Congaree Trail, Cayce, South Carolina 29033, and consisting of 299 residential rental units

(b) *Building and Structures.* The Facilities are comprised of one or more "buildings or structures" within the meaning of Treas. Reg. § 1.103-8(b)(8) (and as used herein, the "Buildings"). All of the Buildings comprising the Facilities are discrete edifices or other man-made construction consisting of an independent foundation, outer walls and roof.

(c) *Similarly Constructed Units.* The Facilities consist of Buildings with dwelling units and all of the units in the Facilities are similarly constructed. Each unit in the Buildings is or will be either (i) a self-contained living unit and will contain a range/oven, a microwave, sink, dishwasher, refrigerator, cabinets, carpet floor coverings, blinds with pull cords and a bathroom or (ii) a single room occupancy unit (within the meaning of Section 42 of the Code). The Facilities also include common areas, office facilities, laundry areas, maintenance areas and outdoor paved parking lots.

Section 3.2 Financing of Facilities.

The Sale Proceeds of the Bonds are to be loaned by the Issuer to the Borrower pursuant to and in accordance with the terms and provisions of the Loan Agreement and by the Issuer causing the applicable portion of such proceeds to be deposited in trust with the Trustee, to be held, invested and disbursed by the Trustee, as needed or applicable, pursuant to the terms and provisions of the Indenture for application to the costs of the Facilities and Improvements. The face amount of the Loan will not be less than the face amount of the Bonds.

Section 3.3 Ownership and Use of the Facilities.

The Issuer, as applicable, the Borrower and the Sole Member each represents or acknowledges that:

(a) *Purchase of the Facilities.* The Facilities are being purchased by the Borrower from Persons that are not Related Parties to the Borrower and the purchase price of the Facilities is not more than fair market value.

(b) *Ownership of the Facilities.* The Borrower has and will continuously own the Facilities from the Issue Date of the Bonds, and the Borrower intends to continue to own the Facilities for the entire stated term of the Bonds. The Borrower does not presently expect to sell or otherwise dispose of any portion of the Facilities before the final maturity date of the Bonds.

(c) *Not Health Care Facilities.* The Facilities constitute a Residential Rental Project and no portion of the Facilities will be a Health Care Facility.

(d) *Affordability Election.*

The Issuer, at the direction of the Borrower, elects to apply to Otter Pointe the 20/50 low income set-aside percentage contained in Section 142(d)(1)(A) of the Code. The election referred

Section 2.4 Familiarity with Tax Agreement.

The Borrower and the Sole Member are familiar with this Tax Agreement and Internal Revenue Service Form 8038 (Information Return for Tax-Exempt Private Activity Bond Issues), which is attached hereto as Exhibit E. The Borrower and the Sole Member certify that the facts recited in this Tax Agreement (except for facts that are solely within the knowledge of the Issuer, as to which the Borrower and the Sole Member make no certifications) are true and correct as of the date of this Tax Agreement.

Section 2.5 Knowledge of Bond Issuance.

The Borrower and Sole Member are familiar with and acknowledge and understand that the Bonds are being issued and sold by the Issuer, and that the Proceeds of the Bonds are being loaned to the Borrower for the following purposes: (a) to finance the acquisition of and certain Improvements to the Facilities, (b) to fund the Reserve Fund and (c) to finance a portion of the Costs of Issuance of the Bonds.

Section 2.6 Issuer's 501(c)(3) Lending Program as a Governmental Program.

The Bonds are issued under the Act, which issuance constitutes a Governmental Program in which: (i) the program involves the origination or acquisition of purpose investments; (ii) at least 95% of the cost of the purpose investments acquired under the program represents one or more loans to a substantial number of persons representing the general public, the State of South Carolina or political subdivisions, 501(c)(3) organizations, persons who provide housing and related facilities, or any combination of the foregoing; (iii) at least 95% of the receipts from the purpose investments are used to pay principal, interest, or redemption prices on issues that finance the program, to pay or reimburse administrative costs of those issues or of the program, to pay or reimburse anticipated future losses directly related to the program, to finance additional purpose investments for the same general purposes of the program, or to redeem and retire governmental obligations at the next earliest possible date of redemption; (iv) the program documents prohibit any obligor on a purpose investment financed by the program or any related party to that obligor from purchasing bonds of an issue that finance the program in an amount related to the amount of the purpose investment acquired from that obligor; and (v) the Issuer has not waived the right to treat the investment as a Program Investment.

[End of Article II]

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to in the immediately preceding sentence is hereby made on the Issue Date. Accordingly, at all times during the Qualified Project Period, at least 20 percent (the "Otter Pointe Applicable Percentage") of the "available units" (within the meaning of Rev. Proc. 2004-39, 2004-29 I.R.B. 49 and as used herein, "Otter Pointe Available Units") in the Facilities will be occupied by individuals whose income is 60 percent or less of the applicable area median gross income. In the event that the product of the number of Otter Pointe Available Units times the Otter Pointe Applicable Percentage is not a whole number, such product will be rounded up to the nearest whole number.

The Issuer, at the direction of the Borrower, elects to apply to Reserve at Wescott the 40/60 low income set-aside percentage contained in Section 142(d)(1)(B) of the Code. The election referred to in the immediately preceding sentence is hereby made on the Issue Date. Accordingly, at all times during the Qualified Project Period, at least 40 percent (the "Reserve at Wescott Applicable Percentage") of the "available units" (within the meaning of Rev. Proc. 2004-39, 2004-29 I.R.B. 49 and as used herein, "Reserve at Wescott Available Units") in the Facilities will be occupied by individuals whose income is 60 percent or less of the applicable area median gross income. In the event that the product of the number of Reserve at Wescott Available Units times the Reserve at Wescott Applicable Percentage is not a whole number, such product will be rounded up to the nearest whole number.

(e) *Public Use/No Prudent Use.* The entire portion of the Facilities, so long as any portion of the Bonds is outstanding, will be available to and will serve the general public on a regular basis in accordance with the applicable requirements of Treas. Reg. § 1.103-8(a)(2). None of the units in the Buildings that comprise the Facilities will be leased for a term of less than six months.

(f) *No Nonqualifying Residential Use.* No portion of the Facilities will be used to provide any hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium, rest home, trailer park or court or factory-made housing that is not permanently affixed to real property.

(g) *Non-Exempt Use.* No more than 5% (less any percentage attributable to Proceeds of the Bonds expended on Costs of Issuance for the Bonds) of the Use of the Facilities will be Non-Exempt Use if more than 5% of either the principal of or interest on the Bonds is secured or to be paid, either directly or indirectly, by a Non-Exempt Person. Moreover, the Facilities, which constitute a Qualified 501(c)(3) Facility, will be used solely and exclusively by one or more Exempt Entities for Exempt Uses.

(h) *Service/Management Contracts.* Following the Issue Date and prior to December 10, 2025, the Borrower will not enter into, materially modify or extend a service/management contract with any provider to manage, provide services in, or otherwise use the Facilities unless the service contract satisfies one of the safe harbors set forth in Rev. Proc. 97-13, 1997-1 C.B. 632, as modified from time to time by the Internal Revenue Service, including as modified by Rev. Proc. 2001-39, 2001-2 C.B. 38 and Rev. Proc. 2014-67, 2014-46 I.R.B. 822, or the Borrower shall have obtained an opinion from Bond Counsel that the service/management contract will not adversely affect the Federal Tax Status of the Bonds. On or after December 10, 2025, the Borrower will not enter into, materially modify or extend a service/management contract with any provider to manage, provide services in, or otherwise use the Facilities unless the service contract satisfies the requirements of Rev. Proc. 2016-44, 2016-36 I.R.B. 316, as modified from time to time by the Internal Revenue Service, or the Borrower shall have obtained an opinion from Bond Counsel that the service/management contract will not adversely affect the Federal Tax Status of the Bonds.

(i) *Research Agreements.* The Borrower has not and will not enter into research agreements to be performed on the premises of the Facilities unless the research agreements satisfy the safe harbors set forth in Rev. Proc. 2007-47, 2007-2 C.B. 108, 2007-29 I.R.B. 108 or the Borrower shall have obtained an

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opinion from Bond Counsel that the research agreements will not adversely affect the Federal Tax Status of the Bonds.

(j) *Compliance with Rev. Proc. 96-32.* The Borrower and the Sole Member hereby represent and warrant that the Facilities owned or deemed owned by the Borrower for federal income tax purposes have been operated in compliance with the guidelines set forth in Rev. Proc. 96-32, 1996-1 C.B. 717, 1996-2 I.R.B. 14 ("Rev. Proc. 96-32"). The Borrower and the Sole Member hereby covenant and agree that the Facilities will be operated compliance with the guidelines set forth in Rev. Proc. 96-32.

Section 3.4 Change in User of the Facilities.

The Borrower represents or acknowledges that:

(a) *Sales, Other Dispositions and Leases.* No part of the Facilities will be sold, otherwise disposed of or leased, in the ordinary course of operating the Facilities, unless the Borrower obtains an opinion of Bond Counsel satisfactory to the Issuer either (i) that any such sale, exchange or other disposition will not otherwise adversely affect the Federal Tax Status of the Bonds, or (ii) the requirements for a Remedial Action will be satisfied. If any portion of the Facilities are not owned at all times in its entirety by an Exempt Entity or a Governmental Entity, no deduction will be allowed for interest on the Bonds that accrues during the period beginning on the date the portion of the Facilities are not so owned and ending on the date that portion of the Facilities are so owned. The deduction will not be permitted following a Change in Use even if a Remedial Action is satisfied until the Nonqualified Portion is retired or redeemed, unless the redemption occurs no later than ninety days after the Change in Use, or, if the Disposition Proceeds are used for another Exempt Use, until all such Proceeds are so used, unless such Proceeds are expended no later than ninety days after the change.

(b) *Change in Use.* Use of the Facilities, including under any lease, except leases in the ordinary course of operating the Facilities, by any person or entity other than itself will not be permitted unless the Issuer or the Borrower obtains an opinion of Bond Counsel satisfactory to the Issuer that either (i) such Use will not constitute a Change in Use or otherwise adversely affect the Federal Tax Status of the Bonds, or (ii) the requirements for a Remedial Action will be satisfied. If any portion of the Facilities are no longer used by any Exempt Entity for a purpose for which the Bonds could have been issued on the Issue Date of such Bonds then, in addition to any adverse effect on the Federal Tax Status of such Bonds, the Borrower or any other 501(c)(3) Organization owning that portion of the Facilities will be treated as using such portion in an Unrelated Trade or Business. The amount of gross income attributable to such portion for any period will not be less than the fair rental value of the portion for such period. Any such Change in Use will result in the disallowance of deductions for interest payments on the Bonds with respect to the portion of the Facilities used in the Unrelated Trade or Business for the period of such Use. The deduction will not be permitted following a Change in Use even if a Remedial Action is satisfied until the Nonqualified Portion is retired or redeemed, unless the redemption occurs no later than ninety days after the Change in Use, or, if the Disposition Proceeds are used for another Exempt Use, until all such Proceeds are so used, unless such Proceeds are expended no later than ninety days after the change.

(c) *Agreement of New User.* Before the sale, other disposition or lease of the Facilities or any other Use of the Facilities by any person or entity other than itself, except for leases in the ordinary course of operating the Facilities, and assuming that the requirements of the other paragraphs of this Section are satisfied, the Borrower will require that the new user, in connection with the sale, other disposition, lease or other Use, agree not to use that portion of the Facilities in a manner that would violate the directions or vitiate the representations set forth in this Tax Agreement.

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ARTICLE IV - PROCEEDS, FUNDS AND TEMPORARY PERIODS

Section 4.1 Source and Disbursement of Funds.

The net amount of Sale Proceeds of the Bonds received by the Issuer from the sale of the Bonds will be \$_____ (representing the \$_____00 par amount of the Bonds less original issue discount of \$_____ and less Underwriter's discount of \$_____). The \$_____ of Sale Proceeds are expected to be needed and fully expended as follows.

(a) \$_____ received from the sale of the Bonds shall be deposited in the Project Fund;

(b) \$_____ received from the sale of the Bond shall be deposited in the Project Fund for Capitalized Interest for the Bonds;

(c) \$_____ received from the sale of the Bonds shall be deposited in the Debt Service Reserve Account for the Bonds;

(d) \$_____ received from the sale of the Bonds shall be deposited in the Costs of Issuance Account of the Project Fund.

Section 4.2 Use of Bond Proceeds.

The Issuer and the Borrower each represents that:

(a) *Program Loan.* Under the Loan Agreement, all of the Sale Proceeds of the Bonds will be loaned to the Borrower and such loan is intended to be a Purpose Investment under the Program.

(b) *Expenditure Expectations.* The Borrower has incurred, or will incur no later than six months after the Issue Date of the Bonds, a substantial binding commitment to expend at least 5% of the Net Sale Proceeds of the Bonds for the Facilities and acquisition and rehabilitation of the Facilities and Improvements will commence promptly. The Borrower expects that it will expend at least 85% of the Net Sale Proceeds of the Bonds no later than three years after the Issue Date of the Bonds. The acquisition and rehabilitation of the Facilities and Improvements will proceed with due diligence to completion and the Net Sale Proceeds will be spent on the Facilities and Improvements no later than three years after the Issue Date of the Bonds.

(c) *Prohibited Uses.* No portion of the Proceeds of the Bonds will be used to finance or refinance any airplane, skybox or other private luxury box, facility primarily used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises, as such terms are described for purposes of Section 147(c) of the Code.

(d) *Private Business Restrictions.* No more than 5% of the Net Proceeds of the Bonds will be used for Non-Exempt Use if the payment of principal or of interest on, more than 5% of the Net Proceeds of the Bonds is directly or indirectly (i) secured by any interest in property used or to be used for a Non-Exempt Use or payments in respect of such property or (ii) to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a Non-Exempt Use.

(e) *Limitation on Loans.* No more than the lesser of 5% of the Proceeds of the Bonds or \$5,000,000 may be lent or deemed lent to a Non-Exempt Person.

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Section 3.5 Facilities Spending Requirements.

As set forth in Exhibit F attached hereto, at least 95% of the Net Proceeds of the Bonds will be spent on Capital Expenditures incurred after August 5, 1997.

Section 3.6 Description of Property Used for Facilities.

All of the land and depreciable property taken into account in determining whether the requirements of Sections 3.4 and 3.5 are satisfied with respect to the Facilities are either: (a) buildings and portions of buildings composed entirely of (i) similarly constructed dwelling units containing separate and complete facilities for living, sleeping, eating, cooking and sanitation that will be used on other than a transient basis by one or more persons and that will be available on a regular basis for use by members of the general public and/or single room occupancy units (within the meaning of Section 42 of the Code) and (ii) facilities and areas functionally related and subordinate to such dwelling units, such as centrally located machinery and equipment and common areas in a typical apartment building, or (b) land and other facilities that are functionally related and subordinate to such dwelling units such as parking and recreation facilities for occupants of the dwelling units. All of such functionally related and subordinate land, facilities and building areas for the Facilities referred to herein are of a character and size commensurate with the number and size of the dwelling units for the Facilities and are not functionally related and subordinate to any other nonresidential property or any other Residential Rental Facilities.

Section 3.7 [Reserved].

Section 3.8 Costs.

The total costs of the Facilities and the Improvements are comprised of the items listed on Exhibit G attached hereto and made a part hereof.

Section 3.9 Disbursements and Sources of Funds.

The sources and uses of funds for the payment of the costs of the Facilities and the Improvements and the amount to be received and used from each source are set forth on Exhibit F attached hereto and made a part hereof.

Section 3.10 Land Use Restriction Agreement.

The Issuer and the Borrower each represents that the Issuer, the Trustee, and the Borrower have entered into a Land Use Restriction Agreement dated as of December 1, 2025 ("Land Use Restriction Agreement") for the Facilities, a copy of which is included in the transcript of proceedings for the Bonds, to ensure the Facilities' compliance with the requirements of Section 142(d) of the Code with respect to the use of the Facilities. The Borrower acknowledges and represents and warrants that the Land Use Restriction Agreement has been made and will be recorded in the real estate records of the jurisdiction in which the Facility is located and that the Borrower (and its successors and assigns who may hereafter acquire an ownership interest in the Facilities) is bound and will continue to be bound by the provisions of the Land Use Restriction Agreement.

[End of Article III]

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Section 4.3 Overissuance Test.

Net Proceeds minus estimated Costs of Issuance of the Bonds to be financed with proceeds of the Bonds will not exceed the amount necessary for the acquisition and rehabilitation costs of the Facilities and the Improvements.

Section 4.4 Separate Issue.

(a) *Issuer Representation.* The issue comprised of the Bonds is a single issue of "tax-exempt bonds," as defined in Treas. Reg. § 1.150-1(b). The Issuer represents that, with respect to the Bonds, (i) it did not sell any tax-exempt obligations within fifteen (15) days before or after the Sale Date of the Bonds, (ii) under the same plan of financing for the Facilities and (iii) payable from substantially the same source of funds for the payment of Debt Service on the Bonds.

(b) *Borrower and Sole Member Representation.* The issue comprised of the Bonds is a single issue of "tax-exempt bonds," as defined in Treas. Reg. § 1.150-1(b). The Borrower and the Sole Member each represents that, with respect to the Bonds, neither they nor any Related Party to the Borrower or the Sole Member borrowed any Proceeds of any tax-exempt obligations that were (i) sold within fifteen (15) days before or after the Sale Date of the Bonds, (ii) under the same plan of financing for the Facilities and (iii) payable from substantially the same sources of funds for the payment of Debt Service on the Bonds.

(c) *Reserved.*

(d) *Pooled Financing.* The Bonds are not a "pooled financing bond" within the meaning of Section 149(f)(6) of the Code.

Section 4.5 Description of Funds.

(a) *Cost of Issuance Account.* Sale Proceeds of the Bonds deposited in the Cost of Issuance Account will be expended to pay Costs of Issuance for the Bonds. The portion of the Sale Proceeds of the Bonds allocated to pay Costs of Issuance of the Bonds will be spent within a one year period beginning on the Issue Date. The Sale Proceeds described in the preceding sentence may be invested during a temporary period of thirty (30) days from the Issue Date without regard to investment yield limitation, and thereafter at a Yield not in excess of the Yield on the Bonds. Amounts earned from the investment of the Sale Proceeds described in this Section 4.5 may be invested without regard to investment yield limitation for a period of thirty (30) days from the date of receipt thereof, and thereafter at a Yield not in excess of the Yield on the Bonds. Any such earnings will be deposited to the Bond Fund for the payment of Debt Service on the Bonds. No more than two percent (2%) of the Proceeds of the Bonds will be allocated to pay Costs of Issuance of the Bonds.

(b) *Bond Fund.* The Bond Fund is established to achieve a proper matching of revenues with principal and interest payments on the Bonds within each Bond Year. Accordingly, amounts deposited in the Bond Fund that are to be expended to pay the principal of and interest on the Bonds as the same become due and which will be depleted at least once each Bond Year (except for a reasonable carryover amount not to exceed the greater of (a) the earnings on the Bond Fund for the immediately preceding Bond Year, or (b) one-twelfth of the principal and interest payments on the Bonds for the immediately preceding Bond Year) as a Bona Fide Debt Service Fund. It is reasonably expected that all amounts, if any, received as income from the investment of the Bond Fund will be expended to pay the principal of and interest on the Bonds within one year of receipt thereof. Amounts deposited to the Bond Fund may be invested without regard to investment yield limitation for a period of 13 months from the date of receipt, and thereafter, or at any time to the extent such amounts exceed the amounts described in this subsection, may not be invested in obligations bearing a Yield in excess of the Yield on the Bonds.

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**ARTICLE V -
ARBITRAGE**

(c) *Reserve Fund.* The Underwriter has represented in the Certificate of Underwriter attached hereto as Exhibit H that the Reserve Fund's level of funding is required in connection with the issuance of the Bonds. The Borrower and the Issuer have no reason to believe that such representations are untrue or incorrect. The Reserve Fund constitutes a Reasonably Required Reserve or Replacement Fund. Amounts on deposit in the Reserve Fund and that are allocable to the Bonds (i.e., amounts deposited in the Tax-Exempt Debt Service Reserve Subaccount and the Debt Service Reserve Account for the Subordinate Bonds) may be invested without yield restriction to the extent such amounts do not exceed the least of (1) 100% of the maximum annual debt service on the Bonds, (2) 125% of the average annual debt service on the Bonds; (3) ten percent of the issue price of the Bonds.

(d) *Project Fund.* Based on the Borrower's representations herein below, amounts deposited in the Project Fund to finance the acquisition and rehabilitation of the Facilities and the Improvements may be invested without regard to investment yield restrictions for a period of three years from the Issue Date of the Bonds, and thereafter may not be invested in investments that bear a yield in excess of 0.125% greater than the Yield on the Bonds. Any interest earnings or investment gains realized from the investment of such amounts may be reinvested pending disbursement in Nonpurpose Investments that bear a yield greater than the Yield on the Bonds for a period not to exceed the later of (a) a one-year period beginning on the date of receipt of such investment income or (b) the period ending three years following the issue date of the Bonds. After such period of unrestricted investment, such earnings may not be invested in investments that bear a yield in excess of 0.125% greater than the Yield on the Bonds.

(e) *Rebate Fund.* Amounts deposited in the Rebate Fund are not included in the "trust estate" under the Indenture and have not been pledged to the payment of Debt Service on the Bonds. Any moneys of the Borrower deposited in the Rebate Fund from time to time and not constituting Gross Proceeds of the Bonds, together with any earnings on such moneys, may be invested without regard to investment yield limitation, and any such earnings are not subject to the rebate requirements set forth herein. Investment Proceeds of the Bonds deposited in the Rebate Fund may be invested without regard to investment yield limitation for a period of one year beginning on the date of receipt thereof and thereafter at a Yield not in excess of the Yield on the Bonds. Investment of such Proceeds of the Bonds in the Rebate Fund is subject to the rebate requirements set forth herein.

[End of Article IV]

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**ARTICLE VI -
REBATE**

Section 6.1 Investment Restrictions.

The Borrower and the Issuer each represents and acknowledges and, solely as to Section 6.1(a) and (d) hereof, the Trustee acknowledges that:

(a) *General.* The Federal Tax Status of the Bonds depends, in part, upon compliance with the limitations relating to investment of the Proceeds of the Bonds, which are imposed by Sections 103(b)(2) and 148 of the Code. The Issuer hereby directs the Borrower and the Borrower agrees to take all actions necessary to comply with these requirements. At no time will the Borrower or the Issuer direct that any of the Proceeds of the Bonds or other funds of the Borrower or the Issuer be intentionally used, directly or indirectly, to purchase any Investment Property, the acquisition of which would cause any of the Bonds to be Arbitrage Bonds. All acts and things necessary to assure that the requirements of Sections 103(b)(2) and 148 of the Code are met will be done or not done by the Issuer or the Borrower, as appropriate, including instructing the Trustee in writing to take such action or actions as may be necessary to comply with all the requirements of Section 148(a) of the Code and the Treasury Regulations thereunder, and the Trustee will act in accordance with such written instructions. The provisions of the Indenture and Loan Agreement related to the rights, protections and indemnification of the Trustee are incorporated herein by reference.

(b) *Purchases of Certificates of Deposit, Guaranteed Investment Contracts and United States Treasury Obligations.* Certificates of Deposits ("CDs"), Guaranteed Investment Contracts ("GICs") and United States Treasury Obligations ("Treasuries") will be purchased only if the following requirements are satisfied, unless the Borrower obtains an opinion of Bond Counsel that another method of establishing fair market value will not adversely affect the Federal Tax Status of the Bonds:

- (1) *Certificate of Deposit.* CDs will be purchased or sold only if (1) the CD is issued by a commercial bank; (2) the CD has a fixed interest rate, a fixed principal payment schedule and a substantial penalty for early withdrawal; (3) with respect to CDs that contain Treasuries, the Yield on the CD has the same yield as a reasonably comparable direct obligation of the United States; and (4) with respect to a commercial CD, the yield on the CD has the highest Yield published or posted by the seller for comparable CDs offered to the public.
- (2) *Guaranteed Investment Contracts.* Guaranteed Investment Contracts ("GICs") GICs will be purchased only if:
 - (A) *Competitive Bids.* A bona fide solicitation for the GIC with specified terms, in writing, is made to at least three reasonably competitive providers, each with an established industry reputation;
 - (B) *Bid Specifications.* The bid specifications include all material terms, including the reasonably expected draw-down schedule for the funds being invested, exclusive of amounts in any Bona Fide Debt Service Fund or Reasonably Required Reserve or Replacement Fund, and all terms are commercially reasonable, with a legitimate business purpose other than to increase the Purchase Price or reduce the Yield;
 - (C) *No Tie-In.* The bid specifications notify the bidders that any bidder will be treated as representing to the Issuer that it has not consulted with any other bidder, that its bid is made without regard to any other agreement, formal or informal, with any

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Section 5.1 Price and Yield on the Bonds.

(a) The Underwriter has represented in the Certificate of Underwriter attached hereto as Exhibit H that the initial offering price to the public (excluding bond houses, brokers and other intermediaries) at which a substantial amount of the Bonds was sold is the Issue Price of the Bonds of \$ ____.

(b) The Underwriter has represented in the Certificate of Underwriter attached hereto as Exhibit H that the Yield on the Bonds has been calculated by the Underwriter to be not less than ____%.

(c) The Underwriter has represented in the Certificate of Underwriter attached hereto as Exhibit H that the weighted average maturity of the Bonds is ____ years.

Section 5.2 Additional Rules.

(a) *No Prepayment.* The Borrower will not make any prepayment of Debt Service of the Bonds to the Bond Fund if the prepayment would cause the interest on the Bonds to be includable in the gross income for federal income tax purposes of any holder of the Bonds.

(b) *No Additional Related Amounts.* There are no amounts, other than the Gross Proceeds of the Bonds, which have a nexus to the governmental purpose of the Bonds sufficient that such other funds, if any, would have been used for that purpose. Except for the funds described herein, if any, there are no Sinking Funds or Pledged Funds and the term of the Bonds is no longer than reasonably necessary for the governmental purpose of the Bonds.

(c) *Universal Cap.* The Issuer and the Borrower each represents that amounts that would otherwise be Gross Proceeds of the Bonds are allocated (and remain allocated) to the Bonds only to the extent the value of the Nonpurpose Investments allocable to those Gross Proceeds does not exceed the value of all outstanding obligations constituting the Bonds. In satisfying this provision, the Issuer and the Borrower will comply with the requirements of Treas. Reg. § 1.148-6(b)(2).

Section 5.3 Temporary Period Qualification – Project Fund.

With respect to the financing of the Improvements and the Facilities, the Issuer and Borrower reasonably expect that:

(a) At least 85 percent of the Sale Proceeds deposited in the Project Fund will be expended to finance the cost of acquisition and rehabilitation of the Facilities and the Improvements within three years of the Issue Date of the Bonds, for costs that are properly chargeable to capital account (or would be so chargeable with a proper election) under general federal income tax principles;

(b) The Borrower has incurred, or within six months of the Issue Date of the Bonds will incur, substantial binding obligations to third parties to expend at least 5 percent of such Sale Proceeds; and

(c) The Borrower will proceed with due diligence to acquire and rehabilitate the Facilities and complete the Improvements to the Facilities.

[End of Article V]

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person, including the Issuer, and that its bid is genuine and not a mere courtesy bid to enable the Issuer to comply with Treas. Reg. § 1.148-5(d)(6)(iii)(B);

(D) *No Second Look.* All bidders have an equal opportunity to bid and no bidder is given the opportunity to review the bid made by any other bidder;

(E) *Bids.* At least three bids responding to bid solicitations that meet the requirements of subparagraph (II) of this subsection are received from different providers of GICs with no material financial interest, directly or indirectly, in the Bonds and at least one of these bids is from a reasonably competitive provider, as described in subparagraph (I) of this subsection and none are received from any agent conducting the bidding. For this purpose, the financial advisors of the GIC issuer with respect to the purchase of the GIC and, for fifteen days after the Issue Date of the Bonds, a lead underwriter in a negotiated underwriting are all deemed to have a material financial interest in the issue;

(F) *Highest Yield.* The Yield (determined net of broker's fees) on the GIC purchased is the highest Yield of the qualifying bids;

(G) *Bidding Fee.* The amount of the fee charged by the bidding agent for the GIC that will be treated as a Qualified Administrative Fee in determining the Yield on the GIC is limited to a reasonable amount, as described in Treas. Reg. § 1.148-5(e)(2)(i), but no more than 0.20% of the GIC Computational Base, with a maximum of \$39,000 and a minimum of \$4,000, only if the total fees for all the investments made with the Proceeds of the Bonds do not exceed \$110,000. The amounts specified herein are subject to change under the cost of living adjustment provisions of Treas. Reg. § 1.148-5(e)(2)(iii)(B); and

(H) *Administrative Costs.* The provider of the GIC certifies the administrative costs incurred in connection with the GIC are reasonably expected to be paid to third parties.

(3) *United States Treasury Securities.* Treasuries will be purchased only if:

(A) *Direct Purchases.* The Treasuries are purchased directly from the United States Treasury (such as SLGS); or

(B) *Other Purchases.* The Treasuries will be used for Yield-Restricted Escrows and the purchase complies with the following:

(i) *GIC Bid Rules.* The Bid meets the requirements of subparagraphs (b)(2)(A) and (B) of this paragraph, except that the bid does not need to specify an expected draw-down schedule;

(ii) *Cost.* The Purchase Price of the Treasuries:

(a) *Lowest Cost.* Is either the lowest cost bid for the entire portfolio or the lowest aggregate cost, determined on a security-by-security basis;

(b) *Seller Payments.* Is reduced by any payments made by the seller of the Treasuries to the Issuer; and

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(c) **Comparison to SLGS.** Is not greater than the cost of the most efficient portfolio comprised of SLGS determined at the time of the bid submission, unless SLGS are not then available.

(iii) **Bidding Fee.** The amount of the fee charged by the bidding agent that will be treated as a Qualified Administrative Fee in determining the Yield on Treasuries not purchased directly from the United States Treasury is limited to a reasonable amount, as described in Treas. Reg. § 1.148-5(e)(2)(i), but no more than 0.20% of the Yield-Restricted Investment Computational Base, with a maximum of \$39,000 and a minimum of \$4,000, if the total fees for all the investments made with the Proceeds of the Bonds do not exceed \$110,000. The amounts specified herein are subject to change under the cost of living adjustment provisions of Treas. Reg. § 1.148-5(e)(2)(iii)(B).

(c) **Purchase of Investment Property.** Any Investment Property purchased with Gross Proceeds of the Bonds has been or will be purchased according to the procedures described in Treas. Reg. §§ 1.148-5(d) and (e).

(d) **Records.** The Borrower and the Trustee (to the extent the Trustee receives such records) will keep:

- (1) **In General.** Proper books of records and accounts containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the money related to the Bonds, including money derived from, pledged to or to be used to make payments on the Bonds. The records will specify the account or fund to which each investment (or portion thereof) held by the Trustee is to be allocated and will set forth, in the case of every Investment Property, (I) the Purchase Price; (II) identifying information, including par amount, coupon rate and payment dates; (III) the amount received at maturity or the sale price, as the case may be, including accrued interest; (IV) the amounts and dates of any payments made with respect thereto; and (V) the dates of acquisition and disposition, which will be the date of purchase or sale, not the settlement date or maturity date, as applicable;
- (2) **GICs.** Copies of the GIC contract and the bid solicitation, any deviation from specifications that is accepted or amendment to the bids received, and the reasons for the changes, and every bid submitted, including the name of the person and entity submitting the bid, the time and date of the bid and the bid results.
- (3) **Treasuries.** Copies of the bid solicitation form, any deviation from the specifications that is accepted by the Borrower or amendment to the bids received and the reasons for the changes, and every bid submitted, including the name of the person and entity submitting the bid and the cost of the most efficient portfolio of SLGS, unless SLGS were not then available, for Treasuries not purchased directly from the United States Treasury that will be included in a Yield-Restricted Escrow or that are otherwise purchased with Yield-Restricted Proceeds.

(e) **Limitation on Yield.** The Borrower shall comply with the investment Yield limitations of the Code and Treasury Regulations, set forth in this Tax Agreement, and at no time will the Gross Proceeds of the Bonds be invested at a Materially Higher Yield, except during an Applicable Temporary Period (but only to the extent permitted by the Code and the Treasury Regulations hereunder) or as otherwise permitted by the Code and the Treasury Regulations thereunder. If any amount of Gross Proceeds of the Bonds is

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ARTICLE VII - OTHER REQUIREMENTS, RESTRICTIONS AND LIMITATIONS

Section 7.1 Satisfaction of the 120% Test.

The Underwriter has calculated the weighted average maturity of the Bonds to be _____ years. The Borrower represents that the weighted average maturity of the Facilities, including the Improvements, is at least 30 years, as shown on Exhibit J hereto. 120% of the remaining economic life of the Facilities is 36 years. Accordingly, the Borrower represents that the weighted average maturity of the Bonds will not exceed 120% of the remaining average “reasonably expected remaining life” of the Facilities.

Section 7.2 Public Approval Requirements.

The Borrower and the Issuer (to its knowledge) represent that the Bonds complied with the public approval requirements described in Section 147(f) of the Code. Copies of all public notices and approvals are included in the transcript of the proceedings for the Bonds.

Section 7.3 Costs of Issuance Limitation.

The Issuer and the Borrower each represents that \$ _____ of the Sale Proceeds of the Bonds will be expended for Costs of Issuance of the Bonds, which represents no more than 2% of the Sale Proceeds of the Bonds. (\$ _____).

Section 7.4 Source of Payments.

The Issuer and Borrower each represents that no more than 5% of either principal of or interest on the Bonds is secured, directly or indirectly, by any interest in property used or to be used by any Non-Exempt Person or by any payment in respect of property used or to be used by any Non-Exempt Person, and no more than 5% of either principal of or interest on the Bonds will be derived from payments (whether or not to or by the Borrower) in respect of property, or borrowed money, used or to be used by any Non-Exempt Person that directly or indirectly is using any property financed with the Proceeds of Bonds.

Section 7.5 No Federal Guarantee.

The Issuer (to its knowledge) and the Borrower each represents that the Bonds are not and shall not become directly or indirectly “federally guaranteed,” unless otherwise excepted by the Code or the Treasury Regulations. Unless otherwise excepted under Section 149(b) of the Code, the Bonds will be considered “federally guaranteed” if (a) the payment of principal or interest with respect to the Bonds is guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof), (b) 5% or more of the proceeds of the Bonds is (i) to be used in making loans, the payment of principal or interest with respect to which are to be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) or (ii) to be invested (directly or indirectly) in federally insured deposits or accounts or (c) the payment of principal or interest on the Bonds is otherwise indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof). For purposes of this Section 7.5, the Bonds shall not be deemed federally guaranteed during any period the Bonds are Qualified 501(c)(3) Bonds that satisfy the requirements of Sections 142(d) and 145(d)(2)(B) of the Code unless at least 5% of the Proceeds of the Bonds has been or will be invested (directly or indirectly) in federally insured deposits or accounts.

Section 7.6 Information Reporting Requirements.

The Issuer represents and covenants that it will timely execute and deliver to the Borrower, and the Borrower agrees to timely review and cause to be filed, all information reports for the Bonds required under

still invested at a Materially Higher Yield after the expiration of the Applicable Temporary Period, Yield Reduction Payments will be made by the Borrower if permitted and necessary.

(f) **Yield on the Loan.** The Yield on the Loan will not exceed the Yield on the Bonds by more than 1.50%.

(g) **No Other Pledged Funds.** Except for the Bond Fund, Reserve Fund, Cost of Issuance Account and the Project Fund, no other such fund or account has been or will be established to pay Debt Service on the Bonds. There are no other moneys, sources of funds, securities or obligations that have been, or will be, pledged as collateral for the payment of Debt Service on the Bonds, and there are no other moneys, sources of funds, securities or obligations with respect to which either the Issuer or the Borrower has given or will give any reasonable assurance to any holder of the Bonds that such funds will be available to pay Debt Service on the Bonds.

(h) **No Capital Campaign.** No Capital Contributions have been or will be received from anyone with respect to the Facilities.

Section 6.2 Arbitrage Rebate Compliance.

The Issuer and the Borrower each represents that:

(a) **Rebate Requirement in General.** As set forth in Exhibit O hereto, the Bonds are subject to the arbitrage rebate requirement of Section 148(f) of the Code (the “Rebate Requirement”). The Rebate Requirement is generally applied to the Bonds in the aggregate, and applies to all Gross Proceeds of the Bonds, unless otherwise excepted. Under the Rebate Requirement, the Borrower, on behalf of the Issuer, generally must pay to the United States the excess of the amount earned on Nonpurpose Investments allocable to the Gross Proceeds of the Bonds over the amount that would have been earned on such Nonpurpose Investments had the amount so invested been invested at a rate equal to the Yield on the Bonds, together with any income attributable to such excess. The Borrower agrees to comply with the Rebate Requirement as applied to the Bonds in all respects and to pay all costs associated with complying with the Rebate Requirement for the Bonds, including, without limitation, (A) the costs of paying any liability owed to the United States under Section 148 of the Code and the Treasury Regulations thereunder with respect to the Bonds, and (B) the costs of retaining attorneys, accountants and other experts to advise the Borrower with respect to compliance with the Rebate Requirement. The Rebate Requirement is described generally in Exhibit O hereto. The Borrower covenants to retain a qualified Rebate Analyst to assist the Borrower in complying with the Rebate Requirement applicable to the Bonds.

(b) **Exceptions to Rebate Requirement.** The Code and the Treasury Regulations provide certain exceptions to the Rebate Requirement. The Borrower covenants to consult with a person or firm having expertise in the Rebate Requirement in order to determine whether an exception to the Rebate Requirement applies prior to relying on any such exception.

(c) **Responsibilities for Rebate Requirement.** The Issuer and the Borrower have covenanted to comply with certain requirements of the Code relating to the Rebate Requirement as set forth in this Section 6.2 and the Issuer intends to comply with these requirements through the obligation and undertaking by the Borrower to comply with these requirements. Because the Issuer is issuing the Bonds on behalf of the Borrower and is serving solely as a conduit issuer of the Bonds, the Borrower agrees to assume exclusive responsibility for complying with the Rebate Requirement (including the retention of a qualified rebate analyst, if necessary), and the Borrower acknowledges that its obligations in this regard are absolute and unconditional.

[End of Article VII]

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Section 149(e) of the Code (e.g., Form 8038, a copy of which is attached hereto as Exhibit E attached hereto).

Section 7.7 Registration.

The Issuer represents and covenants that the Bonds will be issued in “registered form” within the meaning of Section 149(a) of the Code.

Section 7.8 Hedge Bond Restrictions.

The Issuer and the Borrower (a) reasonably expect that 85% of the “spendable proceeds” (as defined in Treas. Reg. § 1.149(g)-1(a)) of the Bonds will be used to carry out the governmental purpose of the Bonds within the 3-year period beginning on the Issue Date, and (b) will not invest more than 50% of the “new money” portion of the Bonds in Nonpurpose Investments having a substantially guaranteed Yield for four or more years. Accordingly, the Bonds will not constitute “hedge bonds” within the meaning of Section 149(g) of the Code.

Section 7.9 Election of Qualified 501(c)(3) Bond Status.

The Issuer certifies that it is electing to have Section 145 of the Code apply to the Bonds.

Section 7.10 Reimbursement.

Proceeds of the Bonds will be allocated to expenditures pursuant to a “reimbursement allocation,” as defined in Treas. Reg. 1.150-2(c) (the “Reimbursement Allocation”). In connection with the Reimbursement Allocation, the Borrower hereby represents as set forth below.

(a) The Reimbursement Allocation will be made to reimburse original expenditures (the “Original Expenditures”) incurred by the Borrower for Capital Expenditures chargeable to the capital account of the Improvements. The Reimbursement Allocation is shown on Exhibit N.

(b) Not later than 60 days after the payment of the earliest Original Expenditure, the Issuer adopted an official intent that (I) contained a general description of the Facilities or identified by name or functional description the fund or account from which the Original Expenditures were paid, and (II) declared the intent of the Issuer to reimburse the Original Expenditures with amounts received from a borrowing. A copy of the Reimbursement Resolution is attached as Exhibit M.

(c) The Reimbursement Allocation is hereby made not later than eighteen months after the later of (i) the date the earliest Original Expenditure was paid, or (ii) the date the Facilities are placed in service or abandoned, but in no event more than three years after the earliest Original Expenditure was paid.

Section 7.11 No Artifice or Device.

(a) **No Abusive Arbitrage Device.** Neither the Issuer (to its knowledge), the Borrower nor the Sole Member are taking any action in connection with the issuance of the Bonds that has the effect of (i) enabling the Issuer or the Borrower to exploit the difference between tax-exempt and taxable interest rates to obtain a material financial advantage, or (ii) overburdening the tax-exempt bond market. Neither the Issuer nor the Borrower are taking any action in connection with the issuance of the Bonds that results in issuing more bonds, issuing bonds earlier, or allowing bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purpose of the Bonds.

(b) *No Unreasonable Allocations of Bonds or Investments.* Neither the Issuer nor the Borrower will make any unreasonable allocations of Bonds, Gross Proceeds of the Bonds, or Investments allocable to Gross Proceeds of the Bonds, in a transaction or series of transactions the principal purpose or effect of which is to avoid the limitations of Sections 103 and 141-150 of the Code and the Regulations thereunder.

(c) *Other Amounts.* The Borrower represents to the Issuer that the Bonds and the plan of finance effectuated through the financing and refinancing of the Facilities has been sized to take into account all other amounts available to the Borrower for the same purposes for which the Bonds are being issued, taking into consideration reasonable business needs of the Borrower and legal and business restrictions imposed on other funds available to the Borrower to finance and refinance the Facilities.

Section 7.12 \$15,000,000 Limitation to Avoid Volume Cap.

The Issuer and the Borrower each certifies that the Nonqualified Amount for the Bonds will not exceed \$15,000,000.

Section 7.13 \$150,000,000 Limit on Non-Hospital Bonds.

The Borrower and the Sole Member each certifies that the aggregate face amount of the Bonds together with the aggregate authorized face amount of all other outstanding tax-exempt non-hospital bonds (as that term is defined in Section 145(b) of the Code) of the Borrower and any other organizations under common management or control with the Borrower (as those terms are defined in Section 145(b) of the Code), excluding any qualified non-hospital bonds issued to pay capital expenditures incurred on or after August 5, 1997 (the "Post-1997 Bonds"), does not exceed \$150,000,000. For this purpose, outstanding tax-exempt bonds include bonds that have been funded but have not yet been retired, excluding Post-1997 Bonds.

Section 7.14 Compliance Policy and Procedures.

(a) *The Issuer Post-Issuance Compliance Policy.* The Issuer has covenanted that it will comply with the requirements of the Code and Treasury Regulations necessary to establish and maintain the Federal Tax Status of the Bonds. The Issuer has, therefore, established a policy (the "Issuer Post Issuance Policy") to comply with and monitor continued compliance with those requirements as described in this Tax Agreement, a copy of which is attached hereto as Exhibit J. Pursuant to the Issuer Post Issuance Policy, the Issuer has delegated the sole responsibility for on-going post-issuance compliance with respect to the Bonds to the Borrower. The Borrower shall and hereby does (i) accept the delegation and agrees to comply with such responsibilities, and (ii) agrees to comply with the Borrower Post-Issuance Policies (hereinafter defined) to ensure that the Borrower is taking appropriate steps to limit the chance of non-compliance with respect to the Bonds and the Facilities. The Borrower hereby agrees to provide the Issuer in a timely manner with any updates, amendments or supplements to the Borrower Post-Issuance Policies and shall provide timely notice to the Issuer of changes in compliance officer(s) contact information from time to time, if any.

(b) *The Borrower Post Issuance Compliance Policies.* In connection with the foregoing, the Borrower has adopted compliance policies and procedures (the "Borrower Post Issuance Policies") to help the Borrower comply with its responsibilities to monitor compliance with the federal tax law requirements applicable to the Bonds and this Tax Agreement, a copy of which is attached hereto as Exhibit K.

Section 7.15 Retention of Records.

The Borrower agrees to maintain all records relating to the Bonds for a period of four years following the later of (i) the final maturity date of the Bonds, or (ii) the final maturity date of any tax-

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ARTICLE VIII - MISCELLANEOUS

Section 8.1 Tax Audits.

The Issuer, the Sole Member and the Borrower each acknowledges that the Issuer will be treated as the "taxpayer" in the event that the Bonds are audited by, or the subject of a closing agreement program with, the Internal Revenue Service and each party to this Tax Agreement agrees to cooperate with the other parties to this Tax Agreement in the course of such audit or closing agreement program. The Borrower and the Sole Member agree that they will pay or cause to be paid any reasonable expense or liability incurred by the Issuer resulting from such audit or closing agreement program. The Borrower acknowledges and agrees that the indemnification provisions of Section 6.3 of the Loan Agreement apply to this Tax Agreement as if fully provided for herein and that the Borrower's obligations under the next preceding sentence are intended to be in addition to (but not duplicative of) their obligations under said Section 6.3.

Section 8.2 Amendments to Tax Agreement to Comply with Code and Treasury Regulations.

The Issuer, if requested, and the Sole Member and the Borrower agree, to the extent reasonably possible, to comply with any amendments to the Code or any applicable Treasury Regulations effective retroactively, and the Issuer, if requested, the Borrower, the Sole Member and the Trustee (upon receipt of an opinion of Bond Counsel stating that such amendment (i) is necessary to comply with an amendment of the Code or Treasury Regulation, and (ii) will not adversely affect the Federal Tax Status of the Bonds) agree to take all actions necessary to amend this Tax Agreement to comply therewith.

Section 8.3 Bond Counsel Opinion.

Notwithstanding any provision of this Tax Agreement, if the Issuer or the Borrower provides to the Trustee an opinion of Bond Counsel that any action specified under this Tax Agreement is no longer required or that some further or different action is required to assure and maintain the Federal Tax Status of the Bonds, the Trustee and the Issuer may conclusively rely on such opinion in complying with this Tax Agreement and the modification or waiver of the covenants herein.

Section 8.4 Applicable Law.

This Tax Agreement will be governed by the laws of the State of South Carolina and where applicable, the laws of the United States of America.

Section 8.5 Issuer Not Disqualified.

The Issuer has not been notified of any disqualification or proposed disqualification of it by the Internal Revenue Service as a bond issuer that may certify bond issues under Treas. Reg. § 1.148-2(b).

Section 8.6 Future Events.

The Issuer, the Borrower and the Sole Member acknowledge that any changes in facts or expectations from those set forth herein may result in different yield restrictions or rebate requirements from those set forth herein, and the Issuer, if notified of such changes, and the Borrower agree that Bond Counsel and the Trustee will promptly be contacted and notified in writing if such changes do occur.

exempt obligations issued to refund the Bonds (the "Retention Period"). Such records shall include (but not be limited to) all records relating to the investment and expenditure of Gross Proceeds of the Bonds, the final transcripts of proceedings relating to the issuance of the Bonds and all opinions and reports relating to post-issuance compliance with respect to the Bonds and the Facilities, including the Improvements. The Trustee (to the extent the Trustee receives such records) agrees to maintain all investment records for the Bonds through the Retention Period described herein. The Trustee shall timely deliver the investment records to the Borrower and/or the Issuer upon written request. The Trustee further covenants that it will only invest the Proceeds of the Bonds at the written direction of the Borrower. Funds held by the Trustee for which no written investment directions have been received by the Trustee shall remain uninvested.

[End of Article VII]

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Section 8.7 Severability.

If any clause, provision or section of this Tax Agreement is ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, sections or provisions hereof.

Section 8.8 Notices.

All notices, demands, communications and requests that may or are required to be given hereunder by any party hereto shall be deemed given on the date on which the same shall have been mailed by registered or certified mail, postage prepaid, addressed as follows:

To the Issuer:	South Carolina Jobs-Economic Development Authority 1201 Main Street, Suite 1600 Columbia, South Carolina 29201 Attention: Jesse Smith, Executive Director Telephone: (803) 737-0627
With a copy to:	Howell Linkous & Nettles, LLC 106 Broad Street Charleston, South Carolina 29401 Attention: Sam Howell Telephone: (843) 266-3801
To the Borrower and Sole Member:	Sixteenth Floor Residential Inc. 304 Texas Avenue, Suite 1600 El Paso, Texas 79901 Attention: Gerald Ciehon, Chief Executive Director and Secretary Telephone: (915) 849-3839
To the Trustee:	Wilmington Trust, National Association 650 Town Center Drive, Suite 800 Costa Mesa, California 92626 Attention: Grace Yang Telephone: (714) 384-4159
With a copy to:	Naman, Howell, Smith & Lee, PLLC 8310 North Capital of Texas Highway, Suite 490 Austin, Texas 78731 Attention: Laura Greff Telephone: (512) 807-2467

The parties hereto may, by notice given to the others, designate any different addresses to which subsequent notices, demands, requests or communications shall be sent.

Section 8.9 Successors and Assigns.

The terms, provisions, covenants and conditions of this Tax Agreement shall bind and inure to the benefit of the respective successors and assigns of the Issuer, the Trustee, and the Borrower.

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Section 8.10 No Financial or Accounting Advice.

The Issuer, the Trustee, the Borrower, and the Sole Member acknowledge that Bond Counsel is providing services that are of a traditional legal nature in connection with the issuance of the Bonds. Any materials prepared by Bond Counsel demonstrating or confirming any calculations relating to the issuance of the Bonds and the financing of the Facilities have been prepared solely for purposes of the legal analyses undertaken in order for Bond Counsel to prepare documentation and render opinions relating to the issuance of the Bonds, and are not intended to be, and may not be, construed as financial or accounting advice.

Section 8.11 Change in Law.

This Tax Agreement is based on law in effect on the Issue Date. Pursuant to the Borrower Post Issuance Policies and the Issuer Post Issuance Policy, the parties to this Tax Agreement will consult with Bond Counsel and other experts periodically and as required under the terms of this Tax Agreement. The parties to this Tax Agreement acknowledge that, unless otherwise agreed to in writing, Bond Counsel's engagement with respect to the Bonds terminates on the Issue Date, and Bond Counsel undertakes no obligation to update or amend this Tax Agreement subsequent to the Issue Date, whether by reason of a change in law applicable to the Bonds or for any other reason.

Section 8.12 Expectations.

The Issuer and the Borrower have reviewed the facts, estimates and circumstances presented by the Borrower and other persons in existence on the date of issuance of the Bonds. Such facts, estimates and circumstances, together with the expectations of the Issuer and the Borrower, on which the Issuer is authorized to rely, as to future events, are set forth in summary form in this Tax Agreement. The Borrower and the Issuer, only to the extent the same relate directly to the Issuer and are limited to the Issuer's knowledge, represent that such facts and estimates are true and are not incomplete in any material respect. On the basis of such facts, estimates, circumstances and expectations, it is not expected by the Issuer or the Borrower that the proceeds from the sale of the Bonds or any other moneys or property will be used in a manner that will cause the Bonds to be "Arbitrage Bonds." Such expectations are reasonable and there are no other facts, estimates and circumstances that would materially change such expectations.

Section 8.13 Counterpart Executions.

This Tax Agreement may be executed in any number of counterparts, each of which will constitute an original and all of which will constitute one and the same Tax Agreement.

[Signatures Follow]

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[Signature Page to Tax Regulatory Agreement and No-Arbitrage Certificate]

IN WITNESS WHEREOF, the Issuer, the Borrower, the Sole Member and the Trustee have each caused this Tax Agreement to be executed in its own name and on its own behalf by its duly authorized officer as of the date first written above.

ISSUER:

**SOUTH CAROLINA - JOBS-ECONOMIC
DEVELOPMENT AUTHORITY**

By: _____
Jesse Smith, Executive Director

BORROWER:

**SFRI RESERVE AT WESCOTT APARTMENTS
LLC,**
a Delaware limited liability company

By: Sixteenth Floor Residential Inc., a Texas
nonprofit corporation, its sole member

By: _____
Gerald Cichon
Chief Executive Officer and Secretary

BORROWER:

SFRI OTARRE POINTE APARTMENTS LLC,
a Delaware limited liability company

By: Sixteenth Floor Residential Inc., a Texas
nonprofit corporation, its sole member

By: _____
Gerald Cichon
Chief Executive Officer and Secretary

SOLE MEMBER:

SIXTEENTH FLOOR RESIDENTIAL INC., a
Texas nonprofit corporation, its sole member,

By: _____
Gerald Cichon,
Chief Executive Officer and Secretary

The Trustee hereby acknowledges and accepts this Tax Regulatory Agreement and No-Arbitrage Certificate, and is bound to undertake only the duties and responsibilities specifically set forth herein. With respect to the remaining provisions of this Tax Regulatory Agreement and No-Arbitrage Certificate, the Trustee has made no investigation, makes no representations and undertakes no duties or responsibilities not otherwise set forth in the Indenture.

TRUSTEE:

**WILMINGTON TRUST, NATIONAL
ASSOCIATION**

By: _____
Grace Yang, Senior Vice President

[Signature Page to Tax Regulatory Agreement and No-Arbitrage Certificate]

[Signature Page to Tax Regulatory Agreement and No-Arbitrage Certificate]

EXHIBIT A

**SFRI RESERVE AT WESCOTT APARTMENTS LLC
AND
SFRI OTARRE POINT APARTMENTS LLC**

DETERMINATION LETTERS

[ATTACHED]

EXHIBIT B

[OMITTED]

EXHIBIT C
[OMITTED]

EXHIBIT D
LEGAL OPINION OF CANTU HARDEN MONTOYA LLP
AND
HAYNSWORTH SINKLER BOYD, P.A.
[ATTACHED]

EXHIBIT E
FORM 8038
(ATTACHED)

EXHIBIT F	
USE OF NET PROCEEDS	
“Good” Costs	
1. Costs of acquiring and rehabilitating the Facilities and the Improvements	
TOTAL	
“Bad” Costs	
1. Costs of Issuance	_____
TOTAL	
TOTAL NET PROCEEDS	

EXHIBIT G

FACILITIES AND IMPROVEMENTS COSTS

[See Appraisal Report]

EXHIBIT H

CERTIFICATE OF UNDERWRITER

The undersigned, on behalf of KeyBanc Capital Markets (the "Underwriter") in connection with the issuance of the South Carolina Jobs-Economic Development Authority Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced), Series 2025 (the "Bonds"), hereby certifies as set forth below. Capitalized terms not otherwise defined herein have the meanings ascribed thereto in the Tax Regulatory Agreement and No-Arbitrage Certificate dated as of December __, 2025 concerning the Bonds (the "Tax Agreement") to which this Certificate of Underwriter is attached as Exhibit H.

(a) As of December __, 2025 (the "Sale Date"), the Underwriter offered all of the Bonds to the general public (excluding bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices and yields that we reasonably expected at least 10% of the principal amount of each maturity of the Bonds would be initially sold, as shown on the inside cover page of the Official Statement (the "Official Statement") for the Bonds.

(b) Such offering prices and yields represent the fair market prices and yields for the Bonds as of the Sale Date and produce an issue price for the Bonds of \$_____.

(c) As of the date hereof, at least 10% of each maturity of the Bonds described on the inside cover of the Official Statement has been first sold by the Underwriter to the general public at the prices shown on the inside cover page of the Official Statement.

(d) The Yield on the Bonds is not less than _____%.

(e) The weighted average maturity of the Bonds, calculated in accordance with Section 147(b) of the Code, is _____ years.

(f) The Underwriter hereby confirms that it is of the opinion that the amount of proceeds of the Bonds to be deposited in the Reserve Fund, which is being established for the Bonds is reasonable and necessary because no reserve fund, or a reserve funding in a lesser amount, would adversely affect the interest rates at which the Bonds could be sold because of the additional security provided by the establishment and maintenance of the Debt Service Reserve Fund at a level equal to the Debt Service Reserve Fund Amount.

We understand that this Certificate of Underwriter forms a part of the basis for the opinion, dated the date hereof, of Cantu Harden Montoya LLP and Haynsworth Sinkler Boyd, P.A., as Bond Counsel and Co-Bond Counsel, to the effect that interest on the Bonds is excludable from the gross income of the recipients thereof for purposes of federal income taxation under existing laws, regulations, rulings and judicial decisions; provided however, the Underwriter expresses no view regarding the legal sufficiency or the correctness of any legal interpretation made by Bond Counsel, nothing herein represents the Underwriter's interpretation of any laws, and in particular, regulations under the Code, and the Underwriter expresses no view regarding the legal sufficiency of any representations made herein.

IN WITNESS WHEREOF, the undersigned, on behalf of the Underwriter, has set his hand this December __, 2025.

KEYBANC CAPITAL MARKETS

By: _____
Name: _____
Title: _____

EXHIBIT I

ECONOMIC LIFE OF THE FACILITIES AND THE IMPROVEMENTS

Assets	Allocation	Useful Life	Weighted Life
Buildings and Improvements	\$ _____	30 years	30 years
Land	\$ _____	N/A	N/A

TOTALS

Useful Life of the Facilities = 30 Years
120% Useful Life of the Facilities = 36 Years

*This includes purchase price of the Project, including certain real estate related closing fees and expenses and costs of the improvements. Bond proceeds used to acquire land (which comprise less than 25% of the purchase price of the Project), make a deposit to the debt service reserve fund, pay Costs of Issuance and pay working capital are not included for purposes of calculating the useful life of the property financed with the proceeds of the Bonds.

EXHIBIT J

ISSUER'S TAX EXEMPT BOND COMPLIANCE POLICY AND PROCEDURES

(Attached)

EXHIBIT K

BORROWER'S TAX EXEMPT BOND COMPLIANCE POLICY AND PROCEDURES

EXHIBIT L

DRAW SCHEDULE

Date of Issuance of Bonds - \$ _____ (including capitalized interest)

EXHIBIT M

REIMBURSEMENT RESOLUTION

None

EXHIBIT N

REIMBURSEMENT ALLOCATION

None

EXHIBIT O

REBATE REQUIREMENT

(a) *Generally.* Section 148(f) of the Code requires that certain earnings on Nonpurpose Investments allocable to the Gross Proceeds of an issue be paid to the United States to prevent the Bonds of the issue from being arbitrage bonds. The arbitrage that must be rebated is based on the difference between the amount actually earned on Nonpurpose Investments and the amount that would have been earned if those Investments had a yield equal to the yield on the issue. As of any date, the rebate amount for an issue is the excess of the future value, as of that date, of all receipts on Nonpurpose Investments over the future value, as of that date, of all payments on Nonpurpose Investments. The future value of a payment or receipt at the end of any period is determined using the economic accrual method and equals the value of that payment or receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the yield on the issue, using the same compounding interval and financial conventions used to compute that yield.

(b) *Computation Dates (Other than the Final Computation Date).* For a fixed yield issue, an issuer may treat any date as a Computation Date provided such date is within five years of the issue date. For a variable yield issue, an issuer may treat the last day of any Bond Year that is not later than five years from the issue date as a Computation Date and may not change that treatment after the first rebate payment, if any, is due. After the first rebate payment, if any, is due, an issuer must consistently treat either the end of each Bond Year or the end of each fifth Bond Year as Computation Dates and may not change these Computation Dates after the first rebate payment, if any, is due.

(c) *Final Computation Date.* The date that an issue is discharged is the Final Computation Date. For an issue retired within three years of its issue date, however, the Final Computation Date need not occur before the end of eight months after the issue date or during the period in which the Issuer reasonably expects that any of the spending exceptions to the Rebate Requirement will apply to the issue.

(d) *Amount of Required Rebate.* The arbitrage rebate is generally paid in installments. The first rebate installment payment must be made for a Computation Date that is not later than five years after the issue date of the issue. Subsequent installment payments must be made for a Computation Date that is not later than five years after the previous Computation Date for which an installment payment was made. For installment payment Computation Dates other than the Final Computation Date, an issuer must rebate an amount that when added to the future value, as of that Computation Date, of previous rebate payments made for the issue, equals at least 90 percent of the rebate amount as of that date. For the Final Computation Date, a final rebate payment must be paid in an amount that, when added to the future value of previous rebate payments made for the issue, equals 100 percent of the rebate amount as of that date.

(e) *Time and Manner of Payment.* Each rebate payment must be paid no later than 60 days after the Computation Date to which the payment relates. Any rebate payment paid within this 60-day period may be treated as paid on the Computation Date to which it relates.

(f) *Penalty in Lieu of Loss of Tax Exemption.* The failure to pay the correct rebate amount when required will cause the Bonds of the issue to be arbitrage bonds, unless the Commissioner determines that the failure was not caused by willful neglect and the Issuer promptly pays a penalty to the United States. If no bond of the issue is a private activity bond (other than a Qualified 501(c)(3) Bond), the penalty equals 50 percent of the rebate amount not paid when required to be paid, plus interest on that amount. Otherwise, the penalty equals 100 percent of the rebate amount not paid when required to be paid, plus interest on that amount. Interest accrues at the underpayment rate under Section 6621 of the Code, beginning on the date the correct rebate amount is due and ending on the date 10 days before it is paid. The penalty is

automatically waived if the rebate amount that the Issuer failed to pay plus interest is paid within 180 days after discovery of the failure, unless the Commissioner determines that the failure was due to willful neglect, or the issue is under examination by the Commissioner at any time during the period beginning on the date the failure first occurred and ending on the date 90 days after the receipt of the rebate amount. Generally, extensions of this 180-day period and waivers of the penalty in other cases will be granted by the Commissioner only in unusual circumstances.

(g) *Recovery of Overpayment of Rebate.* An issuer may recover an overpayment of a rebate amount for an issue of tax-exempt bonds by establishing to the satisfaction of the Commissioner that the overpayment occurred. An overpayment is the excess of the amount paid to the United States for an issue under Section 148 of the Code over the sum of the rebate amount for the issue as of the most recent computation date and all amounts that are otherwise required to be paid under Section 148 of the Code as of the date the recovery is requested. Notwithstanding the preceding sentence, an overpayment may be recovered only to the extent that a recovery on the date that it is first requested would not result in an additional rebate amount if that date were treated as a Computation Date. Furthermore, except for overpayments in certain limited circumstances, an overpayment of less than \$5,000 may not be recovered before the final computation date.

(h) *Recordkeeping Requirement.* An issuer must retain records of the determination of its Rebate Requirement until four years after the later of (i) the retirement of the last obligation of the issue or (ii) the retirement of any tax-exempt obligation issued to refund the issue.

(i) *Exception for Earnings on Gross Proceeds in Certain "Bona Fide Debt Service Funds."* Earnings on Nonpurpose Investments of Gross Proceeds in a Bona Fide Debt Service Fund are not taken into account in computing the arbitrage rebate liability for an issue if either (i) the gross earnings on such fund for the Bond Year is less than \$100,000 or (ii) the issue has an average maturity of at least five years and each of the Bonds that are part of such issue are neither private activity bonds nor have rates of interest that vary during the term of the issue. For purposes of clause (i), an issuer may treat an issue with average annual debt service not exceeding \$2,500,000 as satisfying the \$100,000 limitation and therefore earning less than \$100,000 in any Bond Year.

(j) *Six-Month Expenditure Exception.* No Gross Proceeds, as modified by Treas. Reg. § 1.148-7(c)(3), of the Bonds need be included if such modified Gross Proceeds are expended on Governmental Purpose Expenditures for the Bonds no later than six months after the Issue Date of the Bonds and the requirements of Treas. Reg. §§ 1.148-7(b)(1) and (c)(1)(ii) are satisfied and Treas. Reg. § 1.148-7(c)(4) does not apply.

(k) *Eighteen-Month Capital Expenditure Exception to Rebate.* Unless it would increase the Rebate Amount, no amount of Gross Proceeds, as modified by Treas. Reg. § 1.148-7(d)(3), of the Bonds need be included in Gross Proceeds of the Bonds for purposes of determining the Rebate Amount if the Expenditure Amounts are expended by each of the Expenditure Dates for the Bonds and the requirements of Treas. Reg. § 1.148-7(d)(1)(ii) and (iii) are satisfied.

(l) *Two-Year Expenditure Exception.* Gross proceeds of the Bonds are treated as meeting the rebate requirement if the following requirements are met: (i) the Bonds constitute a Construction Issue; and (ii) Available Construction Proceeds equal to the applicable Construction Expenditure Amounts are expended by each applicable Target Date.

The Two-Year Expenditure Exception is further described in Treas. Reg. § 1.148-7(e). In particular, there are restrictions on what constitutes a Construction Issue, Construction Expenditures, Available Construction Proceeds and the ability to bifurcate an issue. The Borrower should seek the advice

of Bond Counsel or the Rebate Analyst in determining whether the requirements of the Two-Year Expenditure Exception have been satisfied.

Earnings on any reasonably required reserve fund or replacement fund are Available Construction Proceeds only to the extent that those earnings accrue before the earlier of the date construction is substantially completed or the date that is two years after the date of issuance of the Bonds. The Borrower may elect on or before the date of issuance of the Bonds to exclude from Available Construction Proceeds the earnings on such a fund. If the election is made, the rebate requirement applies to the excluded amounts from the date of issuance of the Bonds.

APPENDIX B

CERTAIN INFORMATION REGARDING THE PROJECTS

PROJECT BACKGROUND

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THE RESERVE AT WESCOTT PLANTATION APARTMENTS

General. The Reserve at Wescott Plantation Apartments (“Reserve” or the “Project”) is located at 4976 Wescott Blvd, Summerville, SC 29485. The Project is located within Dorchester County, South Carolina. SFRI Reserve at Wescott Apartments LLC as the Property Owner plans to close on the Project in December 2025. The Project consists of 288 units situated on approximately 26 acres. Reserve has a private lake with fountain and walking trail with fitness stations, resort style swimming pool, fitness center, dog park, playground, resident clubhouse, garage parking, package lockers, car care center and more.

Unit Mix. The following table sets forth the unit mix and current average monthly in place rents for units within the Project.

Unit Type	No. of Units	Average Unit Size (sq. ft.)	Current Average in Place Net Rent
1 Bed - 1 Bath	120	813	\$1,430
2 Bed - 2 Bath	132	1,086	\$1,678
3 Bed - 2 Bath	36	1,266	\$1,971
Total	288	995	\$1,539

Reserve at Wescott Plantation



Project Location. The Project is located in Summerville, offering top-rated schools, abundant lifestyle amenities, and proximity to major employment hubs. The property is adjacent to Fort Dorchester Elementary and within five miles of Fort Dorchester High School, both A-rated by Niche. Its proximity to Palmetto Commerce Park and Charleston’s key employers—Boeing, Mercedes-Benz, and Joint Base Charleston—drives strong renter demand. With average home prices around \$351K and mortgage rates near 7%, monthly ownership costs (~\$2,495) are over 50 percent higher than current rents based on today’s assumptions, reinforcing rental affordability.

Charleston is among the fastest-growing metros in the U.S., blending historic charm, a mild climate, and a diverse economy that attracts 42 new residents daily. The population of the Charleston metro area has increased by 21 percent since 2014, supported by a labor force expanding at three times the national rate. The economy is anchored by industries such as aerospace, automotive, technology, defense, and the Port of Charleston—a top 10 U.S. container port generating \$87B annually. The region hosts 1,100 tech firms employing 28,000 people, and Joint Base Charleston contributes \$8.3B regionally with 25,000 personnel. Major projects—including Boeing’s \$1B expansion, a \$1.2B hospital campus, and Redwood Materials’ \$3.5B battery facility—underscore long-term economic growth. Multifamily performance remains strong with 6.8% annual rent growth and 94% occupancy over the past five years.

Project Management. Asset Living will manage the Project and be responsible for the leasing, maintenance, marketing, lease enforcement and other day-to-day needs of the Project. Asset Living currently manages around 1,750 multifamily communities nationwide.

Collateral Value. At any time, the value of the property encumbered by the Mortgage could be less than the principal amount of obligations secured thereby. There can be no assurance that any particular sale price will be obtained for the Project upon foreclosure of the Mortgage or otherwise.

An appraisal of the Project has been separately conducted by CBRE. The Project has been valued at \$58M as a market rate deal and \$62.5M as a tax-exempt deal.

Project Environmental: A Phase I Environmental Site Assessment was performed for each property.

Rimkus, on September 4, 2025, performed a Phase I ESA of the subject property in conformance with the scope and limitations of ASTM Standard Practice E1527-21, the regulations at 40 CFR Part 312, the Freddie Mac Phase I ESA Guidelines. This assessment has revealed no recognized environmental conditions (RECs), controlled recognized environmental conditions (CRECs), significant data gaps, or historical recognized environmental conditions (HRECs) in connection with the subject property. No further investigation is recommended.

Rimkus observed no Apparent Mold Growth (AMG) within the dwelling units or common areas accessed. However, Rimkus observed areas of AMG on drywall surfaces in several sprinkler riser closets throughout the subject property and in a mechanical closet at the pool/fitness building. Rimkus recommends completing repairs and remediating affected materials and AMG in compliance with local, state, and/or federal guidelines. In addition, Rimkus recommends preparing and implementing a Moisture Management Plan (MMP) for the subject property.

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Occupancy Rates. As described above, the Project Owner plans to acquire the Project in December 2025. The historical occupancy rates for the Project are set forth below:

<i>Reserve</i>	
Month	Occupancy Rate
Aug 2023	92.7%
Sep 2023	94.0%
Oct 2023	93.8%
Nov 2023	93.4%
Dec 2023	91.9%
Jan 2024	91.0%
Feb 2024	89.7%
Mar 2024	90.0%
Apr 2024	92.3%
May 2024	92.5%
Jun 2024	94.4%
Jul 2024	92.8%
Aug 2024	93.4%
Sep 2024	92.9%
Oct 2024	93.0%
Nov 2024	92.8%
Dec 2024	92.9%
Jan 2025	92.7%
Feb 2025	91.6%
Mar 2025	92.5%
Apr 2025	91.5%
May 2025	88.4%
Jun 2025	85.0%
Jul 2025	89.4%
Aug 2025	93.1%
Sept 2025	94.7%
Oct 2025	95.4%

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Project Operating Revenue and Expenses. As described above, the Project Owner plans to acquire the Project in December 2025. The Project Owner has reviewed and conducted due diligence on the historical operating information provided by the sellers of the Project. The table below sets forth cumulative projected revenues and expenses of the Project from December 2025 to November 2026, as well as trailing 12-month unaudited historical financials provided by the seller for the Project. Projected operating expenses are based upon a review by Asset Living, which will serve as project manager following acquisition. Projected revenues are based upon HOME's analysis of existing tenant rents and incomes, as described more fully below.

<u>Category</u>	<u>October 2025 T12</u>	<u>November 2026 Budget</u>
Operating Revenue		
Rental	\$5,681,811	\$5,304,227
Loss/Gain-to-Lease	(46,400)	
Additional Rent - Renovation		
Concessions	(241,076)	
General Vacancy	(458,130)	(346,101)
Non Revenue Units	(32,967)	(33,583)
Collection Loss	(115,044)	(49,245)
RUBS	288,567	318,829
Other Income	235,756	290,013
Total Operating Revenue	\$5,312,517	\$5,484,140
Operating Expenses		
Repairs and Maintenance	\$118,455	\$92,160
Turn	113,692	86,400
Utilities	347,312	346,662
Advertising	124,099	108,000
Contract Services	101,682	194,090
Replacement Reserve	-	72,000
Payroll	520,200	524,863
Taxes*	1,100,592	-
Insurance	247,273	249,120
Property Management Fees	144,230	137,104
Administrative	129,061	83,520
Other Tax/Compliance Reserve*	-	31,697
Total Operating Expenses	\$2,946,597	\$1,925,616
Net Operating Income	\$2,365,920	\$3,558,524

* As discussed under the heading Property Tax Exemption, below, South Carolina law provides that a multifamily rental apartment owned and operated by a nonprofit organization with the tenant income and rental restrictions to be utilized for the Project after closing renders the Project exempt from all property taxes following the acquisition by the nonprofit organization. In this instance, the Project Owner operates as a nonprofit organization as a single purpose entity of its sole member, Sixteenth Floor Residential, which is a federal tax-exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code.

Leasing Restrictions; Tenant Occupancy. Upon the acquisition of the Facilities, pursuant to the Land Use Restriction Agreement, the Project Owner has agreed to ensure that the following income restrictions are met following the Initial Compliance Date and thereafter, at all times:

(i) no less than 40% of the available units in an Individual Project shall be rented to and occupied by tenants whose income is less than 60% of median gross income for the Metropolitan Statistical Area for Dorchester County, South Carolina, as defined by HUD (the “Area”), with adjustments for family size using two-person per bedroom.

(ii) no less than 75% (including the 40% described in (i) above) of the available units in an Individual Project shall be rented to and occupied by tenants whose income does not exceed 80% of median gross income for the Area, with adjustments for family size using two-person per bedroom.

While failure by the Project Owner to meet the targeted income restriction categories will result in a default under the Land Use Restriction Agreement, the sole remedy for such a default is specific performance. There can be no assurance that the Project Owner can meet the targeted income restriction categories due to the availability of qualified tenants for each income restriction category.

Historic and Future Tenant Income Levels.

As of October 2025, prior to execution of any Land Use Restriction Agreement, 66% of the occupied units were leased to residents who qualify as low-income under Revenue Procedure 96-32. This procedure establishes “safe harbor” criteria that must be met for a property to qualify for exemption:

- 75% of units (216 units) must be occupied by residents at or below 80% of AMI. Currently, 66% of the occupied units meet this requirement. Approximately 65 of the occupied units will need to be transitioned in order to satisfy this test after closing.
- 40% of units (115 units) must be occupied by residents at or below 60% of AMI. Currently, 56% of the occupied units meet this requirement. Approximately 64 of the occupied units will need to be transitioned in order to satisfy this test after closing.

Accordingly, the property does not yet meet the 80% AMI as well as 60% AMI tests. For this analysis, HUD income limits were applied using a reasonable assumption of two-persons per bedroom. As for the per-unit income AMI limits, approximately 8 units will need a rent reduction to meet the 60% AMI rent limit qualifications and no units will need a rent reduction to meet the 80% AMI rent limit qualifications.

The LURA provides a mechanism to ensure the Project meets the two AMI tests after closing, by, among other things, conducting outreach to prospective residents who meet the two AMI tests and restricting the acceptance of new residents who meet the two AMI tests.

Future Affordability.

According to HelloData.ai (November 11, 2025 report), the 30-day rental rates of the 10 closest comparables currently average \$1,657 per unit per month, compared to rates on affordable units at the property averaging \$1,496 as of October 2025, representing an approximately 9.72% discount to market rate on these units. The Property expects it will maintain a similar discount going forward, and grow this discount over time if rents exceed growth in the statutory Area AMI limit. Lower Income Tenants are distributed through all types of units at the property, including 1-bedroom, and 2-bedroom units, and 3-bedroom units.

The Land Use Restriction Agreement imposes other substantial limitations on the ownership and operation of the Project. See Appendix A – “FORMS OF THE PRINCIPAL FINANCING DOCUMENTS – FORMS OF THE LAND USE RESTRICTION AGREEMENTS.”

Property Tax Exemption. The Project is eligible for an exemption from certain taxes including ad valorem real estate taxes (the “*Real Estate Taxes*”) pursuant to South Carolina law by virtue of being owned by the Project Owner and being used for the charitable purposes of affordable housing as outlined herein. Upon acquisition of the Project, in

order to obtain the exemption, the Project Owner must file a change in ownership report and provide other information with the property tax authority for the applicable county for the property tax exemption to be applied. While the exemption from Real Estate Taxes is specifically authorized by South Carolina law and anticipated to be promptly recognized by the property tax authority, there can be no absolute assurance that this will be the case.

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Project Location. The Project is located near Columbia, South Carolina. Within one mile, average household income exceeds \$100,000 and 68% of residents hold a college degree. With homeownership remaining costly, rents offer a 33 percent discount to owning, supporting long-term tenant retention. The property benefits from proximity to major employers including BlueCross BlueShield, Prisma Health, Michelin, Amazon, and upcoming entrants such as Scout Motors and Cirba Solutions. Surrounded by abundant lifestyle amenities—Timmerman Trail, Congaree Creek Heritage Preserve, and the Cayce Riverwalk—the project delivers connectivity, convenience, and quality living.

Columbia, South Carolina’s capital, is experiencing growth driven by a diverse economy, limited multifamily supply, and rapid in-migration. The metro area’s 1.1 million residents increase by roughly 28 people per day, contributing to a 16,000-unit housing shortage and forecasted rent growth of 18 percent through 2030. Ongoing revitalization, including the \$1.2 billion BullStreet District, convention center expansion, and key mixed-use projects, underscores the city’s development momentum. Anchored by government, higher education, healthcare, insurance, and military employment—led by Fort Jackson, the University of South Carolina, and BlueCross BlueShield—Columbia combines affordability, business vitality, and natural amenities.

Unit Mix. The following table sets forth the unit mix and current average monthly in place rents for units within the Project.

Unit Type	No. of Units	Average Unit Size (sq. ft.)	Average in Place Net Rent
1 Bed/1 Bath - Ash	15	558	\$1,334
1 Bed/1 Bath - Elm	38	772	\$1,527
1 Bed/1 Bath - Birch	54	803	\$1,560
1 Bed/1 Bath - Cedar	9	866	\$1,616
2 Bed/2 Bath - Oak	30	1,025	\$1,758
2 Bed/2 Bath - Hickory	60	1,056	\$1,700
2 Bed/2 Bath - Pine (TH)	22	1,070	\$1,689
2 Bed/2 Bath - Magnolia	9	1,119	\$1,870
2 Bed/2 Bath - Poplar (TH)	38	1,242	\$1,870
3 Bed/2 Bath - Sycamore	8	1,309	\$2,190
3 Bed/2 Bath - Willow (TH)	16	1,354	\$2,102
Total	299	990	\$1,693

Project Management. Asset Living will manage the Project and be responsible for the leasing, maintenance, marketing, lease enforcement and other day-to-day needs of the Project. Asset Living currently manages around 1,750 multifamily communities nationwide.

Collateral Value. At any time, the value of the property encumbered by the Mortgage could be less than the principal amount of obligations secured thereby. There can be no assurance that any particular sale price will be obtained for the Project upon foreclosure of the Mortgage or otherwise.

An appraisal of the Project has been separately conducted by CBRE. The Project has been valued at \$62M As-Is and \$57.1M under a rental-restricted and tax-exempt structure.

Project Environmental: A Phase I Environmental Site Assessment was performed for each property.

Rimkus, on September 16, 2025, performed a Phase I ESA of the subject property in conformance with the scope and limitations of ASTM Standard Practice E1527-21, the regulations at 40 CFR Part 312, the Freddie Mac Phase I ESA Guidelines. This assessment has revealed no recognized environmental conditions (RECs), controlled recognized environmental conditions (CRECs), significant data gaps, or historical recognized environmental conditions (HRECs) in connection with the subject property. No further investigation is recommended.

Occupancy Rates. As described above, the Project Owner plans to acquire the Project in December 2025. The historical occupancy rates for the Project are set forth below:

<i>Otarre</i>	
Month	Occupancy Rate
Jan 2024	88.0%
Feb 2024	88.1%
Mar 2024	90.1%
Apr 2024	92.5%
May 2024	92.8%
Jun 2024	92.6%
Jul 2024	94.7%
Aug 2024	95.4%
Sep 2024	94.2%
Oct 2024	95.8%
Nov 2024	95.8%
Dec 2024	93.8%
Jan 2025	93.1%
Feb 2025	93.3%
Mar 2025	93.0%
Apr 2025	93.1%
May 2025	93.5%
Jun 2025	93.0%
Jul 2025	92.5%
Aug 2025	92.6%
Sept 2025	92.0%

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Project Operating Revenue and Expenses. As described above, the Project Owner plans to acquire the Project in December 2025. The Project Owner has reviewed and conducted due diligence on the historical operating information provided by the sellers of the Project. The table below sets forth cumulative projected revenues and expenses of the Project from December 2025 to November 2026, as well as trailing 12-month unaudited historical financials provided by the seller for the Project. Projected operating expenses are based upon a review by Asset Living, which will serve as project manager following acquisition. Projected revenues are based upon HOME's analysis of existing tenant rents and incomes, as described more fully below.

<u>Category</u>	<u>September 2025 T12</u>	<u>Nov 2026 Budget</u>
Operating Revenue		
Rental	\$6,359,910	\$5,311,568
Loss/Gain-to-Lease	(343,917)	
Additional Rent - Renovation		
Concessions	(520,244)	
General Vacancy	(387,424)	(345,252)
Non Revenue Units	(47,368)	(36,482)
Collection Loss	(24,834)	(24,649)
RUBS	203,074	203,074
Other Income	329,612	308,520
Total Operating Revenue	\$5,568,808	\$5,416,779
Operating Expenses		
Repairs and Maintenance	\$70,460	\$73,255
Turn	82,312	82,225
Utilities	302,458	238,303
Advertising	137,399	97,175
Contract Services	74,128	194,051
Replacement Reserve	-	74,750
Payroll	428,817	474,812
Taxes*	639,852	-
Insurance	112,498	224,250
Property Management Fees	195,644	135,419
Administrative	133,601	96,278
Other Tax/Compliance Reserve*	-	56,100
HOA		22,425
Total Operating Expenses	\$2,177,168	\$1,769,044
Net Operating Income	\$3,391,640	\$3,647,735

* As discussed in under the heading Property Tax Exemption, below, South Carolina law provides that a multifamily rental apartment owned and operated by a nonprofit organization with the tenant income and rental restrictions to be utilized for the Project after closing renders the Project exempt from all property taxes following the acquisition by the nonprofit organization. In this instance, the Project Owner operates as a nonprofit organization as a single purpose entity of its sole member, Sixteenth Floor Residential, which is a federal tax-exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code.

Leasing Restrictions; Tenant Occupancy. Upon the acquisition of the Facilities, pursuant to the Land Use Restriction Agreement, the Project Owner has agreed to ensure that the following income restrictions are met following the Initial Compliance Date and thereafter, at all times:

(i) no less than 20% of the available units in an Individual Project shall be rented to and occupied by tenants whose income is less than 50% of median gross income for the Metropolitan Statistical Area for Lexington County, South Carolina, as defined by HUD (the “Area”), with adjustments for family size using two-person per bedroom.

(ii) no less than 75% (including the 20% described in (i) above) of the available units in an Individual Project shall be rented to and occupied by tenants whose income does not exceed 80% of median gross income for the Area, with adjustments for family size using two-person per bedroom.

While failure by the Project Owner to meet the targeted income restriction categories will result in a default under the Land Use Restriction Agreement, the sole remedy for such a default is specific performance. There can be no assurance that the Project Owner can meet the targeted income restriction categories due to the availability of qualified tenants for each income restriction category.

Historic and Future Tenant Income Levels.

As of October 2025, prior to execution of any Land Use Restriction Agreement, approximately 18.5% of the occupied units were leased to tenants who qualify as low-income under Revenue Procedure 96-32. This procedure establishes “safe harbor” criteria that must be met for a property to qualify for exemption:

- 75% of units must be occupied by residents at or below 80% of AMI. Currently, 18.5% of the occupied units meet this requirement. Based on most recent rent roll, the Project Owner estimates 132 of the occupied units will need to be transitioned to qualifying rental households in order to satisfy this test going forward after the acquisition closes.
- 20% of units must be occupied by residents at or below 50% of AMI. Currently, approximately 1.7% of the occupied units meet this requirement. Based on most recent rent roll, the Project Owner estimates that 48 of the occupied units will need to be transitioned in order to satisfy this test going forward after the acquisition closes.

Accordingly, the property is not anticipated to meet the 80% AMI as well as 50% AMI tests at the time of closing. For this analysis, HUD income limits were applied using a reasonable assumption of two-persons per bedroom. As for the per-unit income AMI limits, approximately 53 occupied units will need a rent reduction to meet the 50% AMI rent limit qualifications and approximately 111 units (including the 53 units above) will need a rent reduction to meet the 80% AMI rent limit qualifications.

The LURA provides a mechanism to meet the two AMI tests after closing, by, among other things, conducting outreach to prospective residents who meet the two AMI tests and restricting the acceptance of new residents who meet the two AMI tests.

Future Affordability.

According to HelloData.ai (November 21, 2025 report), the 30-day rental rates of the 10 closest comparable properties, currently average \$1,510 per unit per month, compared to future rates on affordable units at the property averaging \$1,211, representing an approximately 19.8% discount to market rate on these units. The Property expects it will maintain a similar discount going forward, and grow this discount over time if rents exceed growth in the statutory Area AMI limit. Lower Income Tenants are distributed through all types of units at the property, including 1-bedroom, and 2-bedroom units, and 3-bedroom units.

The Land Use Restriction Agreement imposes other substantial limitations on the ownership and operation of the Project. See Appendix A – “FORMS OF THE PRINCIPAL FINANCING DOCUMENTS – FORMS OF THE LAND USE RESTRICTION AGREEMENTS.”

Property Tax Exemption. The Project is eligible for an exemption from certain taxes including ad valorem real estate taxes (the “*Real Estate Taxes*”) pursuant to South Carolina law by virtue of being owned by the Project Owner and being used for the charitable purposes of affordable housing as outlined herein. Upon acquisition of the Project, in order to obtain the exemption, the Project Owner must file a change in ownership report and provide other information with the property tax authority for the applicable county for the property tax exemption to be applied. While the exemption from Real Estate Taxes is specifically authorized by South Carolina law and anticipated to be promptly recognized by the property tax authority, there can be no absolute assurance that this will be the case.

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APPENDIX C-1

**HOME'S FINANCIAL AND SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2023 AND DECEMBER 31, 2024**

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**HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

**WITH
REPORT OF INDEPENDENT AUDITORS**

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
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YEAR ENDED DECEMBER 31, 2023

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REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners
Housing Authority of the City of El Paso d.b.a. HOME:

Opinions

We have audited the accompanying financial statements of the business-type activities (primary government) and the aggregate discretely presented component units of the Housing Authority of the City of El Paso d.b.a. HOME (the "Authority") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the accompanying table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the primary government and the aggregate discretely presented component units of the Authority, as of December 31, 2023, and the changes in their net position and, where applicable, their cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards* with the exception of Alamito Gardens, LP, EP Father Pinto, LP, El Paso Sherman I, LP, El Paso Westfall, LP, EP Rio Grande Three, LP, EP Chelsea, LP, EP Sun Plaza, LP, EP Sandoval Two, LP, EP Cramer Three, LP, EP Sherman South II, LP, EP SGC, LP, EP Commissioners' Corner, LP, EP Commissioners' Corner II, LP, EP Tays North II, LP, EP Blue Flame, LP and EP Medano Heights, LP. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements. The accompanying financial data schedule is also not a required part of the basic financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

The schedule of expenditures of federal awards and financial data schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and financial data schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Norogardac & Company LLP

August 20, 2024
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their *Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999.

The following discussion and analysis of the Housing Opportunity Management Enterprises (HOME), previously known as the Housing Authority of the City of El Paso's (HACEP) financial performance, provides an overview of HOME's financial activities for the twelve months ended December 31, 2023. MD&A is not intended to replace and/or substitute for the financial report (audit report) or its details and notes. Please read it in conjunction with the basic financial statements.

Overview of the Financial Statements

This annual report includes this Management Discussion and Analysis report, the Basic Financial Statements, and the Notes to the Financial Statements. This annual report also contains the Financial Data Schedule (FDS) referenced in the Supplemental Information section. HOME is a governmental, public corporation engaged in the development, acquisition, and administrative activities of the low-income and affordable housing program and other programs with similar objectives for low- and moderate-income families residing in El Paso, Texas.

The financial statements of HOME report information of HOME (Primary Government) as well as its discretely presented component units using accounting methods in accordance with Generally Accepted Accounting Principles (GAAP). The statements provide short-term and long-term financial information about HOME's activities.

This MD&A will focus only on the activities of the Primary Government.

The Statement of Net Position provides insight into the financial condition of HOME. It includes HOME's assets and liabilities and provides information about investments in assets and liabilities to HOME's creditors. It also provides the basis for evaluating the capital structure of HOME and assessing the liquidity and financial strength of HOME.

HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

Overview of the Financial Statements (continued)

The Statement of Revenues, Expenses, and Changes in Net Position accounts for current-year revenues and expenses. The statement reflects HOME's operations for the current year and compares operations to the prior year. In addition, the report reflects the efficiency with which HOME has recovered expenditures through revenues and other fees, profitability, and creditworthiness.

The Statement of Cash Flows provides information about HOME’s cash receipts, payments, and net changes in cash from operating, investing, and capital and non-capital financing activities. The report also provides information on HOME’s ability to generate future cash flows, meet obligations, and differentiate between net income and net cash flow from operating activities.

The notes to the financial statements provide information on accounting policies and methods used for recording and reporting transactions and supplemental information and details for assets and liabilities.

The Supplementary Information section contains the Financial Data Schedule (FDS). HUD has established Uniform Financial Reporting Standards that require HOME to submit financial information electronically to the United States Department of Housing and Urban Development (HUD) using the FDS format. This financial information has been electronically transmitted to the Real Estate Assessment Center (REAC) for the twelve months ending December 31, 2023. Also included in the Supplementary Information is the Schedule of Expenditures of Federal Awards, Notes to the Schedule of Expenditures of Federal Awards, and the Schedule of Findings and Questioned Costs required by the Uniform Guidance.

Purpose and Programs

HOME's mission is to improve the quality of life for economically challenged families by providing quality, affordable, subsidized transitional housing and opportunities to achieve self-sufficiency. This is accomplished by maintaining HOME's existing housing units and ensuring that private rentals under the Housing Choice Voucher (HCV) program meet HUD's quality standards.

Like other state and local governments, HOME uses fund accounting to ensure and demonstrate compliance with finance-related requirements. HOME combines all Authority programs into one enterprise fund presented on the basic financial statements. A fund is a grouping of related accounts used to control resources that have been segregated for specific activities or objectives.

**HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Purpose and Programs (continued)

The significant programs of HOME are as follows:

Public and Indian Housing (PIH) – HOME rents units to low-income families under this program. The program is operated under an Annual Contribution Contract (ACC) with HUD. HUD provides an operating subsidy to enable HOME to provide housing at a rent based upon the greater of 30% of adjusted household income or 10% of gross income.

Capital Fund Program (CFP) – The CFP is the primary funding source for physical and management improvements to HOME's properties from PIH. Funding is based on a formula allocation from HUD determined by the size and age of HOME's housing stock.

Housing Choice Voucher Program (HCV) – The HCV is the federal government's major program for assisting low-income families, the elderly, and the disabled to afford safe, decent, and sanitary housing in the private market. Housing choice vouchers are administered locally by HOME. HOME receives funds from HUD to administer the voucher program. HOME pays a housing subsidy to the landlord directly on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by HUD.

Emergency Housing Voucher Program (EHV) – The EHV program is available through the American Rescue Plan Act (ARPA); through EHV, HUD granted 105 vouchers to HOME to assist individuals and families who are homeless, at-risk of homelessness, fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or were recently homeless or have a high risk of housing instability.

Veterans Housing Assistance (VASH) – The VASH program provides vouchers for veterans. This referral program is operated with the local Office of Veterans Administration.

Section 8 New Construction Program – This program assists low-income families in affording safe, decent, and sanitary housing by encouraging property owners, including HOME, to construct new housing or rehabilitate substandard housing and then lease the units to low-income families with rental subsidies from HUD.

Low-Income Housing Tax Credit (LIHTC) Program – HOME and HOME Acquisition Corporation, a wholly owned affiliate, are general partners in various LIHTC partnerships. These partnerships are accounted for in the accompanying financial statements under the equity method and presented on the FDS as component units. The partnerships own apartment properties and rent housing to low-income families and the elderly.

**HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Purpose and Programs (continued)

Non-Subsidized Housing Program – HOME owns and manages apartments and single-family properties that were purchased without the use of Federal Funds. HOME rents a major portion of the units in these properties to low-income families using HUD programs, such as the HCV program, and rents the remaining units at market rates. Cash flow generated from these properties is used to supplement other HOME programs.

Community Service Programs—HOME receives grant funds from HUD and various other agencies to provide ancillary services to its communities' residents. The grants fund programs for education, drug abuse prevention, family self-sufficiency, and various activities for youth and the elderly.

Rental Assistance Demonstration Program (RAD) – RAD is a voluntary program of HUD that seeks to preserve public housing by providing Public Housing Authorities (PHAs) with access to more stable funding to make needed improvements to properties. With stabilized funding, it is easier for PHAs to borrow money and use low-income housing tax credits as well as other forms of financing. These private sources of additional money will enable PHAs to make improvements that are essential for preserving affordable housing.

Financial Highlights – Primary Government

- In the calendar year 2023, HOME provided alternate housing to our Public Housing Scattered Sites residents; these units were vacated by December 2023 and will be renovated and sold during 2024 and 2025, according to the HUD approval letter.
- HOME removed the Shelter Plus Care program in 2023, demolished the building and left only the land on the authority ledger.
- Implementation of the Authority's RAD program. As of December 31, 2023, HOME was well into converting 6,100 public housing units into their RAD program. The Authority, in conjunction with institutional investors, has created several entities to facilitate the rehabilitation of these units.
- As of December 31, 2023, the assets of HOME exceeded its liabilities by \$478 million (net position value), \$6 million more than in 2022.
- Cash, cash equivalents, and restricted cash increased by \$2 million for the twelve months ended December 31, 2023. The increase is mainly from HOME's restricted cash, from adding two new properties EP Tuscany Zaragoza PFC acquired through a Bond Deal in 2023.

HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

- Capital assets, a net increase from December 31, 2022, to December 31, 2023, by \$73 million. The increase is due to the addition of two new properties, EP Tuscany Zaragoza PFC, acquired through a bond deal in 2023.
- Noncurrent liabilities increased by \$79 million from December 30, 2022, to December 31, 2023. The increase is primarily due to the acquisition of EP Tuscany Zaragoza PFC, acquired through a bond deal in 2023.
- HOME had operating revenues of \$86 million, \$27 million less than 2022, and operating expenses (including depreciation of \$7 million) of \$89 million, \$17 million more than 2022, for the twelve months ending December 31, 2023.
- As of December 31, 2023, other revenues dropped due to prior one-time Historic Tax Credits received and Developer fees not received that will be paid during 2024 and 2025 from future developments of 927 units that will come online from construction during the following years.
- As of December 31, 2023, operating expenses increased due to a \$1 million Scattered Site renovation, reimbursable by capital funding, development expenses, such as consulting and professional service for the renovation of the 927 units. Insurance expenses across the HOME portfolio increased in 2023.
- As of December 31, 2023, HOME net's position increased by \$6.3 million due to adding two new properties, EP Tuscany Zaragoza PFC, acquired through a bond deal in 2023, and increased restricted assets.

**HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Financial Statements

Statement of Net Position

The following represents a condensed Statement of Net Position.

STATEMENTS OF

Net Position of the Primary Government Only

(in thousands)	December 31,		
	2023	2022	Net Change
Assets			
Current Assets	\$ 83,201	\$ 96,919	\$ (13,718)
Restricted Assets	422,459	398,959	23,500
Other Assets, noncurrent	20,627	20,922	(295)
Capital Assets, net	227,601	153,698	73,903
Total Assets	\$ 753,888	\$ 670,498	\$ 83,390
Liabilities			
Current Liabilities	\$ 14,269	\$ 16,600	\$ (2,331)
Noncurrent Liabilities	261,476	182,087	79,389
Total Liabilities	275,745	198,687	77,058
Net Position	478,143	471,811	6,332
Total Liabilities and Net Position	\$ 753,888	\$ 670,498	\$ 83,390

Analysis of Assets, Liabilities, and Net Position

- As of December 31, 2023, working capital, defined as current assets minus current liabilities, totaled \$68 million, with decreased liquidity of \$11 million from 2022 to 2023.
- Current assets decreased by \$13 million from December 31, 2022, to December 31, 2023. This is primarily due to decreased accounts receivable by 7 million and funding GAP for construction from unrestricted cash.
- Capital assets increased from December 31, 2022, to December 31, 2023, by \$73 million. The increase results from adding two market properties, Tuscany and Villas at Zaragoza.
- Non-current liabilities increased \$79 million from December 31, 2022, to December 31, 2023. The increase is due to the acquisition of EP Tuscany and Zaragoza PFC bonds.

**HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

- The Authority's net position increased by \$52 million from \$419 million on December 31, 2021, to \$471 million on December 31, 2022.

Statements of Revenues, Expenses, and Changes in Net Position

The following reflects the condensed Statements of Revenues, Expenses, and Changes in Net Position.

STATEMENTS OF

Revenue, Expenses and Changes in Net Position

(in thousands)	Year Ended December 31,		
	2023	2022	Net Change
Operating Revenue			
Dwelling Rental	\$ 20,547	\$ 18,279	\$ 2,268
Federal, State & Local Grants	49,427	43,218	6,209
Other Revenues	16,726	53,124	(36,398)
Total Operating Revenues	86,700	114,621	(27,921)
Operating Expenses			
Operating Expenses	42,423	31,936	10,487
Depreciation Expense	7,082	6,610	472
Housing Assistance Payments	39,968	33,897	6,071
Total Operating Expenses	89,473	72,443	17,030
Operating Profit (Loss)	(2,773)	42,178	(44,951)
Non-Operating Revenues (Expenses), net	8,308	6,015	2,293
Net Income (Loss) Before Transfers, Adjustments and Capital Grants	5,535	48,193	(42,658)
Capital Grants and Special Items	914	3,901	(2,987)
Increase in Net Position	6,449	52,094	(45,645)
Net Position, Beginning of the Year	471,693	419,717	51,976
Net Position, End of the Year	\$ 478,142	\$ 471,811	\$ 6,331

Analysis of Statements of Revenues, Expenses, and Changes in Net Position

- Dwelling rental revenues increased by \$2.2 million from December 31, 2022, to December 31, 2023, primarily due to the first year of Patriot Place and the

HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

increments in rents of own HOME properties. EP Tuscany and Zaragoza were acquired in December of 2023; only one month of rent is reflected in this variance.

- HUD operating grants increased by \$6.2 million from \$43 million on December 31, 2022, to \$49 million on December 31, 2023. Housing Choice Voucher received a \$38 million subsidy, \$7 million more than in 2022.
- Other revenues decreased by \$36 million due to the one-time funds received from Historic Tax Credits during 2022.
- As of December 31, 2023, operating expenses increased due to a \$1 million Scattered Site renovation, reimbursable by capital funding, development expenses, such as consulting and professional service for the renovation of the 927 units. Insurance expenses across the HOME portfolio increased in 2023.
- Capital grants and special items decreased by a \$16 million majority from last year's LIHTC refinance; this year, HOME used federal capital grants of \$3.9 million to construct 20 new Public Housing coming online at the beginning of 2024.

Notes to Financial Statements

Notes to the Financial Statements provide additional information essential to fully understanding the data in the basic financial statements.

Capital Assets

HOME's capital assets are summarized as follows:

(in thousands)	December 31,		
	2023	2022	Net Change
Capital Assets:			
Land	\$ 35,105	\$ 37,538	\$ (2,433)
Building and Improvement	270,591	218,284	52,307
Furniture and Equipment	11,208	10,459	749
Construction in Progress	2,284	3,075	(791)
Total Capital Assets	319,188	269,356	49,832
Less Accumulated Depreciation	(91,587)	(115,658)	24,071
Capital Assets, Net	\$ 227,601	\$ 153,698	\$ 73,903

**HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

- Capital assets increased from December 31, 2022, to December 31, 2023, by \$73 million. The increase results from adding two market properties, Tuscany and Villas at Zaragoza.

Long-term Debt

A summary of HOME's long-term debt is as follows.

(in thousands)	December 31, 2022	Advances	Payments	December 31, 2023
Development Program	\$ 72,719		(25,092)	\$ 47,627
Elvin Estates	882		(93)	789
Supportive Housing for the Elderly Program	262	-	(62)	200
Villa Alegre	6,350		(240)	6,110
Western Yarbrough	532		(28)	504
Western Redd	526		(28)	498
EP Cimarron Ventanas	87,165		(815)	86,350
EP Tuscany Zaragoza PFC	-	101,610		101,610
Meadowbrook 4	12,681		(237)	12,444
Pellicano 5	3,573		(66)	3,507
HOME Funds Eastside Crossing	100			100
USDA Program	621	-	(50)	571
Total Long-term Debt	\$ 185,411	\$ 101,610	\$ (26,711)	\$ 260,310

- As of December 31, 2023, HOME's long-term debt totaled \$260 million, representing a net increase of \$76 million from December 31, 2022. HOME has continued to convert bonds from RAD conversions to permanent financing. Major difference from 2022 is the addition of EP Tuscany Zaragoza PFC.

Please refer to note 14 in the financial statements for more information on HOME's long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

HOME is principally dependent upon HUD for operations funding. Accordingly, HOME is more affected by the federal budget than by local economic conditions. At the end of 2023, HOME updated the Section 8 Housing Choice Voucher payment standard to help tenants find suitable housing that meets program guidelines. The 2024 federal budget could

**HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

significantly affect program funding. HOME has increased payment standards for all bedroom sizes to 104%.

FUTURE EVENTS THAT COULD FINANCIALLY IMPACT THE AUTHORITY

HOME was awarded a portfolio-wide allocation to convert Public Housing to Project-Based Rental Assistance (PBRA) through the Rental Assistance Demonstration (RAD) program. Under RAD, HOME enters a multiple-year contract with HUD to take ownership of the multifamily properties currently managed by HOME on behalf of HUD, transitioning from the Section 9 program to the Section 8 program. RAD enables HOME to partner with investors and lenders on financing tools to fund the capital rehabilitation of the properties and convert them from Rental Supplement and Rental Assistance Payments to project-based vouchers. HOME projects the capital investment to be \$1.5 billion over a five-year plan.

RAD construction began in April 2015 and is financed with tax credits under IRS code 42. After conversion, ownership was organized as limited partnerships and will be accounted for as discretely presented component units under generally accepted accounting principles.

HOME continues the construction of mixed-financed properties and finalizes the public housing units; HOME is facing higher construction prices due to COVID and inflation. The cause of higher prices has forced HOME to contribute more funds to the GAP loans needed for future projects.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report provides a general overview of HOME's finances for all interested parties. Questions about any information provided in this report should be addressed to the Office of the Executive Vice President/Chief Financial Officer of the Housing Opportunity Management Enterprises, 304 Texas Ave, El Paso, Texas 79901, or call 915-849-3625.

Requests for additional financial information should be submitted from the HOME website via the Opens Records Requests link in the About Us menu.

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2023

	ASSETS		
	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Current assets:			
Cash and cash equivalents	\$ 64,311,515	\$ 25,816,598	\$ 90,128,113
Tenant security deposits	1,033,591	1,579,645	2,613,236
Accounts receivable, net	3,176,735	12,258,298	15,435,033
Leases receivable, current	405,444	-	405,444
Notes receivable, current	13,171,609	-	13,171,609
Prepaid expenses	<u>1,102,371</u>	<u>481,580</u>	<u>1,583,951</u>
Total current assets	<u>83,201,265</u>	<u>40,136,121</u>	<u>123,337,386</u>
Non-current assets:			
Restricted cash	22,444,278	71,273,874	93,718,152
Restricted investments	-	27,213	27,213
Notes receivable, non-current	333,442,946	-	333,442,946
Accrued interest receivable	66,571,920	-	66,571,920
Right of use assets, net	984,000	41,188,067	42,172,067
Leases receivable, non-current	6,995,807	-	6,995,807
Capital assets, net	227,601,322	1,008,161,698	1,235,763,020
Other assets	<u>12,646,535</u>	<u>1,394,375</u>	<u>14,040,910</u>
Total non-current assets	<u>670,686,808</u>	<u>1,122,045,227</u>	<u>1,792,732,035</u>
Total assets	<u>\$ 753,888,073</u>	<u>\$ 1,162,181,348</u>	<u>\$ 1,916,069,421</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
STATEMENT OF NET POSITION (continued)
AS OF DECEMBER 31, 2023

	LIABILITIES		
	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Current liabilities:			
Accounts payable	\$ 1,302,711	\$ 2,211,006	\$ 3,513,717
Accrued expenses	81,127	64,308	145,435
Accrued compensated absences, current	102,178	-	102,178
Tenant security deposits	1,012,543	1,336,780	2,349,323
Bonds and notes payable, current	8,364,132	-	8,364,132
Unearned revenue	2,018,914	10,176,974	12,195,888
Other current liabilities	<u>1,387,047</u>	<u>21,572,670</u>	<u>22,959,717</u>
Total current liabilities	<u>14,268,652</u>	<u>35,361,738</u>	<u>49,630,390</u>
Non-current liabilities:			
Accrued compensated absences, non-current	408,711	-	408,711
Bonds and notes payable, non-current	251,946,278	750,844,860	1,002,791,138
Accrued interest payable	417,749	79,687,686	80,105,435
Other non-current liabilities	<u>402,583</u>	<u>52,909,367</u>	<u>53,311,950</u>
Total non-current liabilities	<u>253,175,321</u>	<u>883,441,913</u>	<u>1,136,617,234</u>
Total liabilities	<u>267,443,973</u>	<u>918,803,651</u>	<u>1,186,247,624</u>
DEFERRED INFLOWS OF RESOURCES			
Leases - prepaid	1,582,269	-	1,582,269
Leases - receivable	<u>6,719,045</u>	<u>-</u>	<u>6,719,045</u>
Total deferred inflows of resources	<u>8,301,314</u>	<u>-</u>	<u>8,301,314</u>
NET POSITION			
Net position:			
Net investment in capital assets	27,187,832	315,315,106	342,502,938
Restricted	6,986,842	49,404,696	56,391,538
Unrestricted	<u>443,968,112</u>	<u>(121,342,105)</u>	<u>322,626,007</u>
Total net position	<u>478,142,786</u>	<u>243,377,697</u>	<u>721,520,483</u>
Total liabilities and net position	<u>\$ 753,888,073</u>	<u>\$ 1,162,181,348</u>	<u>\$ 1,916,069,421</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Operating revenues:			
Tenant revenue	\$ 20,546,716	\$ 55,880,169	\$ 76,426,885
HUD operating grants	49,107,140	-	49,107,140
Other government grants	320,069	-	320,069
Fraud recovery revenue	13,512	-	13,512
Other shared fee revenues	4,725,137	-	4,725,137
Other revenues	<u>11,987,890</u>	<u>607,374</u>	<u>12,595,264</u>
Total operating revenues	<u>86,700,464</u>	<u>56,487,543</u>	<u>143,188,007</u>
Operating expenses:			
Administrative	30,445,804	11,696,849	42,142,653
Tenant services	469,011	-	469,011
Utilities	2,131,124	5,949,112	8,080,236
Ordinary repairs and maintenance	5,225,555	8,224,056	13,449,611
Protective services	427,502	-	427,502
Insurance	1,884,514	3,212,583	5,097,097
General	1,839,697	4,638,953	6,478,650
Housing assistance payments	39,968,007	-	39,968,007
Amortization	30,750	186,985	217,735
Depreciation	<u>7,051,179</u>	<u>32,241,448</u>	<u>39,292,627</u>
Total operating expenses	<u>89,473,143</u>	<u>66,149,986</u>	<u>155,623,129</u>
Operating loss	<u>(2,772,679)</u>	<u>(9,662,443)</u>	<u>(12,435,122)</u>
Non-operating revenues (expenses):			
Investment income	17,359,744	2,360,934	19,720,678
Interest expense	(9,051,409)	(28,831,514)	(37,882,923)
Casualty losses, non-capitalized	<u>-</u>	<u>(148,429)</u>	<u>(148,429)</u>
Net non-operating revenues (expenses)	<u>8,308,335</u>	<u>(26,619,009)</u>	<u>(18,310,674)</u>
Income (loss) before capital grants and capital contributions	5,535,656	(36,281,452)	(30,745,796)
Capital grants	914,074	-	914,074
Capital contributions	<u>-</u>	<u>22,755,419</u>	<u>22,755,419</u>
Change in net position	6,449,730	(13,526,033)	(7,076,303)
Net position, beginning of year (as originally reported)	<u>471,811,316</u>	<u>256,785,470</u>	<u>728,596,786</u>
Equity transfers	<u>(118,260)</u>	<u>118,260</u>	<u>-</u>
Net position, beginning of year (as restated)	<u>471,693,056</u>	<u>256,903,730</u>	<u>728,596,786</u>
Net position, end of year	<u>\$ 478,142,786</u>	<u>\$ 243,377,697</u>	<u>\$ 721,520,483</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Primary Government</u>
Cash Flows from Operating Activities:	
Cash received from tenants and other	\$ 42,426,403
Cash received from grantors	51,804,403
Cash paid to suppliers and vendors	(30,488,057)
Cash paid to employees	<u>(53,330,343)</u>
Net cash provided by operating activities	<u>10,412,406</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from capital grants	914,074
Purchase of capital assets	(85,750,499)
Proceeds from issuance of long term debt	101,610,000
Principal payments on long term debt	(1,711,359)
Interest paid on long term debt	<u>(8,694,607)</u>
Net cash provided by capital and related financing activities	<u>6,367,609</u>
Cash Flows from Investing Activities:	
Advances on notes receivable	(23,608,893)
Proceeds on repayment of notes receivable	7,112,653
Interest received on investments	<u>2,272,031</u>
Net cash used in investing activities	<u>(14,224,209)</u>
Net increase in cash and cash equivalents and restricted cash	2,555,806
Cash and cash equivalents and restricted cash, beginning of year	<u>85,233,578</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 87,789,384</u>
Reconciliation of cash and cash equivalents and restricted cash to the Statement of Net Position is as follows:	
Cash and cash equivalents	\$ 64,311,515
Tenant security deposits	1,033,591
Restricted cash	<u>22,444,278</u>
Cash and cash equivalents and restricted cash	<u>\$ 87,789,384</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Primary Government</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (2,772,679)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	7,051,179
Amortization of right-of-use asset	30,750
Changes in assets and liabilities:	
Accounts receivable, net	7,304,486
Prepaid expenses	(441,513)
Lease receivable	995,396
Other assets	(139,722)
Accounts payable	(240,015)
Accrued compensated absences	29,117
Accrued expenses	(20,880)
Tenant security deposits	335,342
Unearned revenue	458,659
Deferred inflows of resources	(690,999)
Other liabilities	<u>(1,486,715)</u>
Net cash provided by operating activities	\$ <u>10,412,406</u>
Schedule of Non-cash Investing and Financing Activities:	
Issuance of sellers notes receivable, net of deferred gain of \$11,083,658 from sale of capital assets	\$ <u>(2,272,882)</u>
Issuance of pass through bonds payable	\$ <u>(5,455,000)</u>
Third party repayment of bonds payable	\$ <u>25,000,000</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS
AS OF DECEMBER 31, 2023

ASSETS

	El Paso RAD I, Ltd.	Eastside Crossings Ltd.	Alamito Terrace, LP	Alamito Gardens, LP	Haymon Krupp, LP	El Paso RAD 1B, Ltd.
Current assets:						
Cash and cash equivalents	\$ 5,546,150	\$ 388,394	\$ 313,812	\$ 673,294	\$ 360,401	\$ 1,521,037
Tenant security deposits	364,617	39,931	12,660	27,523	11,404	21,181
Accounts receivable, net	469,744	7,532	5,532	8,879	53,051	6,192
Prepaid expenses	11,434	1,562	32,017	40,041	919	900
Total current assets	<u>6,391,945</u>	<u>437,419</u>	<u>364,021</u>	<u>749,737</u>	<u>425,775</u>	<u>1,549,310</u>
Non-current assets:						
Restricted cash	12,136,659	1,780,165	486,161	1,237,721	544,136	965,204
Restricted investments	-	-	-	-	-	-
Right of use assets, net	4,752,965	1,602,489	-	-	2,654,974	204,917
Capital assets, net	181,091,960	12,757,783	5,257,561	11,939,598	10,928,826	13,745,527
Other assets	-	34,236	502	5,463	29,687	71,211
Total non-current assets	<u>197,981,584</u>	<u>16,174,673</u>	<u>5,744,224</u>	<u>13,182,782</u>	<u>14,157,623</u>	<u>14,986,859</u>
Total assets	<u>\$ 204,373,529</u>	<u>\$ 16,612,092</u>	<u>\$ 6,108,245</u>	<u>\$ 13,932,519</u>	<u>\$ 14,583,398</u>	<u>\$ 16,536,169</u>

LIABILITIES

Current liabilities:						
Accounts payable	\$ 142,571	\$ 29,574	\$ 16,951	\$ 77,820	\$ 29,376	\$ 36,953
Accrued expenses	22,494	4,727	2,600	-	1,396	2,229
Tenant security deposits	363,945	39,848	12,633	27,523	11,377	21,134
Unearned revenue	48,254	1,013	275	6,255	276	439
Other current liabilities	351,703	17,949	12,340	7,550	12,640	8,324
Total current liabilities	<u>928,967</u>	<u>93,111</u>	<u>44,799</u>	<u>119,148</u>	<u>55,065</u>	<u>69,079</u>
Non-current liabilities:						
Bonds and notes payable, non-current	147,153,942	9,617,297	8,393,290	12,664,428	9,584,826	11,349,283
Accrued interest payable	26,980,381	1,653,395	210,613	506,045	2,407,124	2,104,531
Other non-current liabilities	-	22,113	412	412	3,746	722,268
Total non-current liabilities	<u>174,134,323</u>	<u>11,292,805</u>	<u>8,604,315</u>	<u>13,170,885</u>	<u>11,995,696</u>	<u>14,176,082</u>
Total liabilities	<u>175,063,290</u>	<u>11,385,916</u>	<u>8,649,114</u>	<u>13,290,033</u>	<u>12,050,761</u>	<u>14,245,161</u>

NET POSITION

Net position:						
Net investment in capital assets	38,690,983	4,742,975	(3,135,729)	(724,830)	3,998,974	2,601,161
Restricted	12,136,659	1,780,165	486,161	1,237,721	544,136	965,204
Unrestricted	<u>(21,517,403)</u>	<u>(1,296,964)</u>	<u>108,699</u>	<u>129,595</u>	<u>(2,010,473)</u>	<u>(1,275,357)</u>
Total net position	<u>29,310,239</u>	<u>5,226,176</u>	<u>(2,540,869)</u>	<u>642,486</u>	<u>2,532,637</u>	<u>2,291,008</u>
Total liabilities and net position	<u>\$ 204,373,529</u>	<u>\$ 16,612,092</u>	<u>\$ 6,108,245</u>	<u>\$ 13,932,519</u>	<u>\$ 14,583,398</u>	<u>\$ 16,536,169</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
AS OF DECEMBER 31, 2023

ASSETS

	El Paso Tavs, LP	EP Father Pinto, LP	El Paso Sherman I, LP	El Paso Westfall, LP	EP Rio Grande Three, LP	EP Chelsea, LP
Current assets:						
Cash and cash equivalents	\$ 11,171	\$ 426,145	\$ 779,643	\$ 41,790	\$ 639,237	\$ 1,618,867
Tenant security deposits	27,199	13,730	19,634	10,520	30,128	58,717
Accounts receivable, net	64,610	752	38,366	-	949,109	16,368
Prepaid expenses	<u>1,617</u>	<u>856</u>	<u>1,344</u>	<u>44,160</u>	<u>5,610</u>	<u>107,236</u>
Total current assets	<u>104,597</u>	<u>441,483</u>	<u>838,987</u>	<u>96,470</u>	<u>1,624,084</u>	<u>1,801,188</u>
Non-current assets:						
Restricted cash	1,228,044	816,150	1,171,477	673,805	1,735,985	2,062,346
Restricted investments	-	-	-	-	-	27,213
Right of use assets, net	1,585,265	238,242	2,361,947	2,208,114	1,758,857	2,122,941
Capital assets, net	18,778,808	13,039,791	22,260,263	11,102,586	16,326,547	44,814,701
Other assets	<u>56,561</u>	<u>43,774</u>	<u>67,591</u>	<u>59,676</u>	<u>36,929</u>	<u>94,718</u>
Total non-current assets	<u>21,648,678</u>	<u>14,137,957</u>	<u>25,861,278</u>	<u>14,044,181</u>	<u>19,858,318</u>	<u>49,121,919</u>
Total assets	<u>\$ 21,753,275</u>	<u>\$ 14,579,440</u>	<u>\$ 26,700,265</u>	<u>\$ 14,140,651</u>	<u>\$ 21,482,402</u>	<u>\$ 50,923,107</u>

LIABILITIES

Current liabilities:						
Accounts payable	\$ 53,396	\$ 23,634	\$ 22,512	\$ 126,206	\$ 100,352	\$ 95,583
Accrued expenses	9,439	2,947	3,032	-	-	-
Tenant security deposits	27,134	13,699	19,593	10,520	30,128	58,717
Unearned revenue	24,924	-	2,386	2,339	23,701	8,622
Other current liabilities	<u>17,159</u>	<u>416,534</u>	<u>23,245</u>	<u>123,988</u>	<u>13,303</u>	<u>75,087</u>
Total current liabilities	<u>132,052</u>	<u>456,814</u>	<u>70,768</u>	<u>263,053</u>	<u>167,484</u>	<u>238,009</u>
Non-current liabilities:						
Bonds and notes payable, non-current	14,428,831	10,639,824	13,926,348	6,630,892	12,748,065	34,714,181
Accrued interest payable	1,565,935	746,785	1,938,505	686,026	1,474,664	6,045,333
Other non-current liabilities	<u>3,796</u>	<u>1,258,416</u>	<u>2,805,790</u>	<u>1,271,333</u>	<u>1,852,699</u>	<u>5,415,324</u>
Total non-current liabilities	<u>15,998,562</u>	<u>12,645,025</u>	<u>18,670,643</u>	<u>8,588,251</u>	<u>16,075,428</u>	<u>46,174,838</u>
Total liabilities	<u>16,130,614</u>	<u>13,101,839</u>	<u>18,741,411</u>	<u>8,851,304</u>	<u>16,242,912</u>	<u>46,412,847</u>

NET POSITION

Net position:						
Net investment in capital assets	5,935,242	2,638,209	10,695,862	6,679,808	5,337,339	12,223,461
Restricted	1,228,044	816,150	1,171,477	673,805	1,735,985	2,062,346
Unrestricted	<u>(1,540,625)</u>	<u>(1,976,758)</u>	<u>(3,908,485)</u>	<u>(2,064,266)</u>	<u>(1,833,834)</u>	<u>(9,775,547)</u>
Total net position	<u>5,622,661</u>	<u>1,477,601</u>	<u>7,958,854</u>	<u>5,289,347</u>	<u>5,239,490</u>	<u>4,510,260</u>
Total liabilities and net position	<u>\$ 21,753,275</u>	<u>\$ 14,579,440</u>	<u>\$ 26,700,265</u>	<u>\$ 14,140,651</u>	<u>\$ 21,482,402</u>	<u>\$ 50,923,107</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
AS OF DECEMBER 31, 2023

ASSETS

	EP Sun Plaza, LP	EP Sandoval Two, LP	EP Cramer Three, LP	EP Sherman South II, LP	EP SGC, LP	EP Commissioners' Corner, LP
Current assets:						
Cash and cash equivalents	\$ 1,293,577	\$ 790,564	\$ 2,840,787	\$ 298,178	\$ 1,013,348	\$ 251,913
Tenant security deposits	54,214	311,234	111,193	41,931	42,484	26,814
Accounts receivable, net	10,663	72,874	74,996	116,721	170,200	4,465
Prepaid expenses	10,083	1,817	-	11,633	897	42,522
Total current assets	<u>1,368,537</u>	<u>1,176,489</u>	<u>3,026,976</u>	<u>468,463</u>	<u>1,226,929</u>	<u>325,714</u>
Non-current assets:						
Restricted cash	1,885,795	965,669	3,942,527	1,491,007	849,397	673,511
Restricted investments	-	-	-	-	-	-
Right of use assets, net	1,364,669	1,473,680	1,971,485	1,521,862	1,420,073	988,287
Capital assets, net	52,333,477	42,400,401	81,666,965	41,153,386	21,017,598	14,292,684
Other assets	74,465	62,521	118,856	66,302	42,341	133,246
Total non-current assets	<u>55,658,406</u>	<u>44,902,271</u>	<u>87,699,833</u>	<u>44,232,557</u>	<u>23,329,409</u>	<u>16,087,728</u>
Total assets	<u>\$ 57,026,943</u>	<u>\$ 46,078,760</u>	<u>\$ 90,726,809</u>	<u>\$ 44,701,020</u>	<u>\$ 24,556,338</u>	<u>\$ 16,413,442</u>

LIABILITIES

Current liabilities:						
Accounts payable	\$ 180,865	\$ 79,431	\$ 36,124	\$ 43,182	\$ 5,538	\$ 64,537
Accrued expenses	-	4,971	-	-	3,317	-
Tenant security deposits	54,214	69,519	111,193	41,931	42,394	26,814
Unearned revenue	2,405	1,850	48,488	17,900	1,493	14,835
Other current liabilities	-	521,855	120,468	4,268	49,030	8,046
Total current liabilities	<u>237,484</u>	<u>677,626</u>	<u>316,273</u>	<u>107,281</u>	<u>101,772</u>	<u>114,232</u>
Non-current liabilities:						
Bonds and notes payable, non-current	31,933,306	28,708,913	59,539,104	24,458,487	15,926,812	5,984,161
Accrued interest payable	4,810,950	2,198,550	5,197,387	3,266,940	826,840	288,450
Other non-current liabilities	2,055,409	4,047,182	4,461,818	4,244,355	4,298	335,199
Total non-current liabilities	<u>38,799,665</u>	<u>34,954,645</u>	<u>69,198,309</u>	<u>31,969,782</u>	<u>16,757,950</u>	<u>6,607,810</u>
Total liabilities	<u>39,037,149</u>	<u>35,632,271</u>	<u>69,514,582</u>	<u>32,077,063</u>	<u>16,859,722</u>	<u>6,722,042</u>

NET POSITION

Net position:						
Net investment in capital assets	21,764,840	15,179,437	24,541,034	18,216,761	6,510,859	9,296,810
Restricted	1,885,795	951,400	3,500,838	1,491,007	849,397	673,511
Unrestricted	<u>(5,660,841)</u>	<u>(5,684,348)</u>	<u>(6,829,645)</u>	<u>(7,083,811)</u>	<u>336,360</u>	<u>(278,921)</u>
Total net position	<u>17,989,794</u>	<u>10,446,489</u>	<u>21,212,227</u>	<u>12,623,957</u>	<u>7,696,616</u>	<u>9,691,400</u>
Total liabilities and net position	<u>\$ 57,026,943</u>	<u>\$ 46,078,760</u>	<u>\$ 90,726,809</u>	<u>\$ 44,701,020</u>	<u>\$ 24,556,338</u>	<u>\$ 16,413,442</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
AS OF DECEMBER 31, 2023

ASSETS

	EP Commissioners' Corner II, LP	EP Blue Flame, LP	EP Medano Heights, LP	EP DeWetter Two, LP	EP Tays North II, LP	EP Eisenhower P3, LP
Current assets:						
Cash and cash equivalents	\$ 538,715	\$ 1,006,829	\$ 535,197	\$ 823,166	\$ 882,726	\$ 499,358
Tenant security deposits	31,074	21,708	40,227	51,907	61,359	10,274
Accounts receivable, net	5,820	67,622	28,467	39,177	72,972	45,880
Prepaid expenses	<u>38,896</u>	<u>948</u>	<u>752</u>	<u>133</u>	<u>18,256</u>	<u>416</u>
Total current assets	<u>614,505</u>	<u>1,097,107</u>	<u>604,643</u>	<u>914,383</u>	<u>1,035,313</u>	<u>555,928</u>
Non-current assets:						
Restricted cash	636,991	928,613	1,124,144	364,868	1,561,414	469,486
Restricted investments	-	-	-	-	-	-
Right of use assets, net	844,007	2,346,380	2,712,392	821,700	2,181,194	584,197
Capital assets, net	14,996,581	52,164,160	24,063,810	40,697,389	62,363,420	12,767,126
Other assets	<u>29,729</u>	<u>49,992</u>	<u>48,310</u>	<u>52,876</u>	<u>86,597</u>	<u>12,888</u>
Total non-current assets	<u>16,507,308</u>	<u>55,489,145</u>	<u>27,948,656</u>	<u>41,936,833</u>	<u>66,192,625</u>	<u>13,833,697</u>
Total assets	<u>\$ 17,121,813</u>	<u>\$ 56,586,252</u>	<u>\$ 28,553,299</u>	<u>\$ 42,851,216</u>	<u>\$ 67,227,938</u>	<u>\$ 14,389,625</u>

LIABILITIES

Current liabilities:						
Accounts payable	\$ 120,860	\$ 39,821	\$ 35,533	\$ 31,086	\$ 133,409	\$ 47,390
Accrued expenses	-	2,556	2,680	-	-	-
Tenant security deposits	31,074	21,661	40,154	51,907	61,359	10,252
Unearned revenue	12,770	106,948	4,052	20,205	14,458	6,474
Other current liabilities	<u>4,674</u>	<u>32,440</u>	<u>8,195</u>	<u>28,707</u>	<u>25,452</u>	<u>8,805</u>
Total current liabilities	<u>169,378</u>	<u>203,426</u>	<u>90,614</u>	<u>131,905</u>	<u>234,678</u>	<u>72,921</u>
Non-current liabilities:						
Bonds and notes payable, non-current	12,110,862	38,642,754	16,896,669	28,950,681	36,042,024	10,433,665
Accrued interest payable	1,860,684	2,974,218	1,495,482	1,600,325	4,099,126	1,078,820
Other non-current liabilities	<u>894,180</u>	<u>3,297,393</u>	<u>1,384,357</u>	<u>3,675,781</u>	<u>3,918,637</u>	<u>962,808</u>
Total non-current liabilities	<u>14,865,726</u>	<u>44,914,365</u>	<u>19,776,508</u>	<u>34,226,787</u>	<u>44,059,787</u>	<u>12,475,293</u>
Total liabilities	<u>15,035,104</u>	<u>45,117,791</u>	<u>19,867,122</u>	<u>34,358,692</u>	<u>44,294,465</u>	<u>12,548,214</u>

NET POSITION

Net position:						
Net investment in capital assets	3,729,726	15,867,786	9,879,533	12,568,408	28,513,522	2,917,658
Restricted	636,991	928,613	1,124,144	364,868	1,550,482	469,486
Unrestricted	<u>(2,280,008)</u>	<u>(5,327,938)</u>	<u>(2,317,500)</u>	<u>(4,440,752)</u>	<u>(7,130,531)</u>	<u>(1,545,733)</u>
Total net position	<u>2,086,709</u>	<u>11,468,461</u>	<u>8,686,177</u>	<u>8,492,524</u>	<u>22,933,473</u>	<u>1,841,411</u>
Total liabilities and net position	<u>\$ 17,121,813</u>	<u>\$ 56,586,252</u>	<u>\$ 28,553,299</u>	<u>\$ 42,851,216</u>	<u>\$ 67,227,938</u>	<u>\$ 14,389,625</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
AS OF DECEMBER 31, 2023

ASSETS

	Canyon Square, Ltd.	EP Jackie Robinson, LP	EP Patriot Place, LP	EP Cielo Towers, LP	EP Machuca, LP	EP Sun Pointe, LP
Current assets:						
Cash and cash equivalents	\$ 159,494	\$ 1,669,932	\$ 778,947	\$ -	\$ -	\$ -
Tenant security deposits	33,039	59,984	38,574	-	-	-
Accounts receivable, net	25,401	38,695	71,714	1,972,489	1,971,153	712,052
Prepaid expenses	695	16,631	86,510	-	-	-
Total current assets	<u>218,629</u>	<u>1,785,242</u>	<u>975,745</u>	<u>1,972,489</u>	<u>1,971,153</u>	<u>712,052</u>
Non-current assets:						
Restricted cash	648,303	1,168,528	441,693	19,083,292	7,856,205	2,157,098
Restricted investments	-	-	-	-	-	-
Right of use assets, net	-	1,856,687	1,610,743	-	-	-
Capital assets, net	7,214,263	38,013,432	21,952,391	22,447,975	28,065,451	26,071,321
Other assets	13,395	47,619	54,890	-	-	-
Total non-current assets	<u>7,875,961</u>	<u>41,086,266</u>	<u>24,059,717</u>	<u>41,531,267</u>	<u>35,921,656</u>	<u>28,228,419</u>
Total assets	<u>\$ 8,094,590</u>	<u>\$ 42,871,508</u>	<u>\$ 25,035,462</u>	<u>\$ 43,503,756</u>	<u>\$ 37,892,809</u>	<u>\$ 28,940,471</u>

LIABILITIES

Current liabilities:						
Accounts payable	\$ 66,246	\$ 121,455	\$ 56,805	\$ -	\$ 1,151	\$ -
Accrued expenses	1,920	-	-	-	-	-
Tenant security deposits	32,969	60,129	38,574	-	-	-
Unearned revenue	12,006	1,459	2,102	1,972,489	1,971,153	712,052
Other current liabilities	58,063	23,649	11,731	2,413,397	4,176,442	8,491,639
Total current liabilities	<u>171,204</u>	<u>206,692</u>	<u>109,212</u>	<u>4,385,886</u>	<u>6,148,746</u>	<u>9,203,691</u>
Non-current liabilities:						
Bonds and notes payable, non-current	1,928,698	26,195,792	11,710,866	36,011,806	29,840,518	15,431,392
Accrued interest payable	-	2,839,666	452,732	-	94,839	228,911
Other non-current liabilities	1,191,041	8,090,243	990,357	-	-	-
Total non-current liabilities	<u>3,119,739</u>	<u>37,125,701</u>	<u>13,153,955</u>	<u>36,011,806</u>	<u>29,935,357</u>	<u>15,660,303</u>
Total liabilities	<u>3,290,943</u>	<u>37,332,393</u>	<u>13,263,167</u>	<u>40,397,692</u>	<u>36,084,103</u>	<u>24,863,994</u>

NET POSITION

Net position:						
Net investment in capital assets	5,285,565	8,615,351	11,852,268	(13,712)	6,077,102	10,639,929
Restricted	648,303	1,168,528	441,693	5,533,173	4,036	2,157,098
Unrestricted	<u>(1,130,221)</u>	<u>(4,244,764)</u>	<u>(521,666)</u>	<u>(2,413,397)</u>	<u>(4,272,432)</u>	<u>(8,720,550)</u>
Total net position	<u>4,803,647</u>	<u>5,539,115</u>	<u>11,772,295</u>	<u>3,106,064</u>	<u>1,808,706</u>	<u>4,076,477</u>
Total liabilities and net position	<u>\$ 8,094,590</u>	<u>\$ 42,871,508</u>	<u>\$ 25,035,462</u>	<u>\$ 43,503,756</u>	<u>\$ 37,892,809</u>	<u>\$ 28,940,471</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
AS OF DECEMBER 31, 2023

ASSETS

	EP Nuestra Senora, LP	EP Salazar, LP	EP RAD-2 Cisneros, LLC	EP RAD-2 Old Gonzalez, LLC	EP Clint Commons, LP	Total Discretely Presented Component Units
Current assets:						
Cash and cash equivalents	\$ -	\$ 270	\$ 113,656	\$ -	\$ -	\$ 25,816,598
Tenant security deposits	-	-	6,385	-	-	1,579,645
Accounts receivable, net	1,157,803	3,977,539	1,460	-	-	12,258,298
Prepaid expenses	-	-	3,695	-	-	481,580
Total current assets	<u>1,157,803</u>	<u>3,977,809</u>	<u>125,196</u>	<u>-</u>	<u>-</u>	<u>40,136,121</u>
Non-current assets:						
Restricted cash	-	105	2,507	184,868	-	71,273,874
Restricted investments	-	-	-	-	-	27,213
Right to use assets, net	-	-	-	-	-	41,188,067
Capital assets, net	12,764,306	24,720,335	2,526,406	115,132	2,309,738	1,008,161,698
Other assets	-	-	-	-	-	1,394,375
Total non-current assets	<u>12,764,306</u>	<u>24,720,440</u>	<u>2,528,913</u>	<u>300,000</u>	<u>2,309,738</u>	<u>1,122,045,227</u>
Total assets	<u>\$ 13,922,109</u>	<u>\$ 28,698,249</u>	<u>\$ 2,654,109</u>	<u>\$ 300,000</u>	<u>\$ 2,309,738</u>	<u>\$ 1,162,181,348</u>

LIABILITIES

Current liabilities:						
Accounts payable	\$ 393,090	\$ -	\$ 70	\$ (515)	\$ -	\$ 2,211,006
Accrued expenses	-	-	-	-	-	64,308
Tenant security deposits	-	-	6,385	-	-	1,336,780
Unearned revenue	1,157,804	3,977,539	8	-	-	10,176,974
Other current liabilities	<u>1,759,179</u>	<u>2,682,804</u>	<u>64,004</u>	<u>-</u>	<u>-</u>	<u>21,572,670</u>
Total current liabilities	<u>3,310,073</u>	<u>6,660,343</u>	<u>70,467</u>	<u>(515)</u>	<u>-</u>	<u>35,361,738</u>
Non-current liabilities:						
Bonds and notes payable, non-current	8,693,025	14,800,021	2,464,828	300,000	1,989,269	750,844,860
Accrued interest payable	-	-	54,429	-	-	79,687,686
Other non-current liabilities	-	-	-	-	-	52,909,367
Total non-current liabilities	<u>8,693,025</u>	<u>14,800,021</u>	<u>2,519,257</u>	<u>300,000</u>	<u>1,989,269</u>	<u>883,441,913</u>
Total liabilities	<u>12,003,098</u>	<u>21,460,364</u>	<u>2,589,724</u>	<u>299,485</u>	<u>1,989,269</u>	<u>918,803,651</u>

NET POSITION

Net position:						
Net investment in capital assets	4,071,281	9,920,314	61,578	(184,868)	320,469	315,315,106
Restricted	-	105	2,507	184,868	-	49,404,696
Unrestricted	<u>(2,152,270)</u>	<u>(2,682,534)</u>	<u>300</u>	<u>515</u>	<u>-</u>	<u>(121,342,105)</u>
Total net position	<u>1,919,011</u>	<u>7,237,885</u>	<u>64,385</u>	<u>515</u>	<u>320,469</u>	<u>243,377,697</u>
Total liabilities and net position	<u>\$ 13,922,109</u>	<u>\$ 28,698,249</u>	<u>\$ 2,654,109</u>	<u>\$ 300,000</u>	<u>\$ 2,309,738</u>	<u>\$ 1,162,181,348</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2023

	El Paso RAD I, Ltd.	Eastside Crossings Ltd.	Alamito Terrace, LP	Alamito Gardens, LP	Haymon Krupp, LP	El Paso RAD 1B, Ltd.
Operating revenues:						
Tenant revenue	\$ 14,798,212	\$ 1,775,065	\$ 471,837	\$ 1,020,762	\$ 879,596	\$ 1,156,303
HUD operating grants	-	-	-	-	-	-
Other revenues	<u>32,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,462</u>	<u>-</u>
Total operating revenues	<u>14,831,129</u>	<u>1,775,065</u>	<u>471,837</u>	<u>1,020,762</u>	<u>891,058</u>	<u>1,156,303</u>
Operating expenses:						
Administrative	2,598,117	390,349	169,230	287,604	217,346	253,849
Utilities	1,446,744	268,518	93,456	116,604	146,532	96,127
Ordinary repairs and maintenance	2,190,923	355,161	172,909	148,330	139,942	134,162
Insurance	843,354	84,824	45,929	63,616	50,325	83,265
General	716,336	58,476	1,252	32,565	10,737	150,776
Amortization	-	-	-	-	80,395	-
Depreciation	<u>7,399,887</u>	<u>560,370</u>	<u>325,727</u>	<u>531,674</u>	<u>406,595</u>	<u>501,896</u>
Total operating expenses	<u>15,195,361</u>	<u>1,717,698</u>	<u>808,503</u>	<u>1,180,393</u>	<u>1,051,872</u>	<u>1,220,075</u>
Operating income (loss)	<u>(364,232)</u>	<u>57,367</u>	<u>(336,666)</u>	<u>(159,631)</u>	<u>(160,814)</u>	<u>(63,772)</u>
Non-operating revenues (expenses):						
Investment income	147,708	30,050	19,011	42,536	4,547	490
Interest expense	(6,222,580)	(478,319)	(40,348)	(68,227)	(585,160)	(425,272)
Casualty losses, non-capitalized	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net non-operating revenues (expenses)	<u>(6,074,872)</u>	<u>(448,269)</u>	<u>(21,337)</u>	<u>(25,691)</u>	<u>(580,613)</u>	<u>(424,782)</u>
Income (loss) before capital contributions	(6,439,104)	(390,902)	(358,003)	(185,322)	(741,427)	(488,554)
Capital contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(6,439,104)	(390,902)	(358,003)	(185,322)	(741,427)	(488,554)
Net position, beginning of year (as originally reported)	<u>35,749,343</u>	<u>5,617,078</u>	<u>(2,182,866)</u>	<u>827,808</u>	<u>3,274,064</u>	<u>2,779,562</u>
Equity transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of year (as restated)	<u>35,749,343</u>	<u>5,617,078</u>	<u>(2,182,866)</u>	<u>827,808</u>	<u>3,274,064</u>	<u>2,779,562</u>
Net position, end of year	<u>\$ 29,310,239</u>	<u>\$ 5,226,176</u>	<u>\$ (2,540,869)</u>	<u>\$ 642,486</u>	<u>\$ 2,532,637</u>	<u>\$ 2,291,008</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

	El Paso Tavs, LP	EP Father Pinto, LP	El Paso Sherman I, LP	El Paso Westfall, LP	EP Rio Grande Three, LP	EP Chelsea, LP
Operating revenues:						
Tenant revenue	\$ 1,607,050	\$ 1,009,475	\$ 1,548,164	\$ 896,353	\$ 1,485,677	\$ 2,908,015
Other revenues	-	-	-	-	-	-
Total operating revenues	<u>1,607,050</u>	<u>1,009,475</u>	<u>1,548,164</u>	<u>896,353</u>	<u>1,485,677</u>	<u>2,908,015</u>
Operating expenses:						
Administrative	329,539	238,173	352,463	216,570	108,497	528,164
Utilities	213,954	160,838	296,150	169,336	81,941	357,815
Ordinary repairs and maintenance	310,962	166,372	203,706	109,177	216,444	317,266
Insurance	95,500	62,767	94,382	61,425	81,936	139,937
General	88,546	8,034	94,039	81,613	88,226	55,883
Amortization	-	-	-	-	-	-
Depreciation	<u>400,181</u>	<u>525,847</u>	<u>899,763</u>	<u>430,525</u>	<u>631,759</u>	<u>1,504,501</u>
Total operating expenses	<u>1,438,682</u>	<u>1,162,031</u>	<u>1,940,503</u>	<u>1,068,646</u>	<u>1,208,803</u>	<u>2,903,566</u>
Operating income (loss)	<u>168,368</u>	<u>(152,556)</u>	<u>(392,339)</u>	<u>(172,293)</u>	<u>276,874</u>	<u>4,449</u>
Non-operating revenues (expenses):						
Investment income	812	7,971	14,778	6,612	38,041	35,142
Interest expense	(767,630)	(380,393)	(592,434)	(340,885)	(594,129)	(1,950,035)
Casualty losses, non-capitalized	-	-	-	-	-	-
Net non-operating revenues (expenses)	<u>(766,818)</u>	<u>(372,422)</u>	<u>(577,656)</u>	<u>(334,273)</u>	<u>(556,088)</u>	<u>(1,914,893)</u>
Income (loss) before capital contributions	(598,450)	(524,978)	(969,995)	(506,566)	(279,214)	(1,910,444)
Capital contributions	-	-	-	-	-	-
Change in net position	(598,450)	(524,978)	(969,995)	(506,566)	(279,214)	(1,910,444)
Net position, beginning of year (as originally reported)	<u>6,221,111</u>	<u>2,002,579</u>	<u>8,928,849</u>	<u>5,795,913</u>	<u>5,518,704</u>	<u>6,420,704</u>
Equity transfers	-	-	-	-	-	-
Net position, beginning of year (as restated)	<u>6,221,111</u>	<u>2,002,579</u>	<u>8,928,849</u>	<u>5,795,913</u>	<u>5,518,704</u>	<u>6,420,704</u>
Net position, end of year	<u>\$ 5,622,661</u>	<u>\$ 1,477,601</u>	<u>\$ 7,958,854</u>	<u>\$ 5,289,347</u>	<u>\$ 5,239,490</u>	<u>\$ 4,510,260</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

	EP Sun Plaza, LP	EP Sandoval Two, LP	EP Cramer Three, LP	EP Sherman South II, LP	EP SGC, LP	EP Commissioners' Corner, LP
Operating revenues:						
Tenant revenue	\$ 3,179,115	\$ 2,286,802	\$ 4,355,098	\$ 1,600,648	\$ 1,414,751	\$ 823,750
Other revenues	<u>-</u>	<u>-</u>	<u>317,948</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>3,179,115</u>	<u>2,286,802</u>	<u>4,673,046</u>	<u>1,600,648</u>	<u>1,414,751</u>	<u>823,750</u>
Operating expenses:						
Administrative	550,649	583,651	951,097	416,718	280,124	212,787
Utilities	376,520	265,648	281,773	148,098	161,319	69,260
Ordinary repairs and maintenance	351,956	270,334	581,057	274,299	192,020	179,565
Insurance	98,238	176,697	247,364	84,178	107,827	56,592
General	27,203	652,710	157,829	313,852	4,217	64,889
Amortization	-	-	28,232	-	41,707	-
Depreciation	<u>1,705,737</u>	<u>1,420,676</u>	<u>2,669,111</u>	<u>1,223,702</u>	<u>1,271,995</u>	<u>516,047</u>
Total operating expenses	<u>3,110,303</u>	<u>3,369,716</u>	<u>4,916,463</u>	<u>2,460,847</u>	<u>2,059,209</u>	<u>1,099,140</u>
Operating income (loss)	<u>68,812</u>	<u>(1,082,914)</u>	<u>(243,417)</u>	<u>(860,199)</u>	<u>(644,458)</u>	<u>(275,390)</u>
Non-operating revenues (expenses):						
Investment income	28,805	7,080	65,049	9,170	10,557	3,904
Interest expense	(1,899,562)	(384,060)	(2,491,748)	(1,434,667)	(620,725)	(317,014)
Casualty losses, non-capitalized	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net non-operating revenues (expenses)	<u>(1,870,757)</u>	<u>(376,980)</u>	<u>(2,426,699)</u>	<u>(1,425,497)</u>	<u>(610,168)</u>	<u>(313,110)</u>
Income (loss) before capital contributions	(1,801,945)	(1,459,894)	(2,670,116)	(2,285,696)	(1,254,626)	(588,500)
Capital contributions	<u>669,959</u>	<u>-</u>	<u>1,265</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(1,131,986)	(1,459,894)	(2,668,851)	(2,285,696)	(1,254,626)	(588,500)
Net position, beginning of year (as originally reported)	<u>19,121,780</u>	<u>11,906,383</u>	<u>23,881,078</u>	<u>14,909,653</u>	<u>8,951,242</u>	<u>10,279,900</u>
Equity transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of year (as restated)	<u>19,121,780</u>	<u>11,906,383</u>	<u>23,881,078</u>	<u>14,909,653</u>	<u>8,951,242</u>	<u>10,279,900</u>
Net position, end of year	<u>\$ 17,989,794</u>	<u>\$ 10,446,489</u>	<u>\$ 21,212,227</u>	<u>\$ 12,623,957</u>	<u>\$ 7,696,616</u>	<u>\$ 9,691,400</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

	EP Commissioners' Corner II, LP	EP Blue Flame, LP	EP Medano Heights, LP	EP DeWetter Two, LP	EP Tays North II, LP	EP Eisenhower P3, LP
Operating revenues:						
Tenant revenue	\$ 847,574	\$ 1,323,130	\$ 1,336,698	\$ 2,015,238	\$ 2,388,080	\$ 671,194
Other revenues	<u>-</u>	<u>241,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>847,574</u>	<u>1,564,865</u>	<u>1,336,698</u>	<u>2,015,238</u>	<u>2,388,080</u>	<u>671,194</u>
Operating expenses:						
Administrative	207,512	299,897	274,504	491,954	538,309	140,153
Utilities	70,330	234,861	230,680	90,465	167,800	107,689
Ordinary repairs and maintenance	104,900	481,996	162,671	240,868	271,934	62,337
Insurance	54,582	122,873	71,143	96,394	117,723	46,585
General	21,557	9,652	59,593	158,944	135,298	(179,014)
Amortization	-	25,352	-	11,299	-	-
Depreciation	<u>514,987</u>	<u>1,669,551</u>	<u>840,454</u>	<u>1,264,624</u>	<u>1,966,100</u>	<u>509,335</u>
Total operating expenses	<u>973,868</u>	<u>2,844,182</u>	<u>1,639,045</u>	<u>2,354,548</u>	<u>3,197,164</u>	<u>687,085</u>
Operating income (loss)	<u>(126,294)</u>	<u>(1,279,317)</u>	<u>(302,347)</u>	<u>(339,310)</u>	<u>(809,084)</u>	<u>(15,891)</u>
Non-operating revenues (expenses):						
Investment income	11,589	589	11,980	5,273	33,766	11,611
Interest expense	(739,655)	(993,772)	(793,378)	(1,129,989)	(2,064,568)	(439,820)
Casualty losses, non-capitalized	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net non-operating revenues (expenses)	<u>(728,066)</u>	<u>(993,183)</u>	<u>(781,398)</u>	<u>(1,124,716)</u>	<u>(2,030,802)</u>	<u>(428,209)</u>
Income (loss) before capital contributions	(854,360)	(2,272,500)	(1,083,745)	(1,464,026)	(2,839,886)	(444,100)
Capital contributions	<u>117,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(410)</u>	<u>(175)</u>
Change in net position	(736,832)	(2,272,500)	(1,083,745)	(1,464,026)	(2,840,296)	(444,275)
Net position, beginning of year (as originally reported)	<u>2,823,541</u>	<u>13,740,961</u>	<u>9,769,922</u>	<u>9,956,550</u>	<u>25,773,769</u>	<u>2,285,686</u>
Equity transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of year (as restated)	<u>2,823,541</u>	<u>13,740,961</u>	<u>9,769,922</u>	<u>9,956,550</u>	<u>25,773,769</u>	<u>2,285,686</u>
Net position, end of year	<u>\$ 2,086,709</u>	<u>\$ 11,468,461</u>	<u>\$ 8,686,177</u>	<u>\$ 8,492,524</u>	<u>\$ 22,933,473</u>	<u>\$ 1,841,411</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

	Canyon Square, Ltd.	EP Jackie Robinson, LP	EP Patriot Place, LP	EP Cielo Towers, LP	EP Machuca, LP	EP Sun Pointe, LP
Operating revenues:						
Tenant revenue	\$ 819,328	\$ 2,492,367	\$ 759,416	\$ -	\$ -	\$ -
Other revenues	-	-	-	-	-	-
Total operating revenues	<u>819,328</u>	<u>2,492,367</u>	<u>759,416</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating expenses:						
Administrative	158,116	446,402	442,504	-	817	-
Utilities	67,290	120,360	109,004	-	-	-
Ordinary repairs and maintenance	156,154	258,259	170,352	-	-	-
Insurance	63,873	62,984	97,536	-	-	-
General	45,274	1,584,067	161,246	-	-	35,153
Amortization	-	-	-	-	-	-
Depreciation	<u>82,242</u>	<u>1,465,168</u>	<u>1,002,994</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>572,949</u>	<u>3,937,240</u>	<u>1,983,636</u>	<u>-</u>	<u>817</u>	<u>35,153</u>
Operating income (loss)	<u>246,379</u>	<u>(1,444,873)</u>	<u>(1,224,220)</u>	<u>-</u>	<u>(817)</u>	<u>(35,153)</u>
Non-operating revenues (expenses):						
Investment income	7,654	496,956	1,997	865,424	441,818	-
Interest expense	(80,691)	(2,170,221)	(483,206)	-	(94,839)	(193,758)
Casualty losses, non-capitalized	<u>(148,429)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net non-operating revenues (expenses)	<u>(221,466)</u>	<u>(1,673,265)</u>	<u>(481,209)</u>	<u>865,424</u>	<u>346,979</u>	<u>(193,758)</u>
Income (loss) before capital contributions	24,913	(3,118,138)	(1,705,429)	865,424	346,162	(228,911)
Capital contributions	<u>-</u>	<u>9,931,178</u>	<u>2,366,648</u>	<u>(4,214,290)</u>	<u>4,172,908</u>	<u>2,152,694</u>
Change in net position	24,913	6,813,040	661,219	(3,348,866)	4,519,070	1,923,783
Net position, beginning of year (as originally reported)	4,778,734	(1,273,925)	11,111,076	6,454,930	(2,710,364)	2,152,694
Equity transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of year (as restated)	<u>4,778,734</u>	<u>(1,273,925)</u>	<u>11,111,076</u>	<u>6,454,930</u>	<u>(2,710,364)</u>	<u>2,152,694</u>
Net position, end of year	<u>\$ 4,803,647</u>	<u>\$ 5,539,115</u>	<u>\$ 11,772,295</u>	<u>\$ 3,106,064</u>	<u>\$ 1,808,706</u>	<u>\$ 4,076,477</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

	EP Nuestra Senora, LP	EP Salazar, LP	EP RAD-2 Cisneros, LLC	EP RAD-2 Old Gonzalez, LLC	EP Clint Commons, LP	Total Discretely Presented Component Units
Operating revenues:						
Tenant revenue	\$ -	\$ -	\$ 10,471	\$ -	\$ -	\$ 55,880,169
Other revenues	<u>544</u>	<u>135</u>	<u>2,633</u>	<u>-</u>	<u>-</u>	<u>607,374</u>
Total operating revenues	<u>544</u>	<u>135</u>	<u>13,104</u>	<u>-</u>	<u>-</u>	<u>56,487,543</u>
Operating expenses:						
Administrative	544	(105)	11,830	(515)	-	11,696,849
Utilities	-	-	-	-	-	5,949,112
Ordinary repairs and maintenance	-	-	-	-	-	8,224,056
Insurance	-	-	734	-	-	3,212,583
General	-	-	-	-	-	4,638,953
Amortization	-	-	-	-	-	186,985
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,241,448</u>
Total operating expenses	<u>544</u>	<u>(105)</u>	<u>12,564</u>	<u>(515)</u>	<u>-</u>	<u>66,149,986</u>
Operating income (loss)	<u>-</u>	<u>240</u>	<u>540</u>	<u>515</u>	<u>-</u>	<u>(9,662,443)</u>
Non-operating revenues (expenses):						
Investment income	-	-	14	-	-	2,360,934
Interest expense	-	-	(54,429)	-	-	(28,831,514)
Casualty losses, non-capitalized	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(148,429)</u>
Net non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>(54,415)</u>	<u>-</u>	<u>-</u>	<u>(26,619,009)</u>
Income (loss) before capital contributions	-	240	(53,875)	515	-	(36,281,452)
Capital contributions	<u>-</u>	<u>7,237,645</u>	<u>-</u>	<u>-</u>	<u>320,469</u>	<u>22,755,419</u>
Change in net position	-	7,237,885	(53,875)	515	320,469	(13,526,033)
Net position, beginning of year (as originally reported)	1,919,011	-	-	-	-	256,785,470
Equity transfers	<u>-</u>	<u>-</u>	<u>118,260</u>	<u>-</u>	<u>-</u>	<u>118,260</u>
Net position, beginning of year (as restated)	<u>1,919,011</u>	<u>-</u>	<u>118,260</u>	<u>-</u>	<u>-</u>	<u>256,903,730</u>
Net position, end of year	<u>\$ 1,919,011</u>	<u>\$ 7,237,885</u>	<u>\$ 64,385</u>	<u>\$ 515</u>	<u>\$ 320,469</u>	<u>\$ 243,377,697</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Housing Authority of the City of El Paso d.b.a. HOME (the "Authority") is a governmental, public corporation created on February 1, 1938 under federal and state housing laws for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the City of El Paso, Texas (the "City"). The Authority is responsible for operating certain safe, decent, sanitary, and affordable low-rent housing programs in the City under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by a board of five members who serve two year terms. The governing board is essentially autonomous but responsible to HUD. A Chief Executive Officer is appointed by the Authority's board of commissioners to manage the day-to-day operations of the Authority.

B. Basis of Accounting / Financial Statements Presentation

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The programs of the Authority are organized as separate accounting entities. Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net position (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The programs of the Authority are combined and considered an enterprise fund. An enterprise fund is used to account for activities that are operated in a manner similar to those found in the private sector.

The Authority's enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority's financial statements are prepared in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended ("GASB 34"). GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplementary Information.

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions* ("GASB 33"), grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

On January 30, 2008, HUD issued PIH Notice 2008-9 which requires that unused housing assistance payments ("HAP") under proprietary fund reporting should be reported as restricted net position, with the associated cash and investments also being reported as restricted. Any unused administrative fees should be reported as unrestricted net position, with the associated assets being reported on the financial data schedule as unrestricted.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting / Financial Statements Presentation (continued)

Both administrative fee and HAP revenue continue to be recognized under the guidelines set forth in GASB 33. Accordingly, both the time and purpose restrictions as defined by GASB 33 are met when these funds are available and measurable, not when these funds are expended. The Section 8 Housing Choice Vouchers program is no longer a cost reimbursement grant; therefore, the Authority recognizes unspent administrative fee and HAP revenue in the reporting period as revenue for financial statement reporting.

In accordance with 2 CFR 200.305(b)(9), any investment income earned up to \$500 on these funds may be retained by the Authority. Amounts in excess of \$500 must be remitted annually to the Department of Health and Human Services, Payment Management System.

Funds

The accounts of the Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The Authority maintains the following types of proprietary funds:

Enterprise Fund – The Authority's operations are presented as a single enterprise fund. The transactions for each of the programs of the Authority are accounted for in separate funds for internal purposes and grant requirements.

Internal Service Fund – The Authority maintains two internal service funds for the self-funded, health insurance plan and workers' compensation plan. However, pursuant to GASB 34, paragraph 62, if an enterprise fund is the only participant in an internal service fund, the government should report the internal service fund's residual assets and liabilities within the enterprise fund. As such, the activities of the internal service funds are combined with the enterprise fund on the Statement of Net Position and all inter-company transactions have been eliminated.

Measurement Focus and Basis of Accounting

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. The principal operating revenues of the Authority's funds are rent and maintenance charges to residents, operating grants and subsidies from HUD, and administration fees earned.

Operating expenses for proprietary funds include the administrative costs of providing services to residents and the housing assistance payments to residents. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

On January 1, 2023, the Authority adopted GASB 96, *Subscription-Based Information Technology Arrangements* ("GASB 96"). GASB 96 increases the transparency and comparability among governmental organizations by requiring the recognition of subscription assets and subscription liabilities on the statement of net position by subscribers and the disclosure of key information about subscription arrangements. For the year ended December 31, 2023, the adoption of GASB 96 did not have a material effect on the financial statements of the Authority.

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statement No. 14 and No. 34* ("GASB 61"), the Authority's basic financial statements include those of the Authority and any component units. Under the provisions of GASB 61, the Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments.

The Authority is a related organization of the City, since the Mayor of the City appoints Commissioners. The City is not financially accountable for the Authority, as it cannot impose its will on the Authority and there is no potential for the Authority to provide financial benefit to, or impose financial burdens on, the City. Accordingly, the Authority is not a component unit of the financial reporting entity of the City. Furthermore, the Authority is not included in any other reporting entity on the basis of such criteria.

In determining how to define the reporting entity, management has considered all potential component units. Component units are legally separate, tax-exempt organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

1. The primary government (Authority) is legally entitled to or can otherwise access the organization's resources.
2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
3. The primary government is obligated in some manner for the debt of the organization.

Based upon the application of these criteria, this report includes blended and discretely presented component units.

Blended Component Unit Presentation:

The Authority's blended component units are, although legally separate entities, in substance part of the Authority's operations and so data from these units are combined with data of the primary government and reflected in the "Primary Government" column on the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows. As of December 31, 2023, the Authority's blended component units consisted of the following:

• HACEP Acquisition Corp	• EP RAD-2 Alamito Place Casitas, LLC
• Affordable Housing Acquisitions, Inc	• EP RAD-2 Montwood Heights 10, LLC
• Western Redd Road, Ltd	• Affordable Housing Ventures, Inc.
• Western Yarbrough, Ltd	• EP Cimmaron Ventanas PFC
• EP RAD-2 Paisano Green Community, LLC	• EP Tuscany Zaragosa PFC

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

Discretely Presented Component Unit Presentation:

The Authority's discretely presented component units are reported as of and for the year ended December 31, 2023 in a separate column to emphasize that they are legally separate from the primary government and are included under the "Discretely Presented Component Units" column on the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position. As of December 31, 2023, the Authority's discretely presented component units consisted of the following:

- Eastside Crossings, Ltd
- El Paso RAD I, Ltd
- Alamito Gardens, LP
- Alamito Terrace, LP
- Haymon Krupp, LP
- El Paso RAD 1B, Ltd
- El Paso Tays, LP
- EP Father Pinto, LP
- El Paso Sherman I, LP
- El Paso Westfall, LP
- EP Rio Grande Three, LP
- EP Chelsea, LP
- EP Sun Plaza, LP
- EP Sandoval Two, LP
- EP Cramer Three, LP
- EP Sherman South II, LP
- EP SGC, LP
- EP Blue Flame, LP
- EP Commissioners' Corner, LP
- EP Commissioners' Corner II, LP
- EP Medano Heights, LP
- EP DeWetter Two, LP
- EP Tays North II, LP
- EP Eisenhower P3, LP
- Canyon Squares, Ltd
- EP Jackie Robinson, LP
- EP Patriot Place, LP
- EP Cielo Towers, LP
- EP Sun Pointe, LP
- EP Machuca, LP
- EP Nuestra Senora, LP
- EP Salazar, LP
- EP RAD-2 Cisneros, LLC
- EP RAD-2 Old Gonzalez, LLC
- EP Clint Commons, LP

D. Description of Programs

The Authority maintains its accounting records by program. A summary of the significant programs operated by the Authority is as follows:

Public and Indian Housing Program

The Public and Indian Housing Program is designed to provide low-cost housing within the City. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program. During the year ended December 31, 2023, the Authority has continued to convert its Public and Indian Housing units to project based vouchers through HUD's Rental Assistance Demonstration Program.

Section 8 Housing Choice Vouchers Program

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rent on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating household.

Public Housing Capital Fund Program

The purpose of the Public Housing Capital Fund Program is to provide another source of funding to cover the cost of physical and management improvements and rehabilitation on existing low-income housing and improving the central office facilities. Funding for this program is provided by grants from HUD.

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs (continued)

Business Activities

The Authority owns non-federal housing units and various interests in low income housing tax credit partnerships. Revenues earned from these activities are recorded in the Business Activities fund.

Community Development Block Grant

The primary objective of Community Development Block Grant Program is to develop viable urban communities by providing decent housing, a suitable living environment, and expanded economic opportunities, principally for persons of low and moderate income.

Farm Labor Housing Loans and Grants

The Authority administers a Farm Labor Housing Loan program whereby such financed housing is occupied by domestic farm laborers or individuals who derive a substantial portion of their income from farm labor. The loans and grants may be used for construction, repair, or purchase of year-round or seasonal housing; acquiring the necessary land and making improvements on land for housing; and developing related support facilities, small infirmaries, laundry facilities, day care centers, and other essential equipment or recreation areas. The Authority and the U.S. Department of Agriculture ("USDA") provided development financing for the Herbert Tio Cooper Community. The USDA also provides an operating subsidy to supplement rent paid by the residents of the community.

State and Local Programs

Periodically, the Authority administers various grants from the State of Texas and/or the City of El Paso. These activities as well as the Authority's internal service funds are reported in this fund.

Resident Opportunity and Supportive Services - Service Coordinators Program

The purpose of the Resident Opportunities and Supportive Services grant program is to provide funds for job training and supportive services to help residents of public housing transition from welfare to work. This program also provides funding to link elderly/disabled residents to critical services which can help them continue to live independently.

Mainstream Vouchers Program

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families whose head of household has a disability. The program provides payments covering the difference between the maximum rent on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating household.

Continuum of Care Program

Continuum of Care program is a program designed to provide housing and supportive services for homeless persons, (primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS) or related diseases) and their families who are living in places not intended for human habitation or in emergency shelters.

Section 8 New Construction and Substantial Rehabilitation Program

The Section 8 New Construction and Substantial Rehabilitation program allows for the construction, purchase and rehabilitation of low-income housing units to be subsidized for a contracted period of time. Both for profit and not-for-profit developers may provide low-income housing under this program. Developers must obtain their own financing and HUD subsidizes rents once the units are occupied. The Authority administers the program for HUD in conjunction with a not-for-profit landlord that owns the contracted units.

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs (continued)

Supportive Housing for the Elderly Program

The program provides assistance to expand the supply of housing with supportive services for the elderly. Capital advances are made to non-profit sponsors to finance the development of rental housing and project rental assistance covers the difference between the HUD-approved operating cost of the project and the tenant's contribution towards rent.

Central Office Cost Center

The Central Office Cost Center ("COCC") is mandated by HUD to account for "centralized" services and functions necessary to the Authority's operations. Funding for the COCC is in the form of fees charged to other Authority programs and activities as well as to affiliate entities. The fees charged include those specified by HUD as management fees, bookkeeping fees, asset management fees and other fees for service. HUD regulates which and how fees may be charged to HUD programs.

Rental Assistance Demonstration Program

The Rental Assistance Demonstration Program ("RAD") was created in order to give public housing authorities ("PHA") a powerful tool to preserve and improve public housing properties. RAD allows PHA's to leverage public and private debt and equity in order to reinvest in public housing stock. Public housing units move to a Section 8 platform with a long-term contract under which residents continued to pay 30% of their income towards rent.

Emergency Housing Vouchers Program

Emergency Housing Voucher funds are to be used to assist individuals and families who are homeless, at-risk of homelessness, fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or were recently homeless or have a high risk of housing instability.

E. Use of Management Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses and other liabilities, depreciable lives of properties and equipment, amortization of leasehold improvements and contingencies. Actual results could differ significantly from these estimates.

F. Cash and Cash Equivalents

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment.

HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

For the statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase. It is the Authority's policy to maintain collateralization in accordance with HUD requirements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Accounts Receivable

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and vacated units. An allowance for doubtful accounts is established to provide for accounts, which may not be collected in the future for any reason.

Collection losses on accounts receivable are charged against the allowance for doubtful accounts. Also included in accounts receivable are those amounts that tenants owe the Authority as payment for committing fraud or misrepresentation. These charges usually consist of retroactive rent and other amounts that may be determined by a formal written agreement or by a court order.

The Authority recognizes a receivable from HUD and other governmental agencies for amounts billed but not received and for amounts unbilled, but earned as of year-end.

H. Allowance for Doubtful Accounts

The Authority periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

I. Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

J. Notes Receivable

The Authority has utilized development funds in accordance with HUD guidelines to assist in the construction and redevelopment of numerous public housing developments through the issuance of mortgage notes. When preparing financial statements in accordance with GAAP, management is required to make estimates as to the collectability of such mortgage notes. When estimating collectability, management analyzes the value of the underlying mortgaged property, the property's ability to generate positive cash flow, and current economic trends and conditions. Management utilizes these estimates and judgments in connection with establishing an allowance for uncollectable amounts during an accounting period.

K. Capital Assets

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Capital Assets (continued)

Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

• Buildings	27.5 Years
• Site Improvements	10 Years
• Equipment	5 Years
• Vehicles, Furniture and Computer Equipment	5 Years

The Authority has established a capitalization threshold of \$5,000.

L. Impairment of Long Lived Assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. During the year ended December 31, 2023, there were no impairment losses incurred.

M. Inter-Program Receivables and Payables

Inter-program receivables and payables are all classified as either current assets or current liabilities, and are the result of the use of a concentrated account depository as the common paymaster for most of the programs of the Authority. Cash settlements are made monthly. All inter-program balances are reconciled, and inter-program receivables and payables balances net to zero. In accordance with GASB 34, inter-program receivables and payables are eliminated for financial statement purposes. Detail balances by program are found in the Financial Data Schedule of this report.

N. Accounts Payable and Accrued Liabilities

The Authority recognizes a liability for goods and services received but not paid for as of year-end. It also recognizes a liability for wages and fringe benefits related to services performed at year-end but not yet paid to employees or taxing authorities.

O. Unearned Revenue

The Authority's unearned revenue primarily consists of the prepayment of rent by residents and the receipt of HUD and other grant funding applicable to future periods prior to incurring the corresponding expense.

P. Accrued Compensated Absences

Compensated absences are those absences for which employees will be paid in accordance with the Authority's Personnel Policy. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such event takes place.

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Net Position Classifications

Net position is displayed in three components:

Net investment in capital assets - Consists of resources including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

R. Use of Restricted Assets

When both restricted and unrestricted resources are available for a particular restricted use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as needed.

S. Fair Value

The carrying amount of the Authority's financial instruments including cash and cash equivalents, accounts receivable, notes receivable and certain investments closely approximates fair value.

T. Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. The Authority receives annual operating subsidies from HUD, subject to limitations prescribed by HUD. Operating subsidies from HUD are recorded when received and are accounted for as revenue. Other contributions from HUD that are for development and modernization of capital assets are reflected separately in the accompanying financial statements as capital grants. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues and expenses as non-operating.

U. Taxes

The Authority is a unit of local government under Texas law and is exempt from real estate, sales and income taxes by both the federal and state governments. However, the Authority will pay a payment in lieu of taxes to cover municipal services provided by the local government for certain properties owned throughout the City.

V. Budgets and Budgetary Accounting

The Authority adopts annual, appropriated operating budgets for all its programs receiving federal expenditure awards and are used as a management tool throughout the accounting cycle. All budgets are prepared on a HUD basis, which differs with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD's program year end or at the end of grant periods.

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

W. Economic Dependency

The Section 8 Housing Choice Vouchers and Public and Indian Housing programs of the Authority are economically dependent on operating grants and subsidies from HUD. The programs operate at a loss prior to receiving the grants.

X. Investment in Limited Partnerships

The Authority holds minority ownership interests in various limited partnerships whereby its maximum exposure to loss is its current investment.

The Authority accounts for its investments in the various limited partnerships under the equity method, which requires that the investments are recorded at cost and adjusted for the Authority's share of income or loss. Since the Authority has no obligation to fund liabilities of the limited partnerships beyond its investment, the investment may not be reduced below zero.

The Authority regularly assesses its investment in limited partnerships for the existence of impairment. Impairment typically occurs when the carrying value of the Authority's investment in a limited partnership exceeds the estimated value of the investment as determined by management. The estimated value generally consists of remaining future housing tax credits and other tax benefits allocable to, and the estimated residual value, if any, of the investment available to the Authority. The residual value is estimated by management based on current economic and capital market conditions, operational results and the terms of the limited partnership's agreements which provide for distributions to the Authority upon the liquidation of the limited partnership or sale or disposition of its assets.

An impairment loss has no effect on the actual fair value of the underlying property or performance of the overall investment, nor does it have any effect on the remaining low-income housing tax credits ("LIHTC") to be generated. If an investment in a limited partnership is considered to be impaired, the Authority reduces its investment in such limited partnership on the statement of revenues, expenses, and changes in net position. The Authority did not recognize an impairment loss on its investments in limited partnerships for the year ended December 31, 2023.

Y. Regulated Leases

The Authority is a lessor of residential dwelling units under regulated leases as defined by GASB 87 and as such recognizes rental revenue in accordance with the terms of the lease contract. The leases, which are twelve months in length, are regulated by HUD as to rent, unit size, household composition and tenant income. For the year ended December 31, 2023, rental revenue earned under the aforementioned leases totaled \$20,053,290 for the primary government and \$54,787,457 for the discretely presented component units.

Z. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs and there have been no significant reductions in insurance coverage. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, the amount of the loss can be reasonably estimated, and said amount exceeds insurance coverage. Settlement amounts have not exceeded insurance coverage for the last three years.

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 2. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

As of December 31, 2023, the Authority had funds on deposit in checking, savings and money market accounts. The carrying amount of the primary government's cash and cash equivalents (including restricted cash) was \$87,789,384, and the bank balances approximated \$87,901,842.

<u>Cash Category</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Unrestricted	\$ 64,311,515	\$ 25,816,598	\$ 90,128,113
Tenant security deposits	1,033,591	1,579,645	2,613,236
Restricted	<u>22,444,278</u>	<u>71,273,874</u>	<u>93,718,152</u>
Total cash and cash equivalents	<u>\$ 87,789,384</u>	<u>\$ 98,670,117</u>	<u>\$ 186,459,501</u>

Of the primary government's bank balances, \$750,000 was covered by federal depository insurance and the remaining \$87,151,842 was collateralized with the pledging financial institution as of December 31, 2023.

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2023, the Authority's bank balances were not exposed to custodial credit risk.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following as of December 31, 2023:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Accounts receivable - HUD	\$ 435,653	\$ 683	\$ 436,336
Accounts receivable - tenants	180,130	1,366,553	1,546,683
Accounts receivable - miscellaneous	<u>2,560,952</u>	<u>10,891,062</u>	<u>13,452,014</u>
Total accounts receivable, net	<u>\$ 3,176,735</u>	<u>\$ 12,258,298</u>	<u>\$ 15,435,033</u>

Accounts Receivable - HUD

As of December 31, 2023, Accounts receivable - HUD consisted of amounts due to the Authority for amounts expended under grant agreements that have not yet been reimbursed. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Tenants, Net

Tenant accounts receivable represents amounts owed to the Authority by tenants for outstanding rent. The balance is shown net of an allowance for doubtful accounts of \$540,592.

Accounts Receivable - Miscellaneous

Accounts receivable - miscellaneous consists of amounts owed from managed properties and other miscellaneous sources from normal ongoing operations. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 4. INVESTMENTS

EP Chelsea, LP (the "Partnership"), which is a discretely presented component unit of the Authority, holds debt securities which they classify as available for sale. The securities are held with a trustee and will be disposed of when cash is needed for construction disbursements or debt service payments.

The Partnership applies the accounting provisions related to fair value measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the Partnerships' own data.

These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost).

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

- Level 1:* Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2:* Inputs other than quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3:* Unobservable inputs that reflect the Partnerships' own assumptions.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the valuation methods are determined to be appropriate and consistent within the industry, the use of different methodologies or assumptions to determine the fair value of certain assets and liabilities could result in a different estimate of fair value at the reporting date.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The fair value of available-for-sale securities is based on quoted market prices of similar securities with similar due dates using the market approach (Level 2 inputs).

As of December 31, 2023, the fair value, amortized cost and unrealized gains recorded for the discretely presented component units were as follows:

<u>EP Chelsea, LP</u>	
Fair value, U.S. Treasury securities	\$ 27,213
Less: amortized cost	(27,213)
Unrealized gain	\$ -

At each reporting date, the Partnership performs an evaluation of securities to determine if unrealized losses are other-than-temporary. For government obligations, this evaluation considers a number of factors including, but not limited to, the length of time and extent to which the fair value has been less than cost, the financial condition and near term prospects of the issuer, and management's ability and intent to hold the securities until the fair value recovers. The assessment of the ability and intent to hold these securities to recover focuses on liquidity needs, asset/liability management objectives, and securities portfolio objectives. As of December 31, 2023, there were no gross unrealized losses related to available-for-sale securities.

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTE 5. CAPITAL ASSETS, NET

The following is a summary of the primary government's changes in capital assets for the year ended December 31, 2023:

Description	December 31, 2022	Additions	Dispositions	Transfers	December 31, 2023
<u>Non-depreciable capital assets:</u>					
Land	\$ 37,537,870	\$ -	\$ (2,433,138)	\$ -	\$ 35,104,732
Construction in progress	<u>3,075,053</u>	<u>1,204,578</u>	<u>(1,995,408)</u>	<u>-</u>	<u>2,284,223</u>
Total	<u>40,612,923</u>	<u>1,204,578</u>	<u>(4,428,546)</u>	<u>-</u>	<u>37,388,955</u>
<u>Depreciable capital assets:</u>					
Buildings	218,284,311	83,776,210	(31,469,500)	-	270,591,021
Furniture and equipment	<u>10,459,457</u>	<u>769,507</u>	<u>(20,974)</u>	<u>-</u>	<u>11,207,990</u>
Total	<u>228,743,768</u>	<u>84,545,717</u>	<u>(31,490,474)</u>	<u>-</u>	<u>281,799,011</u>
Less: accumulated depreciation	<u>115,658,289</u>	<u>7,051,179</u>	<u>(31,122,824)</u>	<u>-</u>	<u>91,586,644</u>
Net capital assets	<u>\$ 153,698,402</u>	<u>\$ 78,699,116</u>	<u>\$ (4,796,196)</u>	<u>\$ -</u>	<u>\$ 227,601,322</u>

Depreciation expense for the primary government for the year ended December 31, 2023 amounted to \$7,051,179.

The following is a summary of the discretely presented component units' capital assets activity for the year ended December 31, 2023:

Description	December 31, 2022	Additions	Dispositions	Transfers	December 31, 2023
<u>Non-depreciable capital assets:</u>					
Land	\$ 6,876,558	\$ 4,629,584	\$ -	\$ -	\$ 11,506,142
Construction in progress	<u>13,502,786</u>	<u>-</u>	<u>-</u>	<u>(13,502,786)</u>	<u>-</u>
Total	<u>20,379,344</u>	<u>4,629,584</u>	<u>-</u>	<u>(13,502,786)</u>	<u>11,506,142</u>
<u>Depreciable capital assets:</u>					
Buildings	1,051,099,417	84,351,912	(827,501)	13,502,786	1,148,126,614
Furniture and equipment	<u>28,603,531</u>	<u>1,084,723</u>	<u>(2,429,184)</u>	<u>-</u>	<u>27,259,070</u>
Total	<u>1,079,702,948</u>	<u>85,436,635</u>	<u>(3,256,685)</u>	<u>13,502,786</u>	<u>1,175,385,684</u>
Less: accumulated depreciation	<u>146,488,680</u>	<u>32,241,448</u>	<u>-</u>	<u>-</u>	<u>178,730,128</u>
Net capital assets	<u>\$ 953,593,612</u>	<u>\$ 57,824,771</u>	<u>\$ (3,256,685)</u>	<u>\$ -</u>	<u>\$ 1,008,161,698</u>

Depreciation expense for the discretely presented component units for the year ended December 31, 2023 amounted to \$32,241,448.

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NOTES TO FINANCIAL STATEMENTS (continued)
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NOTE 6. LEASING ARRANGEMENTS - LESSEE

On December 17, 2015, EP RAD-2 Montwood Heights 10, LLC ("Montwood Heights") entered into a lease agreement as a lessee for land. The term of the lease is for 40 years, commencing on December 17, 2015 and terminating on December 17, 2055. On December 17, 2015, Montwood Heights prepaid rent in the amount of \$150,000 with proceeds of a land lease note. As of January 1, 2022, a right-of-use lease asset was recorded in the amount of \$127,500. As of December 31, 2023, the value of the right-of-use lease asset was \$120,000 and amortization expense totaled \$3,750 for the year then ended.

On December 17, 2015, EP RAD-2 Paisano Green Community, LLC ("Paisano Green") entered into a lease agreement as a lessee for land. The term of the lease is for 40 years, commencing on December 17, 2015 and terminating on December 17, 2055. On December 17, 2015, Paisano Green prepaid rent in the amount of \$590,000 with proceeds of a land lease note. As of January 1, 2022, a right-of-use lease asset was recorded in the amount of \$501,500. As of December 31, 2023, the value of the right-of-use lease asset was \$472,000 and amortization expense totaled \$14,750 for the year then ended.

On December 17, 2015, EP RAD-2 Alamito Place Casitas, LLC ("Alamito Casitas") entered into a lease agreement as a lessee for land. The term of the lease is for 40 years, commencing on December 17, 2015 and terminating on December 17, 2055. On December 17, 2015, Alamito Casitas prepaid rent in the amount of \$490,000 with proceeds of a land lease note. As of January 1, 2022, a right-of-use lease asset was recorded in the amount of \$416,500. As of December 31, 2023, the value of the right-of-use lease asset was \$392,000 and amortization expense totaled \$12,250 for the year then ended.

The following is a summary of the Authority's changes in right-of-use asset for the year ended December 31, 2023:

Description	December 31, 2022	Additions	Dispositions	December 31, 2023
Right-of-use assets	\$ 1,045,500	\$ -	\$ -	\$ 1,045,500
Less: accumulated amortization	<u>30,750</u>	<u>30,750</u>	<u>-</u>	<u>61,500</u>
Net right-of-use assets	<u>\$ 1,014,750</u>	<u>\$ (30,750)</u>	<u>\$ -</u>	<u>\$ 984,000</u>

NOTE 7. LEASES RECEIVABLE

On August 27, 2019, the Authority entered into a lease agreement as a lessor with Workforce Solutions Borderplex, Inc for the lease of a building. The term of the lease was for 10 years from March 1, 2020 with a renewal option for 2 periods of 5 years. An initial lease receivable was recorded in the amount of \$4,194,026. As of December 31, 2023, the value of the lease receivable was \$3,461,407. Beginning on the commencement of the lease term, annual rent shall be paid to the Authority in the amount of \$230,288, increasing by 2% on each anniversary date. For the year ended December 31, 2023, the Authority received payments of \$249,271 on the lease. The implicit interest rate on the lease was 3%. The value of the deferred inflows of resources as of December 31, 2023 was \$3,145,521. For the year ended December 31, 2023, the Authority recognized lease revenue and interest income on the lease in the amounts of \$141,193 and \$108,078, respectively.

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NOTES TO FINANCIAL STATEMENTS (continued)
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NOTE 7. LEASES RECEIVABLE (continued)

On October 31, 2019, the Authority entered into a lease agreement as a lessor with Unicare Health Plans of Texas, Inc. for the lease of a building. The term of the lease was for 7 years from April 1, 2020 with a renewal option for 2 periods of 5 years. An initial lease receivable was recorded in the amount of \$314,874. As of December 31, 2023, the value of the lease receivable was \$250,160. Beginning on the commencement of the lease term, annual rent shall be paid to the Authority in the amount of \$18,522, increasing by 3% on each anniversary date. For the year ended December 31, 2023, the Authority received payments of \$20,847 on the lease. The implicit interest rate on the lease was 3%. The value of the deferred inflows of resources as of December 31, 2023 was \$222,264. For the year ended December 31, 2023, the Authority recognized lease revenue and interest income on the lease in the amounts of \$12,953 and \$7,893, respectively.

On July 1, 2020, the Authority entered into a lease agreement as a lessor with Desert Star Home Health for the lease of a building. The term of the lease was for 10 years from November 1, 2020 with a renewal option for 2 periods of 5 years. An initial lease receivable was recorded in the amount of \$743,660. As of December 31, 2023, the value of the lease receivable was \$650,094. Beginning on the commencement of the lease term, annual rent shall be paid to the Authority in the amount of \$37,183, increasing by 3% on each anniversary date. For the year ended December 31, 2023, the Authority received payments of \$40,631 on the lease. The implicit interest rate on the lease was 3%. The value of the deferred inflows of resources as of December 31, 2023 was \$594,928. For the year ended December 31, 2023, the Authority recognized lease revenue and interest income on the lease in the amounts of \$20,513 and \$20,118, respectively.

On October 15, 2019, the Authority entered into a lease agreement as a lessor with the City of El Paso for the lease of a building. The term of the lease was for 10 years from July 1, 2020 with a renewal option for 2 periods of 5 years. An initial lease receivable was recorded in the amount of \$1,406,340. As of December 31, 2023, the value of the lease receivable was \$1,187,137. Beginning on the commencement of the lease term, annual rent shall be paid to the Authority in the amount of \$70,317, increasing by 3% on each anniversary date. For the year ended December 31, 2023, the Authority received payments of \$79,142 on the lease. The implicit interest rate on the lease was 3%. The value of the deferred inflows of resources as of December 31, 2023 was \$1,054,755. For the year ended December 31, 2023, the Authority recognized lease revenue and interest income on the lease in the amounts of \$42,261 and \$36,882, respectively.

On October 31, 2019, the Authority entered into a lease agreement as a lessor with Mendel Blumenfeld & Pulido, PLLC for the lease of a building. The term of the lease was for 10 years from April 1, 2020 with a renewal option for 2 periods of 5 years. An initial lease receivable was recorded in the amount of \$308,934. As of December 31, 2023, the value of the lease receivable was \$254,321. Beginning on the commencement of the lease term, annual rent shall be paid to the Authority in the amount of \$16,920, increasing by 2% on each anniversary date. For the year ended December 31, 2023, the Authority received payments of \$18,315 on the lease. The implicit interest rate on the lease was 3%. The value of the deferred inflows of resources as of December 31, 2023 was \$231,700. For the year ended December 31, 2023, the Authority recognized lease revenue and interest income on the lease in the amounts of \$10,374 and \$7,941, respectively.

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
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NOTE 7. LEASES RECEIVABLE (continued)

On December 17, 2019, the Authority entered into a lease agreement as a lessor with Lapa-Lapa Downtown, LLC for the lease of a building. The term of the lease was for 10 years from January 1, 2020. An initial lease receivable was recorded in the amount of \$339,181. As of December 31, 2023, the value of the lease receivable was \$185,833. Beginning on the commencement of the lease term, annual rent shall be paid to the Authority in the amount of \$36,059, increasing by 2% on each anniversary date. For the year ended December 31, 2023, the Authority received payments of \$38,267 on the lease. The implicit interest rate on the lease was 3%. The value of the deferred inflows of resources as of December 31, 2023 was \$169,591. For the year ended December 31, 2023, the Authority recognized lease revenue and interest income on the lease in the amounts of \$31,740 and \$6,527, respectively.

On August 19, 2020, the Authority entered into a lease agreement as a lessor with Winn Managed Properties for the lease of a building. The term of the lease was for 5 years from January 1, 2021 with a renewal option for 2 periods of 5 years. An initial lease receivable was recorded in the amount of \$1,280,400. As of December 31, 2023, the value of the lease receivable was \$1,086,701. Beginning on the commencement of the lease term, annual rent shall be paid to the Authority in the amount of \$85,360, increasing by 3% on each anniversary date. For the year ended December 31, 2023, the Authority received payments of \$90,558 on the lease. The implicit interest rate on the lease was 3%. The value of the deferred inflows of resources as of December 31, 2023 was \$1,024,320. For the year ended December 31, 2023, the Authority recognized lease revenue and interest income on the lease in the amounts of \$56,269 and \$34,289, respectively.

On May 1, 2018, the Authority entered into a lease agreement as a lessor with Ignite Church for the lease of a building. The term of the lease was for 10 years from May 18, 2018. An initial lease receivable was recorded in the amount of \$636,844. As of December 31, 2023, the value of the lease receivable was \$325,598. Beginning on the commencement of the lease term, monthly rent shall be paid to the Authority in the amount of \$64,680, increasing by 3% each year. For the year ended December 31, 2023, the Authority received payments of \$74,254 on the lease. The implicit interest rate on the lease was 3%. The value of the deferred inflows of resources as of December 31, 2023 was \$275,966. For the year ended December 31, 2023, the Authority recognized lease revenue and interest income on the lease in the amounts of \$63,443 and \$10,811, respectively.

On May 1, 2018, the Authority entered into a lease agreement as a lessor with Emergence Health Network for the lease of a building. The term of the lease was for 36 Months from February 1, 2021. An initial lease receivable was recorded in the amount of \$3,833,650. As of December 31, 2023, the value of the lease receivable was \$-. Beginning on the commencement of the lease term, monthly rent shall be paid to the Authority in the amount of \$142,836, increasing by 2% each year. For the year ended December 31, 2023, the Authority received payments of \$213,589 on the lease. The implicit interest rate on the lease was 3%. The value of the deferred inflows of resources as of December 31, 2023 was \$-. For the year ended December 31, 2023, the Authority recognized lease revenue and interest income on the lease in the amounts of \$211,206 and \$2,383, respectively.

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTE 8. RESTRICTED DEPOSITS

Restricted deposits consist of the following as of December 31, 2023:

<u>Cash Category</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Housing assistance payment reserves	\$ 355,560	\$ -	\$ 355,560
Series A and B bond reserves	15,055,174	21,869,178	36,924,352
Taxes and insurance escrow	1,292,338	3,906,680	5,199,018
Replacement reserves	3,032,461	15,401,450	18,433,911
Operating reserves	289,236	20,636,452	20,925,688
Construction reserves	2,017,247	8,506,352	10,523,599
Other escrows	-	953,762	953,762
Family Self-Sufficiency escrows	402,262	-	402,262
Tenant security deposits	<u>1,033,591</u>	<u>1,579,645</u>	<u>2,613,236</u>
Total restricted deposits	<u>\$ 23,477,869</u>	<u>\$ 72,853,519</u>	<u>\$ 96,331,388</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers and Emergency Housing Vouchers Programs for future housing assistance payments.

Series A and Series B bond reserves represent unspent proceeds from the Alamito Public Facilities Corp Multifamily Housing Revenue Bonds. The proceeds will be used as part of the Authority's conversion of their public housing stock to HUD's RAD program.

Taxes and insurance escrows represent funds held in reserve for future payments of real estate taxes and property and mortgage insurance.

Replacement reserves represent funds that are restricted for repairs and replacement of buildings and equipment.

Operating reserves represent funds that are restricted in the case the project or program encounters an operating deficit.

Construction reserves represent unspent funds from construction loan proceeds that will be used to cover the construction costs of the project.

Other escrows represent funds set aside for miscellaneous costs in accordance with the partnership agreement of the project.

Family Self-Sufficiency ("FSS") program escrows represent amounts held by the Authority on behalf of FSS program participants. Upon graduation from the program, the participant is due amounts deposited plus interest earned.

Tenant security deposits represent amounts held by the Authority on behalf of tenants. Upon termination, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit.

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NOTES TO FINANCIAL STATEMENTS (continued)
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NOTE 9. NOTES RECEIVABLE

The Authority has utilized RAD, Hope VI, mixed finance and other development funds in accordance with HUD guidelines to assist in the construction of numerous public housing developments through the issuance of mortgage loans. Outstanding notes receivable of the primary government as of December 31, 2023 consisted of the following:

<u>Description</u>	<u>Amount</u>
The Authority issued a non-recourse GAP Financing Loan to EP Sandoval Two, LP in the amount of \$4,460,239. The loan is interest free and matures in May of 2068.	4,210,372
The Authority issued a mortgage loan to Alamito Terrace on December 18, 2008 to facilitate the construction of new buildings and building improvements. The original principal balance was \$8,690,629 and interest accrues at a rate of .5% per annum. The loan matures on September 30, 2062 at which time the entire unpaid balance of principal and interest shall be due and payable in full. The loan is secured by the real property. Accrued interest at December 31, 2023 amounted to \$210,613.	8,393,290
The Authority issued a mortgage loan to Alamito Gardens on August 1, 2008 to facilitate the construction of new buildings and building improvements. The original principal balance was \$13,036,683 and interest accrues at a rate of .4% per annum. The loan is payable from available cash and matures on December 31, 2063 at which time all sums payable under the note shall be due and payable in full. The loan is secured by real property and any ensuing structures. Accrued interest at December 31, 2023 amounted to \$506,044.	12,695,000
The Authority issued a construction mortgage to Eastside Crossings, LTD in the amount not to exceed \$6,232,000. The loan accrues interest at the rate of 3% per annum. The note matures on April 1, 2057 at which time the note is due. Accrued interest at December 31, 2023 amounted to \$1,626,045.	5,261,600
HOME Funds loan to Eastside Crossings LTD dated May 23, 2013 in the amount of \$100,000. The loan accrues interest at 3% per annum, is due February 5, 2046 and is secured by real property. Accrued interest at December 31, 2023 amounted to \$27,350.	100,000
Loan receivable from El Paso RAD I, LTD for the transfer of the buildings and improvements for thirteen properties. The principal sum of \$77,080,000 and interest accrued at 3.5%, shall be paid in full on the maturity date of April 1, 2065. Required payments prior to maturity will consist of annual cash flow and to the extent of insufficient cash flow, borrower will make installment payments. Accrued interest at December 31, 2023 amounted to \$26,787,967. The balance is shown net of a deferred gain on sale of \$6,327,904 as of December 31, 2023.	70,752,096

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NOTES TO FINANCIAL STATEMENTS (continued)
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NOTE 9. NOTES RECEIVABLE (continued)

The Authority issued a non-recourse GAP Financing Loan to El Paso RAD I, LTD in the total amount of \$31,747,976. The loan is interest free and matures in April of 2065. 12,333,593

The Authority issued a GAP Financing Loan to Haymon Krupp, LP in the maximum amount of \$4,450,000. This note accrues interest at 4.5% per annum, compounded annually and matures in November 2065. This note is issued pursuant to the terms of a Line of Credit Agreement between Maker and Lender, pursuant to the Loan Agreement. Accrued interest at December 31, 2023 amounted to \$1,804,438. 4,445,588

Loan receivable from the sale of assets to Haymon Krupp, LP in the principal sum of \$1,111,500 which accrues interest at 4.5%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on November 1, 2065. Accrued interest at December 31, 2023 amounted to \$485,217. 1,104,100

Loan receivable from the sale of assets to El Paso Tays, LP in the principal sum of \$652,500 which accrues interest at 6%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on December 1, 2065. Accrued interest at December 31, 2023 amounted to \$392,686. 652,500

The Authority issued a GAP Financing Loan to El Paso Sherman I, LP in the maximum amount of \$7,373,064. This note accrues interest at 3.0% per annum, compounded annually and matures in November 2071. Accrued interest at December 31, 2023 amounted to \$1,638,462. 7,373,064

The Authority issued a GAP Financing Loan to El Paso Tays, LP in the maximum amount of \$3,368,116. This note accrues interest at 3.0% per annum, compounded annually and matures in December, 2070. Accrued interest at December 31, 2023 amounted to \$978,216. 2,838,805

The Authority issued a GAP Financing Loan to EP Father Pinto, LP in the maximum amount of \$1,685,792. This note accrues interest at 3.0% per annum, compounded annually and matures in December, 2066. Accrued interest at December 31, 2023 amounted to \$392,703. 1,685,792

The Authority issued a GAP Financing Loan to El Paso Westfall, LP in the maximum amount of \$1,600,000. This note accrues interest at 3.0% per annum, compounded annually and matures in December, 2056. Accrued interest at December 31, 2023 amounted to \$363,753. 1,600,000

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NOTE 9. NOTES RECEIVABLE (continued)

The Authority issued a GAP Financing Loan to El Paso RAD 1B, LTD in the maximum amount of \$1,600,000. This note accrues interest at 4.5% per annum, compounded annually and matures in December, 2056. Accrued interest at December 31, 2023 amounted to \$541,317.	1,600,000
The Authority issued a GAP Financing Loan to EP Rio Grande Three, LP in the maximum amount of \$4,000,000. This note accrues interest at 3.0% per annum, compounded annually and matures in April, 2067. Accrued interest at December 31, 2023 amounted to \$303,287.	3,000,000
Loan receivable from the sale of assets to El Paso RAD 1B, LTD in the principal sum of \$5,320,000 which accrues interest at 3.5%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on August 1, 2071. Accrued interest at December 31, 2023 amounted to \$1,547,233.	5,320,000
Loan receivable from the sale of assets to EP Rio Grande Three, LP in the principal sum of \$3,825,000 which accrues interest at 3.0%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on April 1, 2067. Accrued interest at December 31, 2023 amounted to \$811,909.	3,825,000
Loan receivable from the sale of assets to EP Father Pinto, LP in the principal sum of \$1,520,000 which accrues interest at 3.0%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on April 1, 2067. Accrued interest at December 31, 2023 amounted to \$643,826.	1,520,000
Loan receivable from the sale of assets to El Paso Sherman I, LP in the principal sum of \$1,098,000 which accrues interest at 3.0%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on November 1, 2066. Accrued interest at December 31, 2023 amounted to \$259,154.	1,098,000
Loan receivable from the sale of assets to El Paso Westfall, LP in the principal sum of \$868,500 which accrues interest at 3.0%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on November 1, 2056. Accrued interest at December 31, 2023 amounted to \$322,273.	868,500
The Authority issued an additional financing loan to EP Father Pinto, LP in the maximum amount of \$3,300,000. The loan matures on April 30, 2067. The loan bears interest at 3.0% and payments are payable only from Net Cash Flow.	2,897,220

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NOTE 9. NOTES RECEIVABLE (continued)

The Authority issued a GAP Financing Loan to EP Chelsea, LP in the maximum amount of \$5,500,000. This note shall accrue interest at 3.0% per annum, compounded annually and maturing in December, 2067. Accrued interest at December 31, 2023 amounted to \$735,089.	5,499,999
The Authority issued a GAP Financing Loan to EP SGC, LP in the maximum amount of \$6,992,696. This note shall accrue interest at 3.0% per annum, compounded annually and maturing in December, 2057. Accrued interest at December 31, 2023 amounted to \$826,840.	5,093,063
The Authority issued a GAP Financing Loan to EP Commissioners' Corner, LP in the maximum amount of \$1,900,000. This note shall accrue interest at 3.0% per annum, compounded annually and maturing in December, 2067. Accrued interest at December 31, 2023 amounted to \$288,450.	1,941,284
The Authority issued a GAP Financing Loan to EP Commissioners' Corner II, LP in the original amount of \$7,070,000. This note shall accrue interest at 5.5% per annum, compounded annually and maturing in December, 2067. Accrued interest at December 31, 2023 amounted to \$1,819,119.	7,070,000
The Authority issued a GAP Financing Loan to EP Blue Flame, LP in the amended amount of \$23,090,249. This note shall accrue interest at 3.0% per annum, compounded annually and maturing in August, 2078. Accrued interest at December 31, 2023 amounted to \$2,974,218.	23,067,979
The Authority issued a GAP Financing Loan to EP Medano Heights, LP in the maximum amount of \$10,537,000. This note shall accrue interest at 3.22% per annum, compounded annually and maturing in December, 2068. Accrued interest at December 31, 2023 amounted to \$1,232,579.	8,501,871
The Authority issued a GAP Financing Loan to EP Jackie Robinson, LP in the maximum amount of \$1,150,000. This note shall accrue interest at 7.50% per annum, compounded annually and maturing in October, 2070. Accrued interest at December 31, 2023 amounted to \$210,326.	1,150,000
Loan receivable from the sale of assets to EP Chelsea, LP in the principal sum of \$10,300,000 which accrues interest at 7.0%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on December 1, 2067. Accrued interest at December 31, 2023 amounted to \$5,247,691. The balance is shown net of a deferred gain on sale of \$9,544,196 as of December 31, 2023.	755,804

**HOUSING AUTHORITY OF THE CITY OF EL PASO
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DECEMBER 31, 2023**

NOTE 9. NOTES RECEIVABLE (continued)

Loan receivable from the sale of assets to EP Sun Plaza, LP in the principal sum of \$9,000,000 which accrues interest at 5.5%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on March 1, 2070. Accrued interest at December 31, 2023 amounted to \$3,301,761. The balance is shown net of a deferred gain on sale of \$8,944,837 as of December 31, 2023.

55,163

Loan receivable from the sale of assets to EP Sandoval Two, LP in the principal sum of \$11,410,000 which accrues interest at 2.94%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on May 1, 2068. Accrued interest at December 31, 2023 amounted to \$2,037,337. The balance is shown net of a deferred gain on sale of \$10,429,182 as of December 31, 2023.

980,818

Loan receivable from the sale of assets to EP Cramer Three, LP in the principal sum of \$27,790,000 which accrues interest at 3.22%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on December 1, 2062. Accrued interest at December 31, 2023 amounted to \$4,853,556. The balance is shown net of a deferred gain on sale of \$24,170,869 as of December 31, 2023.

3,619,131

Loan receivable from the sale of assets to EP Sherman South II, LP in the principal sum of \$8,115,000 which accrues interest at 5.5%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on November 1, 2070. Accrued interest at December 31, 2023 amounted to \$2,579,086. The balance is shown net of a deferred gain on sale of \$7,516,326 as of December 31, 2023.

598,674

Loan receivable from the sale of assets to EP Medano Heights, LP in the principal sum of \$1,460,000 which accrues interest at 3.31%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on December 1, 2068. Accrued interest at December 31, 2023 amounted to \$262,903.

1,460,000

The Authority issued a GAP Financing Loan to EP Eisenhower P3, LP in the maximum amount of \$8,000,000. This note shall accrue interest at 1.95% per annum, compounded annually and maturing in March, 2059. Accrued interest at December 31, 2023 amounted to \$455,420.

3,167,000

The Authority issued a GAP Financing Loan to EP DeWetter Two, LP in the maximum amount of \$4,910,845. This note shall accrue interest at 3.00% per annum, compounded annually and maturing in October 2069. Accrued interest at December 31, 2023 amounted to \$251,146.

4,908,590

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
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NOTE 9. NOTES RECEIVABLE (continued)

Loan receivable from the sale of assets to EP Eisenhower P3, LP in the principal sum of \$3,500,000 which accrues interest at 3.00%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on March 1, 2059. Accrued interest at December 31, 2023 amounted to \$527,878. The balance is shown net of a deferred gain on sale of \$2,389,682 as of December 31, 2023.	1,110,318
Loan receivable from the sale of assets to EP DeWetter Two, LP in the principal sum of \$10,340,000 which accrues interest at 3.00%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on October 1, 2069. Accrued interest at December 31, 2023 amounted to \$1,327,563. The balance is shown net of a deferred gain on sale of \$9,185,646 as of December 31, 2023.	1,154,354
Loan receivable from the sale of assets to EP Tays North II, LP in the principal sum of \$10,808,000 which accrues interest at 5.65%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on April 1, 2071. Accrued interest at December 31, 2023 amounted to \$4,099,126. The balance is shown net of a deferred gain on sale of \$9,451,849 as of December 31, 2023.	1,348,151
Loan receivable from the sale of assets to EP Jackie Robinson, LP in the principal sum of \$9,900,000 which accrues interest at 7.50%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on October 1, 2070. Accrued interest at December 31, 2023 amounted to \$2,629,340. The balance is shown net of a deferred gain on sale of \$8,769,229 as of December 31, 2023.	1,130,771
The Authority issued a GAP Financing Loan to EP Machuca, LP in the maximum amount of \$6,511,255. This note shall accrue interest at 12.52% per annum, compounded annually and maturing in August 2062. Accrued interest at December 31, 2023 amounted to \$52,222.	2,502,654
The Authority issued a GAP Financing Loan to EP RAD-2 Cisneros, LLC in the maximum amount of \$998,068. This note shall accrue interest at 3.00% per annum, compounded annually and maturing in December 2072. Accrued interest at December 31, 2023 amounted to \$11,294.	739,056
The Authority issued a GAP Financing Loan to EP Clint Commons, LP in the maximum amount of \$3,000,000. This note is non-interest bearing and matures in December 2073.	859,653

**HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023**

NOTE 9. NOTES RECEIVABLE (continued)

The Authority issued a GAP Financing Loan to EP Cramer Three, LP in the maximum amount of \$4,752,793. This note shall accrue interest at 3.22% per annum, compounded annually and maturing in December, 2062. Accrued interest at December 31, 2023 amounted to \$258,956. 4,046,479

The Authority issued a GAP Financing Loan to EP Patriot Place, LP in the maximum amount of \$7,225,000. This note shall accrue interest at 3.00% per annum, compounded annually and maturing in April, 2073. Accrued interest at December 31, 2023 amounted to \$370,513. 7,738,848

The Authority issued a GAP Financing Loan to EP Nuestra Senora, LP in the maximum amount of \$7,400,000. This note shall accrue interest at 1.00% per annum, compounded annually and maturing in December, 2077. 461,509

The Authority issued a GAP Financing Loan to EP RAD-2 Old Gonzalez, LP in the maximum amount of \$2,613,963. This note shall accrue interest at 3.00% per annum, compounded annually and maturing in October, 2072. 300,000

Loan receivable from the sale of assets to EP Patriot Place, LP in the principal sum of \$1,010,000 which accrues interest at 3.00%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on April 30, 2073. Accrued interest at December 31, 2023 amounted to \$80,286. The balance is shown net of a deferred gain on sale of \$390,164 as of December 31, 2023. 619,836

Loan receivable from the sale of assets to EP Salazar, LP in the principal sum of \$10,500,000 which accrues interest at 8.00%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on April 30, 2078. The balance is shown net of a deferred gain on sale of \$9,450,586 as of December 31, 2023. 1,049,414

Loan receivable from the sale of assets to EP RAD-2 Cisneros, LLC in the principal sum of \$1,725,722 which accrues interest at 3.00%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on December 1, 2072. Accrued interest at December 31, 2023 amounted to \$34,514. The balance is shown net of a deferred gain on sale of \$1,633,072 as of December 31, 2023. 92,650

Loan receivable from the sale of assets to EP Clint Commons, LP in the principal sum of \$1,130,818 which is non-interest bearing. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on December 1, 2073. 1,130,818

**HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023**

NOTE 9. NOTES RECEIVABLE (continued)

The Authority issued a Historical Tax Credit Loan to EP Blue Flame, LP in the maximum amount of \$11,125,591. This note is interest fee and principal payment is deferred until maturity in August, 2078.	12,004,936
The Authority issued a GAP Financing Loan to EP Cielo Towers, LP in the maximum amount of \$8,093,201. This note shall accrue interest at 2.00% per annum, compounded annually and maturing in July, 2072.	6,943,496
The Authority issued a GAP Financing Loan to EP Sun Pointe, LP in the maximum amount of \$15,711,149. This note shall accrue interest at 1.00% per annum, compounded annually and maturing in November, 2072. Accrued interest at December 31, 2023 amounted to \$33,913.	10,331,392
The Authority issued a GAP Financing Loan to EP Nuestra Senora, LP in the maximum amount of \$7,400,000. This note shall accrue interest at 1.00% per annum, compounded annually and maturing in December, 2077. Accrued interest at December 31, 2023 amounted to \$2,693.	3,600,001
The Authority issued an Historical Tax Credit Loan to EP Tays North II, LP in the maximum amount of \$12,778,233. This note bears interest at 5.65% compounded annually and principal payments are payable from available net cash flow. Accrued interest at December 31, 2023 amounted to \$873,387. The note matures in April, 2077.	12,228,359
The Authority issued a Historical Tax Credit Loan to EP Sherman South II, LP in the maximum amount of \$8,010,965. This note bears interest at 5.00% compounded annually and principal payments are payable from available net cash flow. Accrued interest at December 31, 2023 amounted to \$687,854. The note matures in November, 2077.	7,696,274
Loan receivable from the sale of assets to EP Machuca, LP in the principal sum of \$3,030,000 which accrues interest at 12.52%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on August 1, 2062. Accrued interest at December 31, 2023 amounted to \$94,839. The balance is shown net of a deferred gain on sale of \$2,688,455 as of December 31, 2023.	341,545
Loan receivable from the sale of assets to EP Cielo Tower, LP in the principal sum of \$3,610,000 which accrues interest at 3.22%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on July 1, 2077. The balance is shown net of a deferred gain on sale of \$3,217,885 as of December 31, 2023.	392,115

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 9. NOTES RECEIVABLE (continued)

The Authority issued an Historical Tax Credit Loan to EP Sun Plaza, LP in the maximum amount of \$10,917,181. This note bears interest at 5.00% compounded annually and principal payments are payable from available net cash flow. The note matures in July, 2070. Accrued interest at December 31, 2023 amounted to \$1,509,189. 10,917,181

Loan receivable from the sale of assets to EP Nuestra Senora, LP in the principal sum of \$2,125,000 which accrues interest at 4.34%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on December 1, 2077. 2,125,000

Multifamily Housing Revenue Bond issued to EP Machuca, LP in the original amounts \$19,000,000 and \$18,295,000 to be used for the rehabilitation and development of the project. The bonds bear interest at 5.21% and 5.54%, respectively, with interest and principal payments due in monthly installments. The bonds mature on February 1, 2056 with a balloon payment due for outstanding principal and interest. 42,750,000

Loan receivable from the sale of assets to EP Sun Pointe, LP in the principal sum of \$5,100,000 which accrues interest at 3.92%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on November 1, 2072. Accrued interest at December 31, 2023 amounted to \$100,393. The balance is shown net of a deferred gain on sale of \$4,895,850 as of December 31, 2023. 204,150

Total notes receivable before allowance for uncollectable amounts 355,262,856
Less: allowance for uncollectable notes receivable 8,648,301

Total notes receivable, net \$ 346,614,555

As of December 31, 2023, the current portion of notes receivable amounted to \$13,171,609 and the accrued interest totaled \$66,571,920.

NOTE 10. OTHER ASSETS

Other assets consisted of the following as of December 31, 2023:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Investment in joint ventures	\$ 2,095,997	\$ -	\$ 2,095,997
Investment in land leases	10,200,000	-	10,200,000
Deferred charges	<u>350,538</u>	<u>1,394,375</u>	<u>1,744,913</u>
Total other assets	<u>\$ 12,646,535</u>	<u>\$ 1,394,375</u>	<u>\$ 14,040,910</u>

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 10. OTHER ASSETS (continued)

Investment in joint ventures represents ownership interests in numerous limited partnerships. The limited partnerships operate apartment complexes which provide low income housing eligible for tax credits in accordance with Section 42 of the Internal Revenue Code. The investment in the limited partnerships is accounted for under the equity method, because the Authority exercises significant influence over each partnership's operating and financial activities. Accordingly, the investment is carried at cost and adjusted for the proportionate share of earnings or losses.

Investment in land leases represents the Authority's cost basis in land leased to El Paso RAD I, Ltd. The lease commenced on April 1, 2015 and terminates on the 75th anniversary. Rent commenced in the 2nd lease year with an annual rent of \$136,000 payable solely from cash flow. In the event of insufficient funds to pay annual rent, unpaid amounts shall accrue without interest.

Deferred charges and other reimbursements represent development costs paid on behalf of future projects and miscellaneous receivables from managed properties and vendors.

NOTE 11. ACCOUNTS PAYABLE

As of December 31, 2023, accounts payable consisted of amounts payable to contractors and vendors for materials received or services rendered for the primary government and the discretely presented component units in the amount of \$1,302,711 and \$2,211,006, respectively.

NOTE 12. PAYMENTS IN LIEU OF TAXES

In accordance with Section 392.005 of the Texas Local Government Code, property owned by a Housing Authority is exempt from all taxes and special assessments of a municipality, but the Housing Authority may make an annual Payment in Lieu of Taxes ("PILOT"), to assist with costs associated with services furnished by the municipality. Under the Cooperation Agreement with the City, the PILOT is calculated by using the lesser of ten percent (10%) of the aggregate shelter rent charged by the Authority or the amount permitted by State law. Included in general expenses on the Authority's Statement of Revenues, Expenses and Changes in Net Position for the year ended December 31, 2023 is \$28,536 of PILOT for the primary government and \$40,548 for the discretely presented component units.

NOTE 13. COMPENSATED ABSENCES

Compensated absences represent amounts to which employees are entitled based on accumulated leave earned in accordance with the Authority's Personnel Policy. Vacation and sick leave start accruing the 15th day of the first month following the initial date of employment, but vests upon completion of the probationary period. Employees accrue compensated absences according to the following schedules:

Full-Time Regular Employees Hired Before July 1, 2012			
Years of Service	Accrual Rate per Pay Period	Annual Accrual	Maximum Hours
<u>Vacation:</u>			
0-5	3.08 hours	80 hours	160 hours
6-10	4.62 hours	120 hours	240 hours
11 or more	6.16 hours	160 hours	320 hours
<u>Sick:</u>			
All years of service	3.08 hours	80 hours	320 hours

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 13. COMPENSATED ABSENCES (continued)

Full-Time Regular Employees Hired On or After July 1, 2012			
Years of Service	Accrual Rate per Pay Period	Annual Accrual	Maximum Hours
<u>Vacation:</u>			
0-10	3.08 hours	80 hours	120 hours
10 or more	4.62 hours	120 hours	160 hours
<u>Sick:</u>			
All years of service	3.08 hours	80 hours	320 hours

The Authority's policy for voluntary departure from service is to pay all vacation and prior paid time off up to 480 hours. If officially retiring, the employee is paid all vacation, prior paid time off, and sick time up to 480 hours. Additionally, if the employee is retiring and they have grandfathered leave time (an employee prior to 1993), they are paid these hours up to 900 hours. No hours are paid to employees for involuntary departure.

As of December 31, 2023, accrued compensated absences of the primary government amounted to \$510,889 and consisted of the following activity for the year then ended:

<u>Description</u>	<u>Amount</u>
Beginning compensated absences	\$ 481,772
Compensated absences earned	458,365
Compensated absences redeemed	<u>(429,248)</u>
Ending compensated absences	510,889
Less: current portion	<u>102,178</u>
Compensated absences, net of current portion	<u>\$ 408,711</u>

NOTE 14. BONDS AND NOTES PAYABLE

Bonds and notes payable of the primary government consisted of the following as of December 31, 2023:

<u>Description</u>	<u>Amount</u>
Loan payable to the USDA in connection with the development of the 50-unit Herbert Tio Cooper apartment community for migrant farm worker families. The loan with the original amount of \$1,500,000 carries an annual interest rate of 1%, requires monthly principal and interest payments of \$4,640, matures in March, 2035 and is secured by the underlying property.	\$ 571,406
Loans payable in the maximum amount of \$1,700,000 and \$157,052 to the City of El Paso dated April 17, 2012, in connection with the construction of the property known as Elvin Estates. The loans are interest free and shall be forgiven in their entirety 20 years after project completion so long as the Authority maintains compliance with the Neighborhood Stabilization Program Development Agreement.	789,247

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 14. BONDS AND NOTES PAYABLE (continued)

Unsecured loan payable to the City of El Paso dated June, 2013 in connection with the construction of the property known as Chai Manor. The loan bears interest at 0% and is due in 120 equal monthly payments of \$1,667. However, as long as the Authority maintains compliance with the terms of the Community Development Rental Housing Program, such monthly payments shall be deferred and the original balance shall be forgiven in its entirety ten (10) years after the date of project completion or September 2024. The loan is secured by a deed of trust on the property located at 406 Wallenberg, El Paso, Texas.	200,000
HOME funds loan payable to the City of El Paso in connection with the construction of the property known as Eastside Crossing. The loan accrues interest at 3% per annum and is due forty-two (42) years from the earlier of the first advance or February 5, 2056. The loan is secured by a deed of trust on the property.	100,000
Loans payable in the amount of \$708,000 to PNC Bank dated March 8, 2016, in relation to the Western Yarborough property. The loan bears interest at 4.6% and is due in monthly payments of \$4,544 including principal and interest through February 2026. The loan is collateralized by the project and an irregular last payment including the balance of principal and interest due will be paid upon the maturity date of March 8, 2026.	503,894
Loans payable in the amount of \$700,000 to PNC Bank dated March 8, 2016, in relation to the property of Western Redd Road. The loan bears interest at 4.6% and is due in monthly payments of \$4,492 including principal and interest through February 2026. The loan is collateralized by the project and an irregular last payment including the balance of principal and interest due will be paid upon the maturity date of March 8, 2026.	498,115
Loan payable in the amount of \$7,000,000 to PNC Bank dated November 29, 2018, in relation to the property of Villa Allegre. The loan bears interest at 3.315% and is due in monthly payments including principal and interest. The loan is collateralized by the project and was due to be repaid upon the maturity date of January 12, 2023. However, during 2021 the loan was refinanced by PNC Bank and now matures on November 29, 2023.	6,110,025
On July 31, 2018, Western Burgundy, Ltd., Western Carolina, Ltd., Western Crosby, Ltd., and Western Eastside Seniors, Ltd. obtained permanent financing from HUNT Mortgage Partners, LLC in the original amount of \$5,309,000. The note bears interest at 5.14%. Principal and interest payments of \$28,975 are due monthly. The note is collateralized by the projects and matures on August 1, 2025.	4,875,976
On May 1, 2019, Saul Kleinfeld, Ltd., Western Gallagher, Ltd., Western Pebble Hills, Ltd., Western Pellicano, Ltd., and Lee Seniors, Ltd. obtained permanent financing from HUNT Mortgage Partners, LLC in the original amount of \$3,783,000. The note bears interest at 4.81%. Principal and interest payments of \$19,871 are due monthly. The note is collateralized by the projects and matures on May 1, 2029.	3,507,726

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 14. BONDS AND NOTES PAYABLE (continued)

On June 9, 2021, Meadowbrook Townhomes, Ltd., Bienvivir Parkside Senior Community, Ltd., Cedar Oak Townhomes, Ltd., and North Mountain Village, Ltd. obtained permanent financing from Federal Home Loan Mortgage Corporation in the original amount of \$13,000,000. The note bears interest at 3.94%. Principal and interest payments of \$61,615 are due monthly. The note is collateralized by the projects and matures on July 1, 2031.	12,444,021
EP Cimarron Ventanas PFC entered into Residential Development Senior Lien Revenue Bonds Series 2021A dated December 15, 2021 with a face amount of \$82,665,000. The bonds bear interest at 4% with principal and interest payments due semi-annually on June 1 and December 1 beginning on June 1, 2022. The bonds are secured by revenues of the properties and mature on December 1, 2051.	81,350,000
EP Cimarron Ventanas PFC entered into Residential Development Subordinate Lien Revenue Bonds Series 2021B dated December 15, 2021 with a face amount of \$5,000,000. The bonds bear interest at 6% with principal and interest payments due semi-annually on June 1 and December 1 beginning on June 1, 2022. The bonds are subordinate to the Series 2021A bonds, are secured by revenues of the properties and mature on December 1, 2051.	5,000,000
Loan payable in the amount of \$25,000,000 to CitiBank dated October 1, 2019, in relation to the property of EP Jackie Robinson, LP. The loan bears interest at 1.51% and is due in semi-annual payments of principal and interest. The loan was converted to permanent financing during the year ended December 31, 2023 and was paid off in full.	-
Loan payable in the amount of \$25,000,000 to CitiBank dated July, 2022, in relation to the properties of EP Machuca, LP and EP Cielo Towers, LP. The loan bears interest at 1.51% and is due in semi-annual payments of principal and interest. The loan is collateralized by the project and is payable upon the maturity date of February 1, 2056.	42,750,000
EP TuscanY Zaragosa PFC entered into Residential Development Subordinate Lien Revenue Bonds Series 2023 dated December 1, 2023 with a face amount of \$101,610,000. The bonds bear interest at 4.00% with principal and interest payments due semi-annually on June 1 and December 1 beginning on June 1, 2024. The bonds are secured by the property encumbered by the Deed of Trust and matures on December 1, 2033.	<u>101,610,000</u>
Total long-term debt	260,310,410
Less: current portion	<u>8,364,132</u>
Long-term debt, excluding current portion	<u>\$ 251,946,278</u>

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 14. BONDS AND NOTES PAYABLE (continued)

Debt activity for the primary government for the year ended December 31, 2023 consisted of the following:

Description	December 31, 2022	Advances	Principal Reductions	December 31, 2023
Loans payable	\$ <u>179,956,767</u>	\$ <u>107,065,000</u>	\$ <u>(26,711,357)</u>	\$ <u>260,310,410</u>
Accrued interest	\$ <u>60,947</u>	\$ <u>9,051,409</u>	\$ <u>(8,694,607)</u>	\$ <u>417,749</u>

Accrued interest payable as of December 31, 2023 and interest expense for the year then ended for the primary government totaled \$417,749 and \$9,051,409, respectively.

Annual debt service for principal and interest over the next five years and in five-year increments thereafter is as follows:

Year	Principal	Interest	Total
2024	\$ 8,364,132	\$ 4,413,036	\$ 12,777,168
2025	6,947,114	4,167,900	11,115,014
2026	3,056,551	3,981,622	7,038,173
2027	2,273,800	3,869,012	6,142,812
2028	2,365,161	3,777,651	6,142,812
2029-2033	127,841,925	15,646,290	143,488,215
2034-2038	13,463,525	12,138,609	25,602,134
2039-2043	16,439,611	9,106,847	25,546,458
2044-2048	20,152,618	5,393,840	25,546,458
2049-2053	16,555,973	933,310	17,489,283
2054-2056	<u>42,850,000</u>	<u>155,024</u>	<u>43,005,024</u>
	\$ <u>260,310,410</u>	\$ <u>63,583,141</u>	\$ <u>323,893,551</u>

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 14. BONDS AND NOTES PAYABLE (continued)

A summary of the Authority's discretely presented component units long-term debt is as follows:

<u>Loans payable to the Authority as evidenced by a Note Receivable (see Note 9):</u>	<u>Amount</u>
Authority loan for El Paso RAD I, Ltd for the purchase of buildings	\$ 77,080,000
GAP loan payable to the Authority for El Paso RAD I, Ltd	12,333,590
Alamito Public Facilities Corp. Loan to Alamito Gardens, LP	12,664,428
Alamito Public Facilities Corp. Loan to Alamito Terrace, LP	8,393,290
Housing Authority of the City of El Paso loan for Eastside Crossing, Ltd	100,000
Housing Authority of the City of El Paso loan for Eastside Crossing, Ltd	5,198,345
GAP Loan payable to the Authority for Haymon Krupp, LP	4,445,588
Housing Authority of the City of El Paso loan for Haymon Krupp, LP	1,104,100
GAP Loan payable to the Authority for El Paso Sherman I, LP	7,373,064
Housing Authority of the City of El Paso loan for El Paso Sherman I, LP	1,098,000
GAP Loan payable to the Authority for El Paso Westfall, LP	1,600,000
Housing Authority of the City of El Paso loan for El Paso Westfall, LP	868,500
GAP Loan payable to the Authority for EP Father Pinto, LP	4,583,012
Housing Authority of the City of El Paso loan for EP Father Pinto, LP	1,520,000
GAP Loan payable to the Authority for El Paso RAD 1B, Ltd	1,600,000
Housing Authority of the City of El Paso loan for El Paso RAD 1B, Ltd	5,320,000
GAP Loan payable to the Authority for El Paso Tays, LP	2,838,805
Housing Authority of the City of El Paso loan for El Paso Tays, LP	652,500
GAP Loan payable to the Authority for EP Rio Grande Three, LP	3,000,000
Housing Authority of the City of El Paso loan for EP Rio Grande Three, LP	3,825,000
GAP Loan payable to the Authority for EP Chelsea, LP	5,499,999
Housing Authority of the City of El Paso loan for EP Chelsea, LP	10,300,000
Housing Authority of the City of El Paso loan for EP Sun Plaza, LP	9,000,000
Housing Authority of the City of El Paso loan for EP Sandoval Two, LP	11,410,000
Housing Authority of the City of El Paso loan for EP Cramer Three, LP	27,790,000
Housing Authority of the City of El Paso loan for EP Sherman South II, LP	8,115,000
GAP Loan payable to the Authority for EP Commissioners Corner I, LP	1,941,284
GAP Loan payable to the Authority for EP Commissioners Corner II, LP	7,070,000
GAP Loan payable to the Authority for EP Gonzalez, LP	5,093,063
GAP Loan payable to the Authority for EP Blue Flame, LP	23,067,979
GAP Loan payable to the Authority for EP Medano, LP	8,501,872
Housing Authority of the City of El Paso loan for EP Medano, LP	1,460,000
GAP Loan payable to the Authority for EP DeWetter Two, LP	4,910,485
Housing Authority of the City of El Paso loan for EP DeWetter Two, LP	10,340,000
GAP Loan payable to the Authority for EP Eisenhower P3, LP	3,167,000
Housing Authority of the City of El Paso loan for EP Eisenhower P3, LP	3,500,000
Housing Authority of the City of El Paso loan for EP Tays North II, LP	10,800,000
Housing Authority of the City of El Paso loan for EP Jackie Robinson, LP	9,900,000
GAP Loan payable to the Authority for EP Jackie Robinson, LP	1,150,000
Housing Authority of the City of El Paso loan for EP Patriot Place, LP	1,010,000
GAP Loan payable to the Authority for EP Patriot Place, LP	7,738,848
Housing Authority of the City of El Paso loan for EP Nuestra Senora, LP	2,125,000
GAP Loan payable to the Authority for EP Nuestra Senora, LP	3,418,681
Housing Authority of the City of El Paso loan for EP Machuca, LP	3,030,000
Housing Authority of the City of El Paso loan for EP Sun Pointe, LP	5,100,000

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 14. BONDS AND NOTES PAYABLE (continued)

GAP Loan payable to the Authority for EP Sun Pointe, LP	10,331,392
Housing Authority of the City of El Paso loan for EP Cielo Towers, LP	3,610,000
GAP Loan payable to the Authority for EP Cielo Towers, LP	6,943,496
Housing Authority of the City of El Paso loan for EP Salazar, LP	10,500,000
Housing Authority of the City of El Paso loan for EP RAD-2 Cisneros, LLC	1,725,772
GAP Loan payable to the Authority for EP RAD-2 Cisneros, LLC	739,056
GAP Loan payable to the Authority for EP RAD-2 Old Gonzalez, LLC	300,000
Housing Authority of the City of El Paso loan for EP Clint Commons, LP	1,130,818
GAP Loan payable to the Authority for EP Clint Commons, LP	<u>858,451</u>

Total primary government loans to discretely presented component units	<u>\$ 377,176,418</u>

Loans payable to other lenders consisted of the following as of December 31, 2023:

<u>Description</u>	<u>Amount</u>
Multifamily housing revenue bonds in the original principal amount of \$59,625,000 for the purpose of acquisition, construction and long-term financing of an affordable housing project. The bonds bear interest at 4.28% with interest and principal payments due in monthly installments and are collateralized by a deed of trust on the project. The bonds mature on May 1, 2033 with a balloon payment due for outstanding principal and interest.	\$ 72,887,861
Construction loans payable to various banks, bearing interest at variable rates from 4.25% to 6%, with principal and interest payments deferred until maturity at various dates through 2042. The loans are secured by mortgages on the underlying properties.	32,358,489
Acquisition loans payable to various lenders, bearing interest from 0% to 8%, generally payable annually from property net cash flow, if any, to be repaid in full at various dates through 2090. The loans are secured by subordinate mortgages on the underlying properties.	<u>268,422,092</u>
Total long-term debt payable to other lenders	<u>373,668,442</u>
Less: current portion	<u>-</u>
Total long-term debt, net of current portion	<u>\$ 750,844,860</u>

Accrued interest payable as of December 31, 2023 and interest expense for the year then ended for the discretely presented component units totaled \$79,687,686 and \$28,831,514, respectively.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 15. OTHER LIABILITIES

As of December 31, 2023, other liabilities of the primary government totaled \$1,789,630, and consisted of the following activity for the year then ended:

<u>Description</u>	<u>Balances at December 31, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances at December 31, 2023</u>
FSS Escrows	\$ 300,102	\$ 102,160	\$ -	\$ 402,262
Escheat liabilities	139,971	128,706	(139,971)	128,706
Asset management fees	197,487	-	(197,487)	-
Accrued reporting fees	-	86,141	-	86,141
Insurance accruals	179,846	315,714	(179,846)	315,714
Lease security deposits	35,480	-	(20,374)	15,106
Audit fees	336,848	287,255	(336,848)	287,255
Due to related parties	660,378	-	(660,378)	-
Other accrued expenses	591,339	240,259	(591,339)	240,259
Other miscellaneous liabilities	<u>2,871,447</u>	<u>54,865</u>	<u>(2,612,125)</u>	<u>314,187</u>
Total	\$ <u>5,312,898</u>	\$ <u>1,215,100</u>	\$ <u>(4,738,368)</u>	1,789,630
Due within one year				<u>1,387,047</u>
Non-current portion				\$ <u>402,583</u>

As of December 31, 2023, other liabilities of the discretely presented component units totaled \$74,482,037, and consisted of the following activity for the year then ended:

<u>Description</u>	<u>Balances at December 31, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances at December 31, 2023</u>
Developer fees payable	\$ 38,566,911	\$ 10,584,942	\$ (2,925,295)	\$ 46,226,558
Contract retainage	2,647,429	-	(2,647,429)	-
Construction costs payable	26,137	19,587,465	(26,137)	19,587,465
Asset management fees	381,277	305,718	(381,277)	305,718
Property management fees	-	154,228	-	154,228
Audit Fees	-	166,477	-	166,477
Ground lease	-	5,058,976	-	5,058,976
Due to related parties	17,168,782	1,548,752	(16,058,156)	2,659,378
Other miscellaneous liabilities	<u>-</u>	<u>323,237</u>	<u>-</u>	<u>323,237</u>
Total	\$ <u>58,790,536</u>	\$ <u>37,729,795</u>	\$ <u>(22,038,294)</u>	74,482,037
Due within one year				<u>21,572,670</u>
Non-current portion				\$ <u>52,909,367</u>

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 16. RESTRICTED NET POSITION

Restricted net position consists of the following as of December 31, 2023:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Housing assistance payment reserves	\$ 355,560	\$ -	\$ 355,560
Tax and insurance escrows	1,292,338	3,906,680	5,199,018
Replacement reserves	3,032,461	15,401,450	18,433,911
Operating reserves	289,236	20,636,452	20,925,688
Construction reserves	2,017,247	8,506,352	10,523,599
Other escrows	<u>-</u>	<u>953,762</u>	<u>953,762</u>
Total restricted net position	<u>\$ 6,986,842</u>	<u>\$ 49,404,696</u>	<u>\$ 56,391,538</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers and Emergency Housing Vouchers Program for future housing assistance payments.

Taxes and insurance escrows represent funds held in reserve for future payments of real estate taxes and property and mortgage insurance.

Replacement reserves represent funds that are restricted for repairs and replacement of buildings and equipment.

Operating reserves represent funds that are restricted in the case the project or program encounters an operating deficit.

Construction reserves represent unspent funds from construction loan proceeds that will be used to cover the construction costs of the project.

Other escrows represent funds set aside for miscellaneous costs in accordance with the partnership agreement of the project.

NOTE 17. SPECIAL ITEMS

Pursuant to various Partnership Agreements, the Limited Partners of certain discretely presented component units are required to provide capital contributions. During the year ended December 31, 2023, the Limited Partners contributed \$22,755,419 of capital contributions to the discretely presented component units, which are recorded as special items in the Statement of Revenues, Expenses and Changes in Net Position. Capital contributions are subject to adjustments based on the amount of LIHTC allocated to the discretely presented component units in addition to other occurrences as more fully explained in the partnership agreements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 18. COMMITMENTS AND CONTINGENCIES

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD.

The Authority is the general partner in several single-property LIHTC partnerships that have extensive compliance requirements. A lack of compliance with the various regulations could adversely impact the Authority's ownership in the partnerships by jeopardizing the tax credits received by the investor limited partners. As of December 31, 2023, the Authority estimates that no material liabilities will result from such noncompliance.

NOTE 19. CONDENSED FINANCIAL INFORMATION OF THE BLENDED COMPONENT UNITS

	<u>Total Blended Component Units</u>
Assets:	
Current assets	\$ 8,372,461
Non-current assets	20,181,789
Capital assets, net	<u>203,366,895</u>
Total assets	<u>231,921,145</u>
Liabilities:	
Current liabilities	17,117,855
Non-current liabilities	<u>222,990,942</u>
Total liabilities	<u>240,108,797</u>
Net Position:	
Net investment in capital assets	(9,836,308)
Restricted	3,792,077
Unrestricted	<u>(2,143,421)</u>
Net position	<u>\$ (8,187,652)</u>
Operating revenues:	
Tenant revenue	\$ 17,929,790
HUD operating grants	455,830
Other revenues	<u>3,452,312</u>
Total operating revenues	<u>21,837,932</u>
Operating expenses:	
Administrative, utilities, maintenance, etc.	19,118,515
Amortization	30,750
Depreciation	<u>5,958,778</u>
Total operating expenses	<u>25,108,043</u>
Non-operating revenues (expenses)	<u>(7,895,784)</u>
Change in net position	<u>\$ (11,165,895)</u>

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2023

NOTE 20. PENSION PLAN

The Authority has a defined contribution pension plan titled the "Housing Authority of the City of El Paso Retirement Plan" (the "Plan"), covering all permanent employees. The Plan is administered by a third party administrator at the direction of a Board of Trustees representing the population of the Authority employees. Each employee directs the third party administrator as how to invest his or her contributions. Employees are eligible to participate six months from the date the employee is considered permanent. Participation in the Plan is mandatory.

The employees are entitled to receive the amount contributed by them on their behalf plus interest earned. Retirement benefits vest after five years of credited service. The Plan is funded through employee and the Authority contributions of 5% and 7%, respectively, of the base monthly compensation as defined by the Plan. During the year ended December 31, 2023, employees of the Authority contributed \$249,507 to the Plan and the Authority contributed \$343,788 to the Plan.

A summary of the Plan's activity for the year ended December 31, 2023 is as follows:

<u>Description</u>	<u>Amount</u>
Plan assets, beginning of year	\$ 15,437,049
Contributions	593,295
Dividends	376,393
Gain/(loss)	1,487,301
Exchanges	44
Commissions	(17,223)
Forfeitures	(36,703)
Distributions	(2,223,381)
Trustee transfers	46,100
Interest	<u>4,366</u>
Plan assets, end of year	\$ <u>15,667,241</u>

NOTE 21. SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through TBD (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Housing Authority of the City of El Paso d.b.a. HOME:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and, where applicable, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities (primary government) and the aggregate discretely presented component units of the Housing Authority of the City of El Paso d.b.a. HOME (the "Authority") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 20, 2024. Our report includes a reference to the discretely presented component units. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards* with the exception of Alamito Gardens, LP, EP Father Pinto, LP, El Paso Sherman I, LP, El Paso Westfall, LP, EP Rio Grande Three, LP, EP Chelsea, LP, EP Sun Plaza, LP, EP Sandoval Two, LP, EP Cramer Three, LP, EP Sherman South II, LP, EP SGC, LP, EP Commissioners' Corner, LP, EP Commissioners' Corner II, LP, EP Tays North II, LP, EP Blue Flame, LP and EP Medano Heights, LP. and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the aggregate discretely presented component units, except for those referenced above.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Novogradac & Company LLP

August 20, 2024
Toms River, New Jersey

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Commissioners
Housing Authority of the City of El Paso d.b.a. HOME:

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of El Paso d.b.a. HOME's (the "Authority") compliance with the types of compliance requirements described in the Uniform Guidance that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2023. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit.

Auditors' Responsibilities for the Audit of Compliance (continued)

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Norogardac & Company LLP

August 20, 2024
Toms River, New Jersey

SUPPLEMENTARY INFORMATION

**HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

<u>Federal Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Grant Expenditures</u>
U.S. Department of Housing and Urban Development:		
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	\$ 43,319,888
Mainstream Vouchers	14.879	675,663
Emergency Housing Vouchers	14.EHV	<u>718,925</u>
Total Housing Voucher Cluster		44,714,476
Section 8 Project-Based Cluster		
Section 8 New Construction and Substantial Rehabilitation	14.182	3,418,031
Section 8 Housing Assistance Payments	14.195	<u>455,830</u>
Total Section 8 Project-Based Cluster		3,873,861
Public and Indian Housing Program	14.850	1,818,864
Public Housing Capital Fund Program	14.872	914,074
Resident Opportunity and Supportive Services	14.870	188,402
Supportive Housing for the Elderly	14.157	452,475
Continuum of Care	14.267	85,182
CDBG - Entitlement Grants Cluster		
Community Development Block Grant	14.218	<u>320</u>
Total CDBG - Entitlement Grants Cluster		320
Total U.S. Department of Housing and Urban Development		<u>52,047,654</u>
U.S. Department of Agriculture:		
Farm Labor Housing Loans and Grants	10.405	<u>320,069</u>
Total U.S. Department of Agriculture		<u>320,069</u>
Total Expenditures of Federal Awards		<u>\$ 52,367,723</u>

See Notes to Schedule of Expenditures of Federal Awards.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended December 31, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. INDIRECT COST RATE

The Authority has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4. SCHEDULE OF CAPITAL FUND PROGRAM COSTS AND ADVANCES

The total amount of Capital Fund Program Costs and Advances incurred and earned by the Authority as of and for the year ended December 31, 2023 is provided herein.

	<u>501-21</u>	<u>501-23</u>	<u>Totals</u>
Budget	\$ <u>2,397,592</u>	\$ <u>1,881,520</u>	\$ <u>4,279,112</u>
<u>Advances:</u>			
Cumulative through 1/1/2023	\$ 168,048	\$ -	\$ 168,048
Current Year	<u>2,229,544</u>	<u>540,149</u>	<u>2,769,693</u>
Cumulative through 12/31/2023	<u>2,397,592</u>	<u>540,149</u>	<u>2,937,741</u>
<u>Costs:</u>			
Cumulative through 1/1/2023	2,397,592	-	2,397,592
Current Year	<u>-</u>	<u>914,074</u>	<u>914,074</u>
Cumulative through 12/31/2023	<u>2,397,592</u>	<u>914,074</u>	<u>3,311,666</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>(373,925)</u>	\$ <u>(373,925)</u>

CFP Grant No. TX21P003501-21 with an approved funding of \$2,397,592 has been fully drawn down and expended as per Capital Fund Program Grant Regulations.

**HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

I. Summary of Auditors' Results

Financial Statement Section

1.	Type of auditors' report issued:	Unmodified
2.	Internal control over financial reporting	
a.	Material weakness(es) identified?	No
b.	Significant deficiency(ies) identified?	None Reported
3.	Noncompliance material to the financial statements?	No

Federal Awards Section

1.	Internal control over compliance:	
a.	Material weakness(es) identified?	No
b.	Significant deficiency(ies) identified?	None Reported
2.	Type of auditors' report on compliance for major programs:	Unmodified
3.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
4.	Identification of major programs:	

ALN

Name of Federal Program

Housing Voucher Cluster:

14.871	Section 8 Housing Choice Vouchers
14.879	Mainstream Vouchers
14.EHV	Emergency Housing Vouchers

5.	Dollar threshold used to distinguish between Type A and Type B Programs:	\$1,571,032
6.	Auditee qualified as low-risk Auditee?	No

**HOUSING AUTHORITY OF THE CITY OF EL PASO
HOME
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2023**

II. Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

III. Federal Award Findings and Questioned Costs

There were no findings or questioned costs relating to federal awards.

IV. Schedule of Prior Year Audit Findings

There were no prior year findings.

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2023

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	1 Business Activities	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers
111 Cash - Unrestricted	\$8,423,866		\$25,816,598	\$6,318,980	\$10,294,272	\$29,043,900		\$333,890	\$3,858,028
112 Cash - Restricted - Modernization and Development			\$7,881,682						
113 Cash - Other Restricted			\$63,392,192	\$18,847,251	\$2,017,247	\$93,846			\$714,363
114 Cash - Tenant Security Deposits			\$1,579,645	\$98,865	\$104,410	\$2,801			
115 Cash - Restricted for Payment of Current Liabilities									\$0
100 Total Cash	\$8,423,866	\$0	\$98,670,117	\$26,075,096	\$12,415,929	\$29,140,547	\$0	\$333,890	\$4,572,391
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects			\$683	\$23,408	\$12,158			\$1,296	\$0
124 Accounts Receivable - Other Government									
125 Accounts Receivable - Miscellaneous			\$10,891,062	\$247,771	\$428	\$6,004,101		\$8,184	\$607,625
126 Accounts Receivable - Tenants	\$0	\$0	\$1,759,515	\$306,491	\$13,038	\$6,659	\$0	\$0	\$0
126.1 Allowance for Doubtful Accounts - Tenants	\$0	\$0	\$-392,962	\$-138,677	\$-6,329	\$-2,438	\$0	\$0	\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0		\$0	\$13,171,609	\$337,813	\$0	\$0	\$0
128 Fraud Recovery	\$0	\$0		\$0	\$0		\$0		\$431,448
128.1 Allowance for Doubtful Accounts - Fraud									\$-431,448
129 Accrued Interest Receivable	\$0				\$6,040,109	\$64,393,921			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$12,258,298	\$438,993	\$19,231,013	\$70,740,056	\$0	\$9,480	\$607,625
131 Investments - Unrestricted									
132 Investments - Restricted			\$27,213						
135 Investments - Restricted for Payment of Current Liability			\$9,601,500						
142 Prepaid Expenses and Other Assets									
143 Inventories									
143.1 Allowance for Obsolete Inventories									
144 Inter Program Due From				\$35,500		\$543,200			
145 Assets Held for Sale									
150 Total Current Assets	\$8,423,866	\$0	\$111,437,208	\$27,219,712	\$31,662,942	\$100,434,923	\$20,946	\$343,370	\$5,451,356
161 Land	\$9,175,130		\$11,506,142	\$18,751,309	\$992,675	\$4,643,589			
162 Buildings	\$8,032,477		\$1,148,128,614	\$230,744,812	\$12,377,332	\$4,972,969			
163 Furniture, Equipment & Machinery - Dwellings			\$27,259,070	\$5,840,476	\$351,756	\$38,021			
164 Furniture, Equipment & Machinery - Administration	\$1,708		\$1,394,375	\$350,538	\$69,965	\$10,200,000			\$593,675
165 Leasehold Improvements			\$41,821,558	\$1,045,500					
166 Accumulated Depreciation	\$-7,752,005		\$-179,363,619	\$-53,767,225	\$-12,609,687	\$-3,322,382			\$0
167 Construction in Progress				\$1,736,023	\$5,000	\$543,200			
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	\$9,457,310	\$0	\$1,049,349,765	\$204,350,895	\$1,178,041	\$6,875,397	\$0	\$0	\$593,675
171 Notes, Loans and Mortgages Receivable - Non-Current									
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due									
173 Grants Receivable - Non Current									
174 Other Assets									
176 Investments in Joint Ventures						\$2,095,597			
180 Total Non-Current Assets	\$9,457,310	\$0	\$1,050,744,140	\$204,701,433	\$122,490,066	\$258,364,600	\$0	\$0	\$593,675
200 Deferred Outflow of Resources									
290 Total Assets and Deferred Outflow of Resources	\$17,881,176	\$0	\$1,162,181,348	\$231,921,145	\$154,153,008	\$358,799,523	\$20,946	\$343,370	\$6,045,031

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2023

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	1 Business Activities	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers
311 Bank Overdraft									
312 Accounts Payable <= 90 Days			\$2,211,006	\$582,270	\$58,118	\$78,474		\$3,364	\$158,945
313 Accounts Payable >90 Days Past Due						\$16			
321 Accrued Wage/Payroll Taxes Payable			\$64,308	\$29,865		\$15,266			\$17,418
322 Accrued Compensated Absences - Current Portion									
324 Accrued Contingency Liability									
325 Accrued Interest Payable			\$79,687,686	\$4,245,401		\$368,475			
331 Accounts Payable - HUD PHA Programs									
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government									
341 Tenant Security Deposits			\$1,336,780	\$852,338	\$104,410	\$38,280			
342 Unearned Revenue			\$10,176,974	\$322,481	\$11,569	\$1,684,841			
344 Current Portion of Long-term Debt - Operating Borrowings				\$8,015,940					
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities			\$19,994,513	\$2,172,331	\$55,785	\$619,410			\$573,043
346 Accrued Liabilities - Other			\$1,578,157	\$861,729	\$89,924	\$109,178		\$1,882	\$105,018
347 Inter Program - Due To				\$35,500		\$543,200			
348 Loan Liability - Current						\$218,500			
310 Total Current Liabilities	\$18	\$0	\$115,049,424	\$17,117,855	\$319,806	\$3,675,640	\$0	\$5,256	\$854,424
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$755,903,836	\$221,226,436		\$49,513,327			
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other			\$47,850,391	\$1,764,506		\$321			\$402,262
354 Accrued Compensated Absences - Non Current						\$61,063			\$69,672
355 Loan Liability - Non Current						\$1,164,439			
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities									
350 Total Non-Current Liabilities	\$0	\$0	\$803,754,227	\$222,990,942	\$0	\$50,739,150	\$0	\$0	\$471,934
300 Total Liabilities	\$18	\$0	\$918,803,651	\$240,108,797	\$319,806	\$54,414,790	\$0	\$5,256	\$1,326,358
400 Deferred Inflow of Resources						\$8,025,348			
508.4 Net Investment in Capital Assets	\$9,457,310	\$0	\$315,315,106	-\$9,874,063	\$1,178,041	-\$481,622			\$593,675
511.4 Restricted Net Position	\$0	\$0	\$49,404,696	\$3,792,077	\$2,017,247	\$93,846			\$312,101
512.4 Unrestricted Net Position	\$8,423,848	\$0	(\$121,342,105)	-\$2,105,666	\$150,637,914	\$296,747,161	\$20,946	\$338,114	\$3,812,897
513 Total Equity - Net Assets / Position	\$17,881,158	\$0	\$243,377,697	-\$8,187,652	\$153,833,202	\$296,359,385	\$20,946	\$338,114	\$4,718,673
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$17,881,176	\$0	\$1,162,181,348	\$231,921,145	\$154,153,008	\$358,799,523	\$20,946	\$343,370	\$6,045,031

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2023

	14.870 Resident Opportunity and Supportive Services	14.EHV Emergency Housing Voucher	14.157 Supportive Housing for the Elderly	14.267 Continuum of Care Program	10.405 Farm Labor Housing Loans and Grants	COCC	ELIM	Total
111 Cash - Unrestricted		\$233,223	\$1,860,244	\$18,971	\$86,361	\$3,839,780		\$90,128,113
112 Cash - Restricted - Modernization and Development								\$7,881,682
113 Cash - Other Restricted		\$43,459	\$523,829		\$204,283			\$85,836,470
114 Cash - Tenant Security Deposits			\$13,615		\$3,900			\$2,613,236
115 Cash - Restricted for Payment of Current Liabilities								\$0
100 Total Cash	\$0	\$276,682	\$2,397,688	\$18,971	\$294,544	\$3,839,780	\$0	\$186,459,501
121 Accounts Receivable - PHA Projects								
122 Accounts Receivable - HUD Other Projects	\$14,685		\$2,929	\$7,252	\$0	\$373,925		\$436,336
124 Accounts Receivable - Other Government					\$10,211			\$10,211
125 Accounts Receivable - Miscellaneous		\$8,543		\$1,737	\$0	\$1,050,438	-\$5,378,086	\$13,441,803
126 Accounts Receivable - Tenants	\$0	\$479	\$761	\$0	\$332	\$0		\$2,087,275
126.1 Allowance for Doubtful Accounts - Tenants	\$0	\$0	-\$186	\$0	\$0	\$0		-\$540,592
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0	\$0	\$0	\$67,631		\$13,577,053
128 Fraud Recovery	\$0	\$2,015	\$0		\$0			\$433,463
128.1 Allowance for Doubtful Accounts - Fraud	\$0	-\$2,015						-\$433,463
129 Accrued Interest Receivable						\$334,017	-\$4,196,127	\$66,571,920
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$14,685	\$9,022	\$3,504	\$8,989	\$10,543	\$1,826,011	-\$9,574,213	\$95,584,006
131 Investments - Unrestricted								
132 Investments - Restricted								\$27,213
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets								\$112,143
143 Inventories								
143.1 Allowance for Obsolete Inventories								
144 Inter Program Due From						\$0	-\$578,700	\$0
145 Assets Held for Sale								
150 Total Current Assets	\$14,685	\$285,704	\$2,401,192	\$27,960	\$305,786	\$5,777,934	-\$10,152,913	\$283,654,671
161 Land			\$80,681			\$1,207,966		\$46,610,874
162 Buildings			\$2,599,814		\$3,776,685	\$8,086,934		\$1,418,717,637
163 Furniture, Equipment & Machinery - Dwellings			\$57,351			\$595,726		\$34,142,400
164 Furniture, Equipment & Machinery - Administration					\$11,955	\$3,656,357		\$4,324,660
165 Leasehold Improvements								\$42,867,058
166 Accumulated Depreciation			-\$1,150,029		-\$2,725,494	-\$10,321,324		-\$271,011,765
167 Construction in Progress								\$2,284,223
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$1,587,817	\$0	\$1,316,528	\$3,225,659	\$0	\$1,277,935,087
171 Notes, Loans, & Mortgages Receivable - Non-Current								
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due								
173 Grants Receivable - Non-Current								
174 Other Assets						\$0		\$11,944,913
176 Investments in Joint Ventures								\$2,095,997
180 Total Non-Current Assets	\$0	\$0	\$1,587,817	\$0	\$1,316,528	\$3,758,819	-\$20,599,638	\$1,632,414,750
200 Deferred Outflow of Resources								
290 Total Assets and Deferred Outflow of Resources	\$14,685	\$285,704	\$3,989,009	\$27,960	\$1,622,314	\$9,536,753	-\$30,752,551	\$1,916,069,421

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2023

	14.870 Resident Opportunity and Supportive Services	14.EHV Emergency Housing Voucher	14.157 Supportive Housing for the Elderly	14.267 Continuum of Care Program	10.405 Farm Labor Housing Loans and Grants	COCC	ELIM	Total
311 Bank Overdraft								
312 Accounts Payable <= 90 Days			\$10,282	\$1,218	\$140,861	\$269,179		\$3,513,717
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable					\$2,019	\$49,227		\$145,435
322 Accrued Compensated Absences - Current Portion						\$69,494		\$102,178
324 Accrued Contingency Liability								
325 Accrued Interest Payable							-\$4,196,127	\$80,105,435
331 Accounts Payable - HUD PHA Programs								
332 Account Payable - PHA Projects								
333 Accounts Payable - Other Government								
341 Tenant Security Deposits			\$13,615		\$3,900			\$2,349,323
342 Unearned Revenue			\$2		\$21			\$12,195,888
344 Current Portion of Long-term Debt - Operating Borrowings			\$30,000		\$45,692			
345 Other Current Liabilities	\$14,685		\$1,022	\$299		\$171,933	-\$2,829,220	\$20,773,801
346 Accrued Liabilities - Other			\$6,110	\$335		\$139,934	-\$706,379	\$2,185,916
347 Inter Program - Due To							-\$578,700	\$0
348 Loan Liability - Current								\$218,500
310 Total Current Liabilities	\$14,685	\$0	\$111,031	\$1,852	\$196,493	\$699,767	-\$8,310,426	\$129,735,825
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$120,000		\$521,714		-\$20,324,446	\$1,006,960,867
352 Long-term Debt, Net of Current - Operating Borrowings								
353 Non-current Liabilities - Other					\$77,981		-\$1,942,487	\$408,711
354 Accrued Compensated Absences - Non Current						\$277,976		\$889,247
355 Loan Liability - Non Current							-\$275,192	
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities								
350 Total Non-Current Liabilities	\$0	\$0	\$120,000	\$0	\$599,695	\$277,976	-\$22,442,125	\$1,056,511,799
300 Total Liabilities	\$14,685	\$0	\$231,031	\$1,852	\$796,188	\$977,743	-\$30,752,551	\$1,166,247,624
400 Deferred Inflow of Resources						\$275,966		\$8,301,314
508.4 Net Investment in Capital Assets	\$0		\$1,387,817		\$745,122	\$3,225,659	\$20,599,638	\$342,502,938
511.4 Restricted Net Position	\$0	\$43,459	\$523,829		\$204,283			\$56,391,538
512.4 Unrestricted Net Position	\$0	\$242,245	\$1,846,332	\$26,108	-\$123,279	\$5,057,385	-\$20,599,638	\$322,626,007
513 Total Equity - Net Assets / Position	\$0	\$285,704	\$3,757,978	\$26,108	\$826,126	\$8,283,044	\$0	\$721,520,483
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$14,685	\$285,704	\$3,989,009	\$27,960	\$1,622,314	\$9,536,753	-\$30,752,551	\$1,916,069,421

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2023

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	1 Business Activities	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers
70300 Net Tenant Rental Revenue	\$211,036	\$33,788	\$54,787,457	\$17,554,342	\$1,243,345	\$679,639			
70400 Tenant Revenue - Other	\$12,171	\$1,133	\$1,092,712	\$375,448	\$94,737	\$775			
70500 Total Tenant Revenue	\$223,207	\$34,921	\$55,880,169	\$17,929,790	\$1,338,082	\$680,414	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$1,818,864	\$320		\$455,830	\$3,418,031			\$750,297	\$41,169,902
70610 Capital Grants									
70710 Management Fee									
70720 Asset Management Fee									
70730 Book Keeping Fee									
70740 Front Line Service Fee									
70750 Other Fees						\$4,725,137			
70700 Total Fee Revenue									
70800 Other Government Grants									
71100 Investment Income - Unrestricted		\$213	\$2,351,764	\$510,636	\$3,823,413	\$12,565,785			\$123,508
71200 Mortgage Interest Income						\$107,752			
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery									\$9,673
71500 Other Revenue	\$200,893	\$37,603	\$607,374	\$3,452,312	\$192,814	\$4,633,748	\$39,024		\$1,614,708
71600 Gain or Loss on Sale of Capital Assets									
72000 Investment Income - Restricted			\$9,170						
70000 Total Revenue	\$2,242,964	\$73,057	\$58,848,477	\$22,348,568	\$8,772,340	\$22,712,836	\$39,024	\$750,297	\$42,917,791
91100 Administrative Salaries	\$79,933	\$2,598	\$2,941,446	\$3,915,262	\$176,869	\$594,662			\$1,331,290
91200 Auditing Fees			\$461,675	\$166,097	\$2,500	\$353,056			
91300 Management Fee	\$52,178	\$2,677	\$3,487,633	\$1,243,201	\$389,134			\$14,544	\$745,008
91310 Book-keeping Fee	\$7,719			\$147,730				\$9,090	\$456,157
91400 Advertising and Marketing		\$824	\$484,590	\$74,113	\$8,623	\$2,210			
91500 Employee Benefit contributions - Administrative	\$14,851	\$310	\$311,471	\$258,591	\$49,856	\$140,535			\$329,427
91600 Office Expenses	\$49,495	\$4,702	\$2,110,473	\$222,388	\$105,286	\$541,257			\$725,814
91700 Legal Expense	\$4,705		\$1,511,809	\$69,566	\$4,416	\$697,341			
91800 Travel				\$7,358		\$1,446			\$1,194
91810 Allocated Overhead									
91900 Other	\$40,428	\$3,900	\$32,340	\$6,839,459	\$49,998	\$4,257,501			\$502,523
91000 Total Operating - Administrative	\$249,309	\$15,011	\$11,341,437	\$12,943,765	\$786,692	\$6,588,008	\$0	\$23,634	\$4,091,413
92000 Asset Management Fee	\$15,801		\$355,412	\$52,330					
92100 Tenant Services - Salaries						\$278,881			
92200 Relocation Costs									
92300 Employee Benefit Contributions - Tenant Services						\$59,384			
92400 Tenant Services - Other						\$130,746			
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0	\$469,011	\$0	\$0	\$0

See report of independent auditors.

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2023

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	1 Business Activities	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers
93100 Water	\$149	\$527	\$1,973,760	\$371,993	\$173,822	\$20,417			
93200 Electricity	\$142		\$1,422,341	\$155,750	\$25,366	\$16,452			
93300 Gas	\$228		\$658,639	\$25,000	\$4,132	\$3,215			
93400 Fuel									
93500 Labor									
93600 Sewer	\$50	\$2,841	\$1,522,786	\$398,427	\$91,424	\$4,354			
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense	\$30	\$5	\$371,586	\$488,498	\$26,841	\$925			
93000 Total Utilities	\$599	\$3,373	\$5,949,112	\$1,439,668	\$321,585	\$45,363	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor	\$62,083	\$779	\$2,451,091	\$590,308	\$163,947	\$11,016			
94200 Ordinary Maintenance and Operations - Materials and Other	\$10,632	\$331	\$658,598	\$535,581	\$92,961	\$15,140			
94300 Ordinary Maintenance and Operations Contracts	\$262,699	\$13,446	\$4,887,790	\$2,020,148	\$509,781	\$293,201			
94500 Employee Benefit Contributions - Ordinary Maintenance	\$19,067	\$88	\$226,577	\$74,191	\$51,084	\$1,286			
94000 Total Maintenance	\$354,481	\$14,644	\$8,224,056	\$3,220,228	\$817,773	\$320,643	\$0	\$0	\$0
95100 Protective Services - Labor									
95200 Protective Services - Other Contract Costs				\$47,640					
95300 Protective Services - Other									
95500 Employee Benefit Contributions - Protective Services									
95000 Total Protective Services	\$0	\$0	\$0	\$47,640	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$71,046	\$1,352	\$1,739,458	\$435,965	\$73,417	\$4,780			
96120 Liability Insurance	\$10,726	\$1,062	\$412,981	\$100,741	\$38,788	\$152,007			
96130 Workmen's Compensation	\$3,542	\$295	\$734	\$18,867	\$29,487	\$9,544	\$68,920		\$17,075
96140 All Other Insurance	\$23,539		\$1,059,410	\$603,961	\$11,427	\$66,628			
96100 Total Insurance Premiums	\$108,853	\$2,709	\$3,212,583	\$1,159,534	\$153,119	\$232,959	\$68,920	\$0	\$17,075
96200 Other General Expenses	\$726	\$19,217	\$4,050,708	\$226,746	\$89,787	\$3,518,318	\$2,194		\$28,816
96210 Compensated Absences						\$7,884			
96300 Payments in Lieu of Taxes	\$28,536		\$40,548						
96400 Bad debt - Tenant Rents			\$101,114	\$28,604					
96500 Bad debt - Mortgages									
96600 Bad debt - Other			\$446,583						
96800 Severance Expense									
96000 Total Other General Expenses	\$29,262	\$19,217	\$4,638,953	\$255,350	\$89,787	\$3,526,202	\$2,194	\$0	\$28,816
96710 Interest of Mortgage (or Bonds) Payable			\$13,897,897	\$1,244,262	\$4,744	\$22,299			
96720 Interest on Notes Payable (Short and Long Term)	\$0		\$14,933,617	\$7,154,255		\$619,212			
96730 Amortization of Bond Issue Costs				-\$749					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$28,831,514	\$8,397,768	\$4,744	\$641,511	\$0	\$0	\$0
96900 Total Operating Expenses	\$758,305	\$54,954	\$62,553,067	\$27,516,283	\$2,173,690	\$11,823,697	\$71,114	\$23,634	\$4,137,304

See report of independent auditors.

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2023

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	1 Business Activities	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers
97000 Excess of Operating Revenue over Operating Expenses	\$1,484,659	\$18,103	-\$3,704,590	-\$5,167,715	\$6,598,650	\$10,889,139	-\$32,090	\$726,663	\$38,780,487
97100 Extraordinary Maintenance				\$8,652		\$201,460			
97200 Casualty Losses - Non-capitalized			\$148,429						
97300 Housing Assistance Payments		\$4,789						\$652,029	\$37,103,756
97350 HAP Portability-In									\$1,485,153
97400 Depreciation Expense	\$106,240		\$32,428,433	\$5,989,528	\$106,952	\$165,962			
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	\$864,545	\$59,743	\$95,129,929	\$33,514,463	\$2,280,642	\$12,191,139	\$71,114	\$675,663	\$42,726,213
10010 Operating Transfer In									
10020 Operating transfer Out									
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)			\$22,755,419	\$0					
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In			\$118,260	\$72,962	\$33,081,070	\$23,016,323	\$178,807		
10094 Transfers between Project and Program - Out	-\$4,018,973	-\$127,720			-\$19,970,564	-\$32,071,211	-\$52,518		
10100 Total Other financing Sources (Uses)	-\$4,018,973	-\$127,720	\$22,873,679	\$72,962	\$13,110,506	-\$9,054,888	\$126,289	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$2,640,554	-\$114,406	-\$13,407,773	-\$11,092,933	\$19,602,204	\$1,466,809	\$94,199	\$74,634	\$191,578
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$20,521,712	\$473,330	\$256,478,854	\$2,905,281	\$134,230,998	\$294,533,652	-\$73,253	\$263,480	\$4,527,095
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		-\$358,924	\$306,616	\$0		\$358,924			\$0
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity									\$4,406,572
11180 Housing Assistance Payments Equity									\$312,101
11190 Unit Months Available	1230	264	72151	17931	5899	239	0	1500	67008
11210 Number of Unit Months Leased	1010	53	70747	16819	5829	237	0	1204	60821

See report of independent auditors.

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2023

	14.870 Resident Opportunity and Supportive Services	14.EHV Emergency Housing Voucher	14.157 Supportive Housing for the Elderly	14.267 Continuum of Care Program	10.405 Farm Labor Housing Loans and Grants	COCC	ELIM	Total
70500 Net Tenant Rental Revenue			\$185,053		\$146,087			\$74,840,747
70400 Tenant Revenue - Other			\$8,980		\$182			\$1,586,138
70500 Total Tenant Revenue	\$0	\$0	\$194,033	\$0	\$146,269	\$0	\$0	\$76,426,885
70600 HUD PHA Operating Grants	\$188,402	\$767,837	\$452,475	\$85,182				\$49,107,140
70610 Capital Grants						\$914,074		\$914,074
70710 Management Fee						\$1,206,390	-\$1,206,390	\$0
70720 Asset Management Fee						\$68,131	-\$68,131	\$0
70730 Book Keeping Fee						\$484,380	-\$484,380	\$0
70740 Front Line Service Fee						\$543,627	-\$543,627	\$0
70750 Other Fees								\$4,725,137
70700 Total Fee Revenue						\$2,302,528	-\$2,302,528	\$0
70800 Other Government Grants					\$320,069			\$320,069
71100 Investment Income - Unrestricted			\$50,910		\$6,846	\$170,681		\$19,603,756
71200 Mortgage Interest Income								\$107,752
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery		\$3,839						\$13,512
71500 Other Revenue			\$31,500		\$0	\$3,938,439	-\$2,153,151	\$12,595,264
71600 Gain or Loss on Sale of Capital Assets								
72000 Investment Income - Restricted								\$9,170
70000 Total Revenue	\$188,402	\$771,676	\$728,918	\$85,182	\$473,184	\$7,325,722	-\$4,455,679	\$163,822,759
91100 Administrative Salaries	\$147,155	\$42,450	\$32,300		\$45,832	\$2,741,089		\$12,050,886
91200 Auditing Fees			\$5,431		\$7,150	\$103,280		\$1,099,189
91300 Management Fee		\$0	\$42,208	\$2,850			-\$1,206,390	\$4,773,043
91310 Book-keeping Fee			\$5,400	\$930			-\$484,380	\$142,646
91400 Advertising and Marketing			\$1,236		\$4,596	\$25,045		\$601,237
91500 Employee Benefit contributions - Administrative	\$39,303	\$12,201	\$13,271		\$13,579	\$634,037		\$1,817,432
91600 Office Expenses		\$428	\$27,646		\$317	\$1,890,376		\$5,678,182
91700 Legal Expense					\$93	\$179,445		\$2,467,375
91800 Travel						\$72,588		\$82,586
91810 Allocated Overhead								
91900 Other		\$19,055	\$8,172	\$4,526	\$14,918	\$1,845,472	-\$543,627	\$13,074,665
91000 Total Operating - Administrative	\$186,458	\$74,134	\$135,664	\$8,306	\$86,485	\$7,491,332	-\$2,234,397	\$41,787,241
92000 Asset Management Fee							-\$68,131	\$355,412
92100 Tenant Services - Salaries								\$278,881
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services								\$59,384
92400 Tenant Services - Other								\$130,746
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$469,011

See report of independent auditors.

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2023

	14.870 Resident Opportunity and Supportive Services	14.EHV Emergency Housing Voucher	14.157 Supportive Housing for the Elderly	14.267 Continuum of Care Program	10.405 Farm Labor Housing Loans and Grants	COCC	ELIM	Total
93100 Water			\$14,082		\$23,610	\$38,989		\$2,617,349
93200 Electricity			\$23,958		\$11,079	\$105,837		\$1,760,925
93300 Gas			\$5,608		\$18,230	\$19,848		\$734,900
93400 Fuel								
93500 Labor								
93600 Sewer			\$17,624		\$26,264	\$15,181		\$2,078,951
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense			\$226		\$0			\$888,111
93000 Total Utilities	\$0	\$0	\$61,498	\$0	\$79,183	\$179,855	\$0	\$8,080,236
94100 Ordinary Maintenance and Operations - Labor			\$42,627		\$36,726			\$3,358,577
94200 Ordinary Maintenance and Operations - Materials and Other			\$13,870		\$0	\$15,473		\$1,342,586
94300 Ordinary Maintenance and Operations Contracts			\$58,812		\$53,054	\$62,368		\$8,161,299
94500 Employee Benefit Contributions - Ordinary Maintenance			\$4,744		\$0			\$377,037
94000 Total Maintenance	\$0	\$0	\$120,053	\$0	\$89,780	\$77,841	\$0	\$13,239,499
95100 Protective Services - Labor						\$343,959		\$343,959
95200 Protective Services - Other Contract Costs								\$47,640
95300 Protective Services - Other								
95500 Employee Benefit Contributions - Protective Services						\$35,903		\$35,903
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$379,862	\$0	\$427,502
96110 Property Insurance			\$12,049		\$10,587	\$21,888		\$2,370,542
96120 Liability Insurance			\$16,292		\$9,613	\$19,837		\$762,047
96130 Workmen's Compensation	\$1,944	\$648	\$6,626		\$0	\$32,659		\$190,341
96140 All Other Insurance					\$171	\$9,031		\$1,774,167
96100 Total Insurance Premiums	\$1,944	\$648	\$34,967	\$0	\$20,371	\$83,415	\$0	\$5,097,097
96200 Other General Expenses				\$577	\$0	\$14,171	-\$2,153,151	\$5,798,109
96210 Compensated Absences						\$27,272		\$35,156
96300 Payments in Lieu of Taxes								\$69,084
96400 Bad debt - Tenant Rents								\$129,718
96500 Bad debt - Mortgages								
96600 Bad debt - Other								\$446,583
96800 Severance Expense								
96000 Total Other General Expenses	\$0	\$0	\$0	\$577	\$0	\$41,443	-\$2,153,151	\$6,478,650
96710 Interest of Mortgage (or Bonds) Payable					\$7,386			\$15,176,588
96720 Interest on Notes Payable (Short and Long Term)								\$22,707,084
96730 Amortization of Bond Issue Costs								-\$749
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$7,386	\$0	\$0	\$37,882,923
96900 Total Operating Expenses	\$188,402	\$74,782	\$352,182	\$8,883	\$283,205	\$8,253,748	-\$4,455,679	\$113,817,571

See report of independent auditors.

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2023

	14.870 Resident Opportunity and Supportive Services	14.EHV Emergency Housing Voucher	14.157 Supportive Housing for the Elderly	14.267 Continuum of Care Program	10.405 Farm Labor Housing Loans and Grants	COCC	ELIM	Total
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$696,894	\$376,736	\$76,299	\$189,979	-\$928,026	\$0	\$50,005,188
97100 Extraordinary Maintenance								\$210,112
97200 Casualty Losses - Non-capitalized								\$148,429
97300 Housing Assistance Payments		\$644,143						\$38,404,717
97350 HAP Portability-In				\$78,137				\$1,563,290
97400 Depreciation Expense			\$123,280		\$153,408	\$436,539		\$39,510,362
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
90000 Total Expenses	\$188,402	\$718,925	\$475,462	\$87,020	\$436,613	\$8,690,287	-\$4,455,679	\$193,654,481
10010 Operating Transfer In						\$914,074	-\$914,074	\$0
10020 Operating transfer Out						-\$914,074	\$914,074	\$0
10030 Operating Transfers from/to Primary Government								
10040 Operating Transfers from/to Component Unit								
10050 Proceeds from Notes, Loans and Bonds								
10060 Proceeds from Property Sales								
10070 Extraordinary Items, Net Gain/Loss								
10080 Special Items (Net Gain/Loss)								\$22,755,419
10091 Inter Project Excess Cash Transfer In								
10092 Inter Project Excess Cash Transfer Out								
10093 Transfers between Program and Project - In						\$1,401,255	-\$57,750,417	\$118,260
10094 Transfers between Project and Program - Out						-\$1,627,691	\$57,750,417	-\$118,260
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	-\$226,436	\$0	\$22,755,419
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$52,751	\$253,456	-\$1,838	\$36,571	-\$1,591,001	\$0	-\$7,076,303
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$0	\$232,953	\$3,504,522	\$27,946	\$789,555	\$9,874,045		\$728,290,170
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors								\$306,616
11050 Changes in Compensated Absence Balance								
11060 Changes in Contingent Liability Balance								
11070 Changes in Unrecognized Pension Transition Liability								
11080 Changes in Special Term/Severance Benefits Liability								
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents								
11100 Changes in Allowance for Doubtful Accounts - Other								
11170 Administrative Fee Equity								\$4,406,572
11180 Housing Assistance Payments Equity								\$312,101
11190 Unit Months Available		1260	730	180	600			168992
11210 Number of Unit Months Leased		951	716	126	594			159107

See report of independent auditors.

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**HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2024

**WITH
REPORT OF INDEPENDENT AUDITORS**

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
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YEAR ENDED DECEMBER 31, 2024

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CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners
Housing Authority of the City of El Paso d.b.a. HOME:

Opinions

We have audited the accompanying financial statements of the business-type activities (primary government) and the aggregate discretely presented component units of the Housing Authority of the City of El Paso d.b.a. HOME (the "Authority") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the accompanying table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the primary government and the aggregate discretely presented component units of the Authority, as of December 31, 2024, and the changes in their net position and, where applicable, their cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards* with the exception of Alamito Gardens, LP, EP Father Pinto, LP, El Paso Sherman I, LP, El Paso Westfall, LP, EP Rio Grande Three, LP, EP Chelsea, LP, EP Sun Plaza, LP, EP Sandoval Two, LP, EP Cramer Three, LP, EP Sherman South II, LP, EP SGC, LP, EP Commissioners' Corner, LP, EP Commissioners' Corner II, LP, EP Tays North II, LP, EP Blue Flame, LP, EP DeWetter Two, LP and EP Medano Heights. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements. The accompanying financial data schedule is also not a required part of the basic financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

Other Matters (continued)

Other Information (continued)

The schedule of expenditures of federal awards and financial data schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and financial data schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2025 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Novogradac & Company LLP

August 18, 2025
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2024

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their *Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999.

The following discussion and analysis of the Housing Opportunity Management Enterprises (HOME), previously known as the Housing Authority of the City of El Paso's (HACEP) financial performance, provides an overview of HOME's financial activities for the twelve months ended December 31, 2024. MD&A is not intended to replace and/or substitute for the financial report (audit report) or its details and notes. Please read it in conjunction with the basic financial statements.

Overview of the Financial Statements

This annual report includes this Management Discussion and Analysis report, the Basic Financial Statements, and the Notes to the Financial Statements. This annual report also contains the Financial Data Schedule (FDS) referenced in the Supplemental Information section. HOME is a governmental, public corporation engaged in the development, acquisition, and administrative activities of the low-income and affordable housing program and other programs with similar objectives for low- and moderate-income families residing in El Paso, Texas.

The financial statements of HOME report information of HOME (Primary Government) as well as its discretely presented component units using accounting methods in accordance with Generally Accepted Accounting Principles (GAAP). The statements provide short-term and long-term financial information about HOME's activities.

This MD&A will focus only on the activities of the Primary Government.

The Statement of Net Position provides insight into the financial condition of HOME. It includes HOME's assets and liabilities and provides information about investments in assets and liabilities to HOME's creditors. It also provides the basis for evaluating the capital structure of HOME and assessing the liquidity and financial strength of HOME.

HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

Overview of the Financial Statements (continued)

The Statement of Revenues, Expenses, and Changes in Net Position accounts for current-year revenues and expenses. The statement reflects HOME's operations for the current year and compares operations to the prior year. In addition, the report reflects the efficiency with which HOME has recovered expenditures through revenues and other fees, profitability, and creditworthiness.

The Statement of Cash Flows provides information about HOME's cash receipts, payments, and net changes in cash from operating, investing, and capital and non-capital financing activities. The report also provides information on HOME's ability to generate future cash flows, meet obligations, and differentiate between net income and net cash flow from operating activities.

The notes to the financial statements provide information on accounting policies and methods used for recording and reporting transactions and supplemental information and details for assets and liabilities.

The Supplementary Information section contains the Financial Data Schedule (FDS). HUD has established Uniform Financial Reporting Standards that require HOME to submit financial information electronically to the United States Department of Housing and Urban Development (HUD) using the FDS format. This financial information has been electronically transmitted to the Real Estate Assessment Center (REAC) for the twelve months ending December 31, 2024. Also included in the Supplementary Information is the Schedule of Expenditures of Federal Awards, Notes to the Schedule of Expenditures of Federal Awards, and the Schedule of Findings and Questioned Costs required by the Uniform Guidance.

Purpose and Programs

HOME's mission is to improve the quality of life for economically challenged families by providing quality, affordable, subsidized transitional housing and opportunities to achieve self-sufficiency. This is accomplished by maintaining HOME's existing housing units and ensuring that private rentals under the Housing Choice Voucher (HCV) program meet HUD's quality standards.

Like other state and local governments, HOME uses fund accounting to ensure and demonstrate compliance with finance-related requirements. HOME combines all Authority programs into one enterprise fund presented on the basic financial statements. A fund is a grouping of related accounts used to control resources that have been segregated for specific activities or objectives.

**HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Purpose and Programs (continued)

The significant programs of HOME are as follows:

Public and Indian Housing (PIH) – HOME rents units to low-income families under this program. The program is operated under an Annual Contribution Contract (ACC) with HUD. HUD provides an operating subsidy to enable HOME to provide housing at a rent based upon the greater of 30% of adjusted household income or 10% of gross income.

Capital Fund Program (CFP) – The CFP is the primary funding source for physical and management improvements to HOME's properties from PIH. Funding is based on a formula allocation from HUD determined by the size and age of HOME's housing stock.

Housing Choice Voucher Program (HCV) – The HCV is the federal government's major program for assisting low-income families, the elderly, and the disabled to afford safe, decent, and sanitary housing in the private market. Housing choice vouchers are administered locally by HOME. HOME receives funds from HUD to administer the voucher program. HOME pays a housing subsidy to the landlord directly on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by HUD.

Emergency Housing Voucher Program (EHV) – The EHV program is available through the American Rescue Plan Act (ARPA); through EHV, HUD granted 105 vouchers to HOME to assist individuals and families who are homeless, at-risk of homelessness, fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or were recently homeless or have a high risk of housing instability.

Foster Youth to Independence (FYI) Initiative is a targeted housing program designed to prevent or end homelessness for young adults transitioning out of foster care. Offering Housing Choice Vouchers through local Public Housing Authorities (PHAs) in partnership with Public Child Welfare Agencies (PCWAs), FYI enables eligible youth aged 18–24 (not yet 25) who are homeless or at imminent risk of homelessness to access 36 months of rental assistance. Youth may extend benefits by up to 5 years through the Fostering Stable Housing Opportunities (FSHO) amendments signed into law in December 2020. Its “on-demand” voucher distribution model ensures synchronization with a youth’s transition plan and expands access nationwide, providing coordinated housing support and wraparound services such as life skills training, education and employment counseling, and case management

Veterans Housing Assistance (VASH) – The VASH program provides vouchers for veterans. This referral program is operated with the local Office of Veterans Administration.

**HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Purpose and Programs (continued)

Section 8 New Construction Program – This program assists low-income families in affording safe, decent, and sanitary housing by encouraging property owners, including HOME, to construct new housing or rehabilitate substandard housing and then lease the units to low-income families with rental subsidies from HUD.

USDA Herbert Tio Cooper Apartments in El Paso, Texas, operate under USDA Rural Development's Section 515 Rural Rental Housing Program, specifically designated for farm laborers and their families, including both active workers and retirees. This program provides affordable rental housing in rural communities through low-interest loans to nonprofit and public entities, such as local housing authorities. The Tio Cooper Apartments consist of 50 family units, all supported by USDA rental assistance, making them affordable to eligible low-income agricultural workers. Financed in 1999 with a projected mortgage maturity in 2031, the property is managed by the Housing Authority of El Paso and must remain affordable through 2054 due to long-term affordability restrictions. Only individuals who have worked in farming, agriculture, or related labor—either currently or in the past—qualify for tenancy at this property.

Low-Income Housing Tax Credit (LIHTC) Program – HOME and HOME Acquisition Corporation, a wholly owned affiliate, are general partners in various LIHTC partnerships. These partnerships are accounted for in the accompanying financial statements under the equity method and presented on the FDS as component units. The partnerships own apartment properties and rent housing to low-income families and the elderly.

Non-Subsidized Housing Program – HOME owns and manages apartments and single-family properties that were purchased without the use of Federal Funds. HOME rents a major portion of the units in these properties to low-income families using HUD programs, such as the HCV program, and rents the remaining units at market rates. Cash flow generated from these properties is used to supplement other HOME programs.

Community Service Programs—HOME receives grant funds from HUD and various other agencies to provide ancillary services to its communities' residents. The grants fund programs for education, drug abuse prevention, family self-sufficiency, and various activities for youth and the elderly.

Rental Assistance Demonstration Program (RAD) – RAD is a voluntary program of HUD that seeks to preserve public housing by providing Public Housing Authorities (PHAs) with access to more stable funding to make needed improvements to properties. With stabilized funding, it is easier for PHAs to borrow money and use low-income housing tax credits as well as other forms of financing. These private sources of additional money will enable PHAs to make improvements that are essential for preserving affordable housing.

HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

Purpose and Programs (continued)

Public Facility Corporation (PFC) program to acquire and preserve affordable housing through partnerships with private developers. These projects benefit from property tax exemptions in exchange for setting aside at least 50% of units for households earning 80% of Area Median Income (AMI) or below, with a portion at 60% AMI or lower. In compliance with Texas HB 2071, the program ensures rent reductions tied to tax savings, long-term affordability through regulatory agreements, and tenant protections such as Housing Choice Voucher acceptance. This strategy supports HOME's mission to expand and maintain affordable housing in El Paso.

Financial Highlights – Primary Government

- In 2024, HOME renovated 269 Scattered Sites homes that had been vacated by December 2023. Following HUD's approved disposition plan, HOME began selling these homes to a range of buyers, including Family Self-Sufficiency (FSS) program participants, nonprofit organizations, private market buyers, and through public auctions. The sale of these properties will take place over the course of 2024 and 2025.
- HOME has a working capital of \$65.2 million, with current assets totaling \$85.4 million and current liabilities amounting to \$20.2 million.
- Implementation of the Authority's RAD program. As of December 31, 2024, HOME was well into converting 6,100 public housing units into their RAD program. The Authority, in conjunction with institutional investors, has created several entities to facilitate the rehabilitation of these units.
- As of December 31, 2024, the assets of HOME exceeded its liabilities by \$517.1 million (net position value), \$41.5 million more than in 2023.
- Cash, cash equivalents, and restricted cash increased by \$11.7 million for the twelve months ended December 31, 2024. This increase was primarily driven by growth in HOME's unrestricted cash, resulting from the acquisition of new properties such as The Retreat through a bond deal in 2024, as well as the receipt of Developer Fees.
- Capital assets saw a net increase of \$147.7 million from December 31, 2023, to December 31, 2024. This growth is primarily attributed to the addition of two new properties—The Retreat and The Estates—as well as progress on nearly completed communities, including El Cerrito, Kinship Commons, Nuestra Señora, and Cielo Tower.

HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

Financial Highlights – Primary Government (continued)

- Noncurrent liabilities increased by \$142.5 million from December 30, 2023, to December 31, 2024. The increase is primarily due to the acquisition of The Retreat and The Estates, acquired through a bond deal in 2024.
- HOME reported operating revenues of \$113.3 million in 2024, representing a \$28.6 million increase compared to 2023. This growth was primarily driven by a higher HAP subsidy from the Housing Choice Voucher (HCV) department and increased Developer Fees.
- HOME reported operating expenses of \$96.9 million for the twelve months ending December 31, 2024, including \$9.9 million in depreciation. This represents a \$7.4 million increase compared to 2023, primarily due to higher HAP payments to landlords from the Housing Choice Voucher (HCV) department.
- HOME reported a gain of \$11.8 million on the extinguishment of debt in 2024, resulting from the refinancing of the bonds associated with the Cimarron and Ventanas deals. The gain was due to a discount received on the bonds as part of the refinancing.
- As of December 31, 2024, HOME's net position increased by \$41.5 million, primarily due to the addition of two properties—The Retreat and The Estates—acquired through a bond deal in 2024, along with the ongoing construction of nearly completed developments and the receivable of Developer Fees.

HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

Financial Statements

Statement of Net Position

The following represents a condensed Statement of Net Position.

STATEMENTS OF

Net Position of the Primary Government Only

	December 31,		
(in thousands)	2024	2023	Net Change
Assets			
Current Assets	\$ 85,467	\$ 83,523	\$ 1,944
Restricted Assets	459,867	414,354	45,513
Other Assets, noncurrent	19,812	20,657	(845)
Capital Assets, net	375,614	233,157	142,457
Total Assets	\$ 940,760	\$ 751,691	\$ 189,069
Liabilities			
Current Liabilities	\$ 20,171	\$ 15,030	\$ 5,141
Noncurrent Liabilities	403,525	261,060	142,465
Total Liabilities	423,696	276,090	147,606
Net Position	517,064	475,601	41,463
Total Liabilities and Net Position	\$ 940,760	\$ 751,691	\$ 189,069

Analysis of Assets, Liabilities, and Net Position

- As of December 31, 2024, working capital totaled \$65.3 million, reflecting an increase in current assets of \$1.9 million compared to 2023.
- Current assets increased by \$1.9 million from December 31, 2023, to December 31, 2024. This increase was primarily driven by a \$10.3 million rise in cash and a \$4.7 million increase in accounts receivable, partially offset by a \$13.1 million reduction in current notes receivable reported in 2023.

HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

Analysis of Assets, Liabilities, and Net Position (continued)

- Restricted assets increased by \$45.5 million, primarily due to accrued interest and intercompany notes receivable and payable between HOME and the newly reported discretely presented properties: Salazar, Nuestra Señora, Kinship Commons, and Patriot Place IIA.
- Capital assets increased by \$142.5 million from December 31, 2023, to December 31, 2024, primarily due to the acquisition of three market properties: The Estates, Ruben Heights, and The Retreat.
- Non-current liabilities increased by \$142.5 million from December 31, 2023, to December 31, 2024, primarily due to debt associated with the acquisition of three properties: The Estates, Ruben Heights, and The Retreat.
- The Authority's net position increased by \$41.5 million from \$475.6 million on December 31, 2023, to \$517.1 million on December 31, 2024. Main change is due to the restricted assets from the Notes Receivable and Payable from Discrete

HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

Statements of Revenues, Expenses, and Changes in Net Position

The following reflects the condensed Statements of Revenues, Expenses, and Changes in Net Position.

STATEMENTS OF

Revenue, Expenses and Changes in Net Position

(in thousands)	Year Ended December 31,		
	2024	2023	Net Change
Operating Revenue			
Dwelling Rental	\$ 31,026	\$ 18,557	\$ 12,469
Federal, State & Local Grants	59,814	49,427	10,387
Other Revenues	20,802	16,726	4,076
Total Operating Revenues	111,642	84,710	26,932
Operating Expenses			
Operating Expenses	37,334	42,423	(5,089)
Depreciation Expense	9,895	7,082	2,813
Housing Assistance Payments	48,013	39,968	8,045
Total Operating Expenses	95,242	89,473	5,769
Operating Profit (Loss)	16,400	(4,763)	21,163
Non-Operating Revenues (Expenses), net	13,091	8,308	4,783
Net Income (Loss) Before Transfers, Adjustments and Capital Grants	29,491	3,545	25,946
Capital Grants and Special Items	11,972	914	11,058
Increase in Net Position	41,463	4,459	37,004
Net Position, Beginning of the Year	475,601	471,142	4,459
Net Position, End of the Year	\$ 517,064	\$ 475,601	\$ 41,463

HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

Analysis of Statements of Revenues, Expenses, and Changes in Net Position

- Dwelling rental revenues increased by \$12.5 million from December 31, 2023, to December 31, 2024. This increase was primarily driven by the first full year of operations in Tuscany and Zaragoza, which contributed over \$8 million in rental income, as well as additional revenue from the acquisition of The Retreat and The Estates \$2 million.
- HUD operating grants increased by \$10.4 million, from \$49.4 million as of December 31, 2023, to \$59.8 million as of December 31, 2024. This increase was largely due to a \$50 million subsidy received by the Housing Choice Voucher program, which represents a \$9 million increase compared to 2023.
- Other revenues increased by \$4.1 million, primarily due to an increase in developer fees compared to 2023.
- The \$2.8 million increase in depreciation expense is related to the Market acquisitions made in 2024.
- Housing Assistance Payments increased due to the increase of new PBV properties, and the increase of the payment standard done in 2024 to 104% proration.

HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

Notes to Financial Statements

Notes to the Financial Statements provide additional information essential to fully understanding the data in the basic financial statements.

Capital Assets

HOME's capital assets are summarized as follows:

STATEMENTS OF

Capital Assets

(in thousands)	December 31,		
	2024	2023	Net Change
Capital Assets:			
Land	\$ 57,808	\$ 42,744	\$ 15,064
Building and Improvement	407,042	262,951	144,091
Furniture and Equipment	11,431	10,614	817
Construction in Progress	3,775	2,877	898
Total Capital Assets	480,056	319,188	160,870
Less Accumulated Depreciation	(104,442)	(91,288)	(13,154)
Capital Assets, Net	\$ 375,614	\$ 227,900	\$ 147,716

Capital assets increased from December 31, 2023, to December 31, 2024, by \$147.7 million. The increase results from adding two market properties, The Retreat at Mesa Hills and The Estates.

Please refer to note 5 in the financial statements for more information on HOME's capital assets.

HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

Notes to Financial Statements (continued)

Long-term Debt

A summary of HOME's long-term debt is as follows.

STATEMENTS OF

Long-term Debt

(in thousands)	December 31, 2023	Advances	Payments	December 31, 2024
Development Program	\$ 47,627		(94)	\$ 47,533
Elvin Estates	789		(92)	697
Supportive Housing for the Elderly Program	200		(200)	-
Villa Alegre	6,110	255		6,365
Western Yarbrough	504		(29)	475
Western Redd	498		(29)	469
EP Cimarron Ventanas	86,350		(15,953)	70,397
EP Tuscany Zaragoza PFC	101,610			101,610
Meadowbrook 4	12,444		(246)	12,198
Pellicano 5	3,507		(68)	3,439
HOME Funds Eastside Crossing	100			100
USDA Program	571	-	(50)	521
EP Essential Housing WR PFC	142,067			142,067
EP Royal Estate PFC	15,020			15,020
Total Long-term Debt	\$ 260,310	\$ 255	\$ (16,761)	\$ 400,891

As of December 31, 2024, HOME's long-term debt totaled \$401.9 million, representing a net increase of \$140.6 million from December 31, 2023. The difference from 2023 is the addition of The Retreat at Mesa Hills (EP Essential Housing WR PFC) and The Estates (EP Royal Estate PFC).

Please refer to note 14 in the financial statements for more information on HOME's long-term debt.

**HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

HOME is principally dependent upon HUD for operations funding. Accordingly, HOME is more affected by the federal budget than by local economic conditions. At the end of 2024, HOME estimates to bring around 800 more units from construction and acquisitions.

FUTURE EVENTS THAT COULD FINANCIALLY IMPACT THE AUTHORITY

HOME was awarded a portfolio-wide allocation to convert Public Housing to Project-Based Rental Assistance (PBRA) through the Rental Assistance Demonstration (RAD) program. Under RAD, HOME enters a multi-year contract with HUD to assume ownership of multifamily properties previously managed on HUD's behalf, transitioning from the Section 9 to the Section 8 program. RAD enables HOME to partner with investors and lenders to fund capital rehabilitation and convert Rental Supplement and Rental Assistance Payments to project-based vouchers. HOME estimates a total capital investment of \$1.5 billion under its five-year RAD implementation plan.

RAD construction, which began in April 2015, continues into 2025 and is financed using tax credits under IRS Code Section 42. Post-conversion, ownership is structured through limited partnerships and reported as discretely presented component units under generally accepted accounting principles (GAAP).

In 2025, approximately 600 units are projected to return to service as they complete construction and lease-up. These units are expected to increase occupancy levels and generate additional rental revenue across the portfolio.

HOME also remains active in the acquisition of properties through the Public Facility Corporation (PFC) structure. These PFC acquisitions are a critical part of HOME's long-term strategy to increase the affordable housing supply while utilizing tax-exempt financing to maintain long-term affordability.

However, HOME continues to face elevated construction costs due to inflation and supply chain disruptions. These challenges have increased HOME's contributions to GAP financing across multiple projects, affecting cash flow and the timing of certain development activities. Cost pressures are being monitored closely and mitigated through ongoing partnership negotiations, refinancing strategies, and prioritization of high-impact developments.

In addition, HOME is actively pursuing operational efficiencies through the adoption of advanced technology and artificial intelligence (AI). These efforts aim to streamline internal workflows, improve data-driven decision-making, enhance tenant services, and increase overall productivity across asset management and development functions. The integration of digital tools is expected to reduce administrative burdens and improve long-term financial sustainability.

**HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report provides a general overview of HOME's finances for all interested parties. Questions about any information provided in this report should be addressed to the Office of the Executive Vice President/Chief Financial Officer of the Housing Opportunity Management Enterprises, 304 Texas Ave, El Paso, Texas 79901, or call 915-849-3625.

Requests for additional financial information should be submitted from the HOME website via the Opens Records Requests link in the About Us menu.

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2024

	ASSETS		
	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Current assets:			
Cash and cash equivalents	\$ 74,526,785	\$ 25,725,986	\$ 100,252,771
Tenant security deposits	1,441,883	1,514,696	2,956,579
Accounts receivable, net	7,890,059	1,861,283	9,751,342
Leases receivable, current	433,346	-	433,346
Prepaid expenses	<u>1,175,567</u>	<u>270,676</u>	<u>1,446,243</u>
Total current assets	<u>85,467,640</u>	<u>29,372,641</u>	<u>114,840,281</u>
Non-current assets:			
Restricted cash	23,536,490	108,938,073	132,474,563
Restricted investments	-	28,505	28,505
Notes receivable, non-current	348,670,810	-	348,670,810
Accrued interest receivable	87,659,889	-	87,659,889
Right of use assets, net	953,250	48,727,614	49,680,864
Leases receivable, non-current	6,562,461	-	6,562,461
Capital assets, net	375,613,601	1,049,430,973	1,425,044,574
Other assets	<u>12,295,997</u>	<u>2,179,861</u>	<u>14,475,858</u>
Total non-current assets	<u>855,292,498</u>	<u>1,209,305,026</u>	<u>2,064,597,524</u>
Total assets	<u>\$ 940,760,138</u>	<u>\$ 1,238,677,667</u>	<u>\$ 2,179,437,805</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
STATEMENT OF NET POSITION (continued)
AS OF DECEMBER 31, 2024

	LIABILITIES		
	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Current liabilities:			
Accounts payable	\$ 1,618,797	\$ 2,622,017	\$ 4,240,814
Accrued expenses	357,361	84,804	442,165
Accrued compensated absences, current	151,949	-	151,949
Tenant security deposits	1,441,883	1,514,696	2,956,579
Bonds and notes payable, current	6,251,780	-	6,251,780
Unearned revenue	2,964,813	402,017	3,366,830
Other current liabilities	<u>7,384,021</u>	<u>16,289,352</u>	<u>23,673,373</u>
Total current liabilities	<u>20,170,604</u>	<u>20,912,886</u>	<u>41,083,490</u>
Non-current liabilities:			
Accrued compensated absences, non-current	395,640	-	395,640
Bonds and notes payable, non-current	394,639,903	840,992,948	1,235,632,851
Lease liability	-	5,159,562	5,159,562
Accrued interest payable	579,376	99,034,910	99,614,286
Other non-current liabilities	<u>172,047</u>	<u>51,178,260</u>	<u>51,350,307</u>
Total non-current liabilities	<u>395,786,966</u>	<u>996,365,680</u>	<u>1,392,152,646</u>
Total liabilities	<u>415,957,570</u>	<u>1,017,278,566</u>	<u>1,433,236,136</u>
DEFERRED INFLOWS OF RESOURCES			
Leases - prepaid	1,553,192	-	1,553,192
Leases - receivable	<u>6,184,913</u>	<u>-</u>	<u>6,184,913</u>
Total deferred inflows of resources	<u>7,738,105</u>	<u>-</u>	<u>7,738,105</u>
NET POSITION			
Net position:			
Net investment in capital assets	33,290,397	364,314,831	397,605,228
Restricted	8,285,297	43,094,361	51,379,658
Unrestricted	<u>475,488,769</u>	<u>(186,010,091)</u>	<u>289,478,678</u>
Total net position	<u>517,064,463</u>	<u>221,399,101</u>	<u>738,463,564</u>
Total liabilities and net position	<u>\$ 940,760,138</u>	<u>\$ 1,238,677,667</u>	<u>\$ 2,179,437,805</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024

	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Operating revenues:			
Tenant revenue	\$ 31,026,335	\$ 58,637,238	\$ 89,663,573
HUD operating grants	59,814,845	-	59,814,845
Other government grants	344,720	-	344,720
Fraud recovery revenue	204,145	-	204,145
Other shared fee revenues	3,637,105	-	3,637,105
Other revenues	<u>16,614,670</u>	<u>431,809</u>	<u>17,046,479</u>
Total operating revenues	<u>111,641,820</u>	<u>59,069,047</u>	<u>170,710,867</u>
Operating expenses:			
Administrative	22,057,500	11,696,971	33,754,471
Tenant services	523,901	1,440	525,341
Utilities	2,986,236	6,767,817	9,754,053
Ordinary repairs and maintenance	6,193,620	8,601,296	14,794,916
Protective services	490,522	-	490,522
Insurance	2,384,864	3,231,938	5,616,802
General	2,661,985	2,957,306	5,619,291
Housing assistance payments	48,013,167	-	48,013,167
Amortization	34,500	225,004	259,504
Depreciation	<u>9,895,252</u>	<u>32,834,880</u>	<u>42,730,132</u>
Total operating expenses	<u>95,241,547</u>	<u>66,316,652</u>	<u>161,558,199</u>
Operating income (loss)	<u>16,400,273</u>	<u>(7,247,605)</u>	<u>9,152,668</u>
Non-operating revenues (expenses):			
Investment income	22,554,625	4,143,702	26,698,327
Interest expense	(9,749,253)	(30,854,788)	(40,604,041)
Gain on sale of fixed assets	<u>285,690</u>	<u>-</u>	<u>285,690</u>
Net non-operating revenues (expenses)	<u>13,091,062</u>	<u>(26,711,086)</u>	<u>(13,620,024)</u>
Income (loss) before capital grants and special items	29,491,335	(33,958,691)	(4,467,356)
Capital grants	171,662	-	171,662
Gain on redemption of bonds payable	11,799,549	-	11,799,549
Capital contributions	<u>-</u>	<u>23,517,427</u>	<u>23,517,427</u>
Change in net position	41,462,546	(10,441,264)	31,021,282
Net position, beginning of year (as originally reported)	<u>478,142,786</u>	<u>229,299,496</u>	<u>707,442,282</u>
Equity transfers	<u>(2,540,869)</u>	<u>2,540,869</u>	<u>-</u>
Net position, beginning of year (as restated)	<u>475,601,917</u>	<u>231,840,365</u>	<u>707,442,282</u>
Net position, end of year	<u>\$ 517,064,463</u>	<u>\$ 221,399,101</u>	<u>\$ 738,463,564</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Primary Government</u>
Cash Flows from Operating Activities:	
Cash received from tenants and other	\$ 48,712,006
Cash received from grantors	60,403,701
Cash paid to suppliers and vendors	(61,694,919)
Cash paid to employees	<u>(23,145,739)</u>
Net cash provided by operating activities	<u>24,275,049</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from capital grants	171,662
Purchase of capital assets	(152,910,714)
Proceeds from issuance of long term debt	149,199,772
Principal payments on long term debt	(925,470)
Interest paid on long term debt	(9,230,416)
Proceeds on disposition of capital assets	1,446,594
Cash acquired upon acquisition of blended component units	<u>812,633</u>
Net cash used in capital and related financing activities	<u>(11,435,939)</u>
Cash Flows from Investing Activities:	
Advances on notes receivable	(5,572,100)
Proceeds on repayment of notes receivable	3,549,931
Interest received on investments	<u>898,833</u>
Net cash used in investing activities	<u>(1,123,336)</u>
Net increase in cash and cash equivalents and restricted cash	11,715,774
Cash and cash equivalents and restricted cash, beginning of year	<u>87,789,384</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 99,505,158</u>
Reconciliation of cash and cash equivalents and restricted cash to the Statement of Net Position is as follows:	
Cash and cash equivalents	\$ 74,526,785
Tenant security deposits	1,441,883
Restricted cash	<u>23,536,490</u>
Cash and cash equivalents and restricted cash	<u>\$ 99,505,158</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Primary Government</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 16,400,273
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	9,895,252
Amortization of right-of-use asset	34,500
Changes in assets and liabilities:	
Accounts receivable, net	(9,630,389)
Prepaid expenses	(41,179)
Lease receivable	405,444
Other assets	351,040
Accounts payable	12,982
Accrued compensated absences	36,700
Accrued expenses	257,618
Tenant security deposits	416,707
Unearned revenue	945,624
Deferred inflows of resources	(563,209)
Other liabilities	<u>5,753,686</u>
Net cash provided by operating activities	<u>\$ 24,275,049</u>
Schedule of Non-cash Investing and Financing Activities:	
Redemption of bonds payable through refinance	\$ <u>(86,350,000)</u>
Issuance of bonds payable through refinance, net of discounts	\$ <u>69,897,340</u>
Payoff of notes payable through refinance	\$ <u>(5,833,567)</u>
Issuance of notes payable through refinance	\$ <u>6,200,000</u>
Issuance of sellers notes receivable, net of deferred gain of \$3,872,647 from sale of capital assets	\$ <u>(33,653)</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS
AS OF DECEMBER 31, 2024

ASSETS

	El Paso RAD I, Ltd.	Eastside Crossings Ltd.	Alamito Gardens, LP	Alamito Terrace, LP	Haymon Krupp, LP	El Paso RAD I B, Ltd.
Current assets:						
Cash and cash equivalents	\$ 5,719,867	\$ 319,573	\$ -	\$ 970,123	\$ 177,017	\$ 1,570,355
Tenant security deposits	387,459	44,967	-	29,966	12,991	23,849
Accounts receivable, net	302,068	39,081	-	43,389	39,535	2,738
Prepaid expenses	7,025	4,133	-	4,260	1,799	414
Total current assets	<u>6,416,419</u>	<u>407,754</u>	<u>-</u>	<u>1,047,738</u>	<u>231,342</u>	<u>1,597,356</u>
Non-current assets:						
Restricted cash	13,208,391	1,892,716	-	1,355,280	580,529	1,023,690
Restricted investments	-	-	-	-	-	-
Right of use assets, net	4,906,093	1,512,927	-	-	2,614,702	201,850
Capital assets, net	173,699,658	12,288,394	-	11,407,271	10,647,310	13,248,971
Other assets	-	87,623	-	-	24,488	61,847
Total non-current assets	<u>191,814,142</u>	<u>15,781,660</u>	<u>-</u>	<u>12,762,551</u>	<u>13,867,029</u>	<u>14,536,358</u>
Total assets	<u>\$ 198,230,561</u>	<u>\$ 16,189,414</u>	<u>\$ -</u>	<u>\$ 13,810,289</u>	<u>\$ 14,098,371</u>	<u>\$ 16,133,714</u>

LIABILITIES

Current liabilities:						
Accounts payable	\$ 253,942	\$ 41,489	\$ -	\$ 4,241	\$ 27,450	\$ 32,249
Accrued expenses	38,213	6,328	-	-	2,657	3,381
Tenant security deposits	387,459	44,967	-	29,966	12,991	23,849
Unearned revenue	82,729	16,881	-	3,865	3,504	439
Other current liabilities	370,756	60,409	-	15,251	159,013	8,449
Total current liabilities	<u>1,133,099</u>	<u>170,074</u>	<u>-</u>	<u>53,323</u>	<u>205,615</u>	<u>68,367</u>
Non-current liabilities:						
Bonds and notes payable, non-current	137,680,057	9,539,545	-	12,665,252	9,443,021	11,302,239
Lease liability	5,159,562	-	-	-	-	-
Accrued interest payable	30,612,191	1,674,355	-	565,630	2,685,474	2,449,306
Other non-current liabilities	-	-	-	-	3,746	425,030
Total non-current liabilities	<u>173,451,810</u>	<u>11,213,900</u>	<u>-</u>	<u>13,230,882</u>	<u>12,132,241</u>	<u>14,176,575</u>
Total liabilities	<u>174,584,909</u>	<u>11,383,974</u>	<u>-</u>	<u>13,284,205</u>	<u>12,337,856</u>	<u>14,244,942</u>

NET POSITION

Net position:						
Net investment in capital assets	35,766,132	4,261,776	-	(1,257,981)	3,818,991	2,148,582
Restricted	13,208,391	1,892,716	-	1,355,280	580,529	1,023,690
Unrestricted	<u>(25,328,871)</u>	<u>(1,349,052)</u>	<u>-</u>	<u>428,785</u>	<u>(2,639,005)</u>	<u>(1,283,500)</u>
Total net position	<u>23,645,652</u>	<u>4,805,440</u>	<u>-</u>	<u>526,084</u>	<u>1,760,515</u>	<u>1,888,772</u>
Total liabilities and net position	<u>\$ 198,230,561</u>	<u>\$ 16,189,414</u>	<u>\$ -</u>	<u>\$ 13,810,289</u>	<u>\$ 14,098,371</u>	<u>\$ 16,133,714</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
AS OF DECEMBER 31, 2024

ASSETS

	El Paso Tays, LP	EP Father Pinto, LP	El Paso Sherman I, LP	El Paso Westfall, LP	EP Rio Grande Three, LP	EP Chelsea, LP
Current assets:						
Cash and cash equivalents	\$ 100,061	\$ 499,068	\$ 620,062	\$ 71,893	\$ 646,829	\$ 870,354
Tenant security deposits	32,132	16,368	21,434	13,022	32,509	62,771
Accounts receivable, net	38,111	753	10,188	10,514	930,102	5,479
Prepaid expenses	1,454	8,286	914	3,300	5,610	9,900
Total current assets	171,758	524,475	652,598	98,729	1,615,050	948,504
Non-current assets:						
Restricted cash	1,296,168	891,975	1,298,738	690,985	1,906,045	2,211,881
Restricted investments	-	-	-	-	-	28,505
Right of use assets, net	1,561,744	234,677	2,326,592	2,175,216	1,732,692	2,100,027
Capital assets, net	18,142,268	12,513,939	21,436,931	10,734,002	15,798,760	43,321,068
Other assets	49,671	39,207	60,251	52,655	33,071	86,077
Total non-current assets	21,049,851	13,679,798	25,122,512	13,652,858	19,470,568	47,747,558
Total assets	\$ 21,221,609	\$ 14,204,273	\$ 25,775,110	\$ 13,751,587	\$ 21,085,618	\$ 48,696,062

LIABILITIES

Current liabilities:						
Accounts payable	\$ 31,810	\$ 29,732	\$ 27,701	\$ 63,404	\$ 33,983	\$ 841
Accrued expenses	6,081	2,364	-	-	-	-
Tenant security deposits	32,132	16,368	21,434	13,022	32,509	62,771
Unearned revenue	59,388	2,511	4,127	7,651	17,598	5,888
Other current liabilities	105,090	17,645	30,005	156,309	36,717	84,336
Total current liabilities	234,501	68,620	83,267	240,386	120,807	153,836
Non-current liabilities:						
Bonds and notes payable, non-current	14,308,273	10,599,720	13,836,948	6,590,940	12,690,973	34,476,951
Lease liability	-	-	-	-	-	-
Accrued interest payable	1,859,167	818,655	2,231,655	798,523	1,719,874	7,258,171
Other non-current liabilities	3,796	3,396	2,526,697	1,271,333	1,601,310	4,438,565
Total non-current liabilities	16,171,236	11,421,771	18,595,300	8,660,796	16,012,157	46,173,687
Total liabilities	16,405,737	11,490,391	18,678,567	8,901,182	16,132,964	46,327,523

NET POSITION

Net position:						
Net investment in capital assets	5,395,739	2,148,896	9,926,575	6,318,278	5,489,718	10,944,144
Restricted	1,296,168	891,975	1,298,738	690,985	1,256,806	2,211,881
Unrestricted	(1,876,035)	(326,989)	(4,128,770)	(2,158,858)	(1,793,870)	(10,787,486)
Total net position	4,815,872	2,713,882	7,096,543	4,850,405	4,952,654	2,368,539
Total liabilities and net position	\$ 21,221,609	\$ 14,204,273	\$ 25,775,110	\$ 13,751,587	\$ 21,085,618	\$ 48,696,062

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
AS OF DECEMBER 31, 2024

ASSETS

	EP Sun Plaza, LP	EP Sandoval Two, LP	EP Cramer Three, LP	EP Sherman South II, LP	EP SGC, LP	EP Commissioners' Corner, LP
Current assets:						
Cash and cash equivalents	\$ 1,147,985	\$ 1,180,816	\$ 1,737,447	\$ 315,410	\$ 1,183,015	\$ 270,310
Tenant security deposits	57,392	73,143	118,105	45,075	45,671	27,197
Accounts receivable, net	3,254	14,930	48,841	6,326	14,165	14,722
Prepaid expenses	<u>12,100</u>	<u>3,857</u>	<u>44,909</u>	<u>2,587</u>	<u>712</u>	<u>21,042</u>
Total current assets	<u>1,220,731</u>	<u>1,272,746</u>	<u>1,949,302</u>	<u>369,398</u>	<u>1,243,563</u>	<u>333,271</u>
Non-current assets:						
Restricted cash	2,017,454	1,083,751	3,970,709	1,445,020	917,263	653,109
Restricted investments	-	-	-	-	-	-
Right of use assets, net	1,349,938	1,452,401	1,943,253	1,505,262	1,399,085	977,548
Capital assets, net	50,685,075	41,068,948	79,063,915	39,895,685	20,215,043	13,791,347
Other assets	<u>67,678</u>	<u>57,085</u>	<u>109,347</u>	<u>60,742</u>	<u>38,124</u>	<u>120,218</u>
Total non-current assets	<u>54,120,145</u>	<u>43,662,185</u>	<u>85,087,224</u>	<u>42,906,709</u>	<u>22,569,515</u>	<u>15,542,222</u>
Total assets	<u>\$ 55,340,876</u>	<u>\$ 44,934,931</u>	<u>\$ 87,036,526</u>	<u>\$ 43,276,107</u>	<u>\$ 23,813,078</u>	<u>\$ 15,875,493</u>

LIABILITIES

Current liabilities:						
Accounts payable	\$ 53,471	\$ 143,413	\$ 15,090	\$ 268,134	\$ 9,487	\$ 4,278
Accrued expenses	-	6,796	-	-	4,013	-
Tenant security deposits	57,392	73,143	118,105	45,075	45,671	27,197
Unearned revenue	1,553	6,082	50,892	17,029	6,722	9,822
Other current liabilities	<u>35,315</u>	<u>27,582</u>	<u>115,533</u>	<u>4,268</u>	<u>73,096</u>	<u>24,304</u>
Total current liabilities	<u>147,731</u>	<u>257,016</u>	<u>299,620</u>	<u>334,506</u>	<u>138,989</u>	<u>65,601</u>
Non-current liabilities:						
Bonds and notes payable, non-current	31,802,395	29,082,230	59,301,385	24,373,527	15,795,780	5,950,235
Lease liability	-	-	-	-	-	-
Accrued interest payable	6,108,865	2,638,842	6,308,023	4,272,688	1,004,438	355,342
Other non-current liabilities	<u>1,190,542</u>	<u>3,894,011</u>	<u>2,711,258</u>	<u>3,403,938</u>	<u>3,796</u>	<u>333,049</u>
Total non-current liabilities	<u>39,101,802</u>	<u>35,615,083</u>	<u>68,320,666</u>	<u>32,050,153</u>	<u>16,804,014</u>	<u>6,638,626</u>
Total liabilities	<u>39,249,533</u>	<u>35,872,099</u>	<u>68,620,286</u>	<u>32,384,659</u>	<u>16,943,003</u>	<u>6,704,227</u>

NET POSITION

Net position:						
Net investment in capital assets	20,232,814	13,453,720	22,167,600	17,027,420	5,818,348	8,818,660
Restricted	2,017,258	1,069,150	3,970,709	1,394,064	917,263	653,109
Unrestricted	<u>(6,158,729)</u>	<u>(5,460,038)</u>	<u>(7,722,069)</u>	<u>(7,530,036)</u>	<u>134,464</u>	<u>(300,503)</u>
Total net position	<u>16,091,343</u>	<u>9,062,832</u>	<u>18,416,240</u>	<u>10,891,448</u>	<u>6,870,075</u>	<u>9,171,266</u>
Total liabilities and net position	<u>\$ 55,340,876</u>	<u>\$ 44,934,931</u>	<u>\$ 87,036,526</u>	<u>\$ 43,276,107</u>	<u>\$ 23,813,078</u>	<u>\$ 15,875,493</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
AS OF DECEMBER 31, 2024

ASSETS

	EP Commissioners' Corner II, LP	EP Blue Flame, LP	EP Medano Heights, LP	EP DeWetter Two, LP	EP Tays North II, LP	EP Eisenhower P3, LP
Current assets:						
Cash and cash equivalents	\$ 561,556	\$ 827,113	\$ 590,219	\$ 385,446	\$ 1,161,241	\$ 569,032
Tenant security deposits	32,991	23,021	40,811	52,332	61,988	10,684
Accounts receivable, net	47,103	21,098	14,055	11,618	47,193	20,486
Prepaid expenses	<u>4,551</u>	<u>208</u>	<u>1,005</u>	<u>780</u>	<u>3,707</u>	<u>127</u>
Total current assets	<u>646,201</u>	<u>871,440</u>	<u>646,090</u>	<u>450,176</u>	<u>1,274,129</u>	<u>600,329</u>
Non-current assets:						
Restricted cash	647,631	983,924	1,185,236	411,262	1,595,861	511,149
Restricted investments	-	-	-	-	-	-
Right of use assets, net	834,879	2,321,028	2,670,214	810,401	2,157,675	575,850
Capital assets, net	14,511,196	50,559,943	23,223,129	39,080,819	60,395,155	12,257,791
Other assets	<u>26,963</u>	<u>45,447</u>	<u>43,918</u>	<u>48,469</u>	<u>79,382</u>	<u>11,717</u>
Total non-current assets	<u>16,020,669</u>	<u>53,910,342</u>	<u>27,122,497</u>	<u>40,350,951</u>	<u>64,228,073</u>	<u>13,356,507</u>
Total assets	<u>\$ 16,666,870</u>	<u>\$ 54,781,782</u>	<u>\$ 27,768,587</u>	<u>\$ 40,801,127</u>	<u>\$ 65,502,202</u>	<u>\$ 13,956,836</u>

LIABILITIES

Current liabilities:						
Accounts payable	\$ 13,082	\$ 14,319	\$ 34,229	\$ 6,214	\$ 99,576	\$ 32,835
Accrued expenses	-	4,633	4,519	-	-	-
Tenant security deposits	32,991	23,021	40,811	52,332	61,988	10,684
Unearned revenue	5,290	12,825	4,952	12,064	18,277	12,711
Other current liabilities	<u>13,445</u>	<u>50,393</u>	<u>8,480</u>	<u>43,968</u>	<u>51,687</u>	<u>12,316</u>
Total current liabilities	<u>64,808</u>	<u>105,191</u>	<u>92,991</u>	<u>114,578</u>	<u>231,528</u>	<u>68,546</u>
Non-current liabilities:						
Bonds and notes payable, non-current	12,051,828	38,613,360	16,846,650	28,803,113	35,900,225	10,403,550
Lease liability	-	-	-	-	-	-
Accrued interest payable	2,420,780	3,755,484	1,865,960	2,109,172	5,631,829	1,308,367
Other non-current liabilities	<u>894,180</u>	<u>1,611,668</u>	<u>1,160,980</u>	<u>3,287,442</u>	<u>3,079,853</u>	<u>930,933</u>
Total non-current liabilities	<u>15,366,788</u>	<u>43,980,512</u>	<u>19,873,590</u>	<u>34,199,727</u>	<u>44,611,907</u>	<u>12,642,850</u>
Total liabilities	<u>15,431,596</u>	<u>44,085,703</u>	<u>19,966,581</u>	<u>34,314,305</u>	<u>44,843,435</u>	<u>12,711,396</u>

NET POSITION

Net position:						
Net investment in capital assets	3,294,247	14,267,611	9,046,693	11,088,107	26,664,010	2,430,091
Restricted	185,814	983,924	1,185,236	411,262	1,584,456	511,149
Unrestricted	<u>(2,244,787)</u>	<u>(4,555,456)</u>	<u>(2,429,923)</u>	<u>(5,012,547)</u>	<u>(7,589,699)</u>	<u>(1,695,800)</u>
Total net position	<u>1,235,274</u>	<u>10,696,079</u>	<u>7,802,006</u>	<u>6,486,822</u>	<u>20,658,767</u>	<u>1,245,440</u>
Total liabilities and net position	<u>\$ 16,666,870</u>	<u>\$ 54,781,782</u>	<u>\$ 27,768,587</u>	<u>\$ 40,801,127</u>	<u>\$ 65,502,202</u>	<u>\$ 13,956,836</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
AS OF DECEMBER 31, 2024

ASSETS

	Canyon Square, Ltd.	EP Jackie Robinson, LP	EP Patriot Place, LP	EP Cielo Towers, LP	EP Machuca, LP	EP Sun Pointe, LP
Current assets:						
Cash and cash equivalents	\$ 213,248	\$ 2,316,073	\$ 961,829	\$ -	\$ 70,488	\$ 451,732
Tenant security deposits	33,069	63,415	38,538	-	18,938	85,111
Accounts receivable, net	2,306	44,526	16,316	-	5,892	12,572
Prepaid expenses	702	23,882	10,689	-	59,657	24,889
Total current assets	<u>249,325</u>	<u>2,447,896</u>	<u>1,027,372</u>	<u>-</u>	<u>154,975</u>	<u>574,304</u>
Non-current assets:						
Restricted cash	697,956	1,271,716	466,851	12,680,004	3,413,723	-
Restricted investments	-	-	-	-	-	-
Right of use assets, net	-	1,830,952	1,593,908	-	1,721,790	1,742,365
Capital assets, net	6,884,426	36,543,567	20,960,701	32,531,653	34,188,870	37,790,224
Other assets	8,669	46,703	50,798	-	62,876	759,849
Total non-current assets	<u>7,591,051</u>	<u>39,692,938</u>	<u>23,072,258</u>	<u>45,211,657</u>	<u>39,387,259</u>	<u>40,292,438</u>
Total assets	<u>\$ 7,840,376</u>	<u>\$ 42,140,834</u>	<u>\$ 24,099,630</u>	<u>\$ 45,211,657</u>	<u>\$ 39,542,234</u>	<u>\$ 40,866,742</u>

LIABILITIES

Current liabilities:						
Accounts payable	\$ 83,470	\$ 47,185	\$ 2,167	\$ -	\$ 156,736	\$ 27,287
Accrued expenses	2,968	-	-	-	-	2,851
Tenant security deposits	33,069	63,415	38,538	-	18,938	85,111
Unearned revenue	5,326	3,662	8,126	-	865	11,450
Other current liabilities	13,686	42,066	10,902	3,537,910	2,310,897	2,123,450
Total current liabilities	<u>138,519</u>	<u>156,328</u>	<u>59,733</u>	<u>3,537,910</u>	<u>2,487,436</u>	<u>2,250,149</u>
Non-current liabilities:						
Bonds and notes payable, non-current	1,856,494	31,338,768	11,777,656	36,011,806	30,716,800	28,301,612
Lease liability	-	-	-	-	-	-
Accrued interest payable	-	3,881,392	728,780	338,888	1,911,123	621,394
Other non-current liabilities	1,110,989	3,031,267	385,001	1,940,970	3,066,270	2,136,156
Total non-current liabilities	<u>2,967,483</u>	<u>38,251,427</u>	<u>12,891,437</u>	<u>38,291,664</u>	<u>35,694,193</u>	<u>31,059,162</u>
Total liabilities	<u>3,106,002</u>	<u>38,407,755</u>	<u>12,951,170</u>	<u>41,829,574</u>	<u>38,181,629</u>	<u>33,309,311</u>

NET POSITION

Net position:						
Net investment in capital assets	5,027,932	7,035,751	10,776,953	9,199,851	8,607,583	11,230,977
Restricted	697,956	1,271,716	466,851	-	-	-
Unrestricted	(991,514)	(4,574,388)	(95,344)	(5,817,768)	(7,246,978)	(3,673,546)
Total net position	<u>4,734,374</u>	<u>3,733,079</u>	<u>11,148,460</u>	<u>3,382,083</u>	<u>1,360,605</u>	<u>7,557,431</u>
Total liabilities and net position	<u>\$ 7,840,376</u>	<u>\$ 42,140,834</u>	<u>\$ 24,099,630</u>	<u>\$ 45,211,657</u>	<u>\$ 39,542,234</u>	<u>\$ 40,866,742</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
AS OF DECEMBER 31, 2024

ASSETS

	EP Nuestra Senora, LP	EP Salazar, LP	EP RAD-2 Cisneros, LLC	EP RAD-2 Old Gonzalez, LLC	EP Clint Commons, LP	Patriots Place IIA, LP
Current assets:						
Cash and cash equivalents	\$ -	\$ 42,827	\$ 137,560	\$ -	\$ 37,437	\$ -
Tenant security deposits	-	-	7,099	-	2,648	-
Accounts receivable, net	-	-	202	83,592	10,128	-
Prepaid expenses	-	-	8,177	-	-	-
Total current assets	-	42,827	153,038	83,592	50,213	-
Non-current assets:						
Restricted cash	-	48,561,771	67,285	-	-	-
Restricted investments	-	-	-	-	-	-
Right to use assets, net	-	3,353,623	-	-	1,120,922	-
Capital assets, net	24,440,826	46,371,932	2,723,884	4,279,285	11,965,693	2,763,294
Other assets	-	-	5,332	-	41,654	-
Total non-current assets	24,440,826	98,287,326	2,796,501	4,279,285	13,128,269	2,763,294
Total assets	<u>\$ 24,440,826</u>	<u>\$ 98,330,153</u>	<u>\$ 2,949,539</u>	<u>\$ 4,362,877</u>	<u>\$ 13,178,482</u>	<u>\$ 2,763,294</u>

LIABILITIES

Current liabilities:						
Accounts payable	\$ 1,027,971	\$ 10,753	\$ 1,758	\$ 2,828	\$ 20,892	\$ -
Accrued expenses	-	-	-	-	-	-
Tenant security deposits	-	-	7,099	-	2,648	-
Unearned revenue	-	-	46	-	9,742	-
Other current liabilities	1,380,433	3,985,069	28,990	11,263	839,096	501,223
Total current liabilities	2,408,404	3,995,822	37,893	14,091	872,378	501,223
Non-current liabilities:						
Bonds and notes payable, non-current	19,027,920	81,043,721	2,695,374	4,267,992	10,571,046	1,325,562
Lease liability	-	-	-	-	-	-
Accrued interest payable	217,643	606,567	134,393	141,939	-	-
Other non-current liabilities	1,157,803	4,006,569	-	-	1,567,712	-
Total non-current liabilities	20,403,366	85,656,857	2,829,767	4,409,931	12,138,758	1,325,562
Total liabilities	<u>22,811,770</u>	<u>89,652,679</u>	<u>2,867,660</u>	<u>4,424,022</u>	<u>13,011,136</u>	<u>1,826,785</u>

NET POSITION

Net position:						
Net investment in capital assets	5,412,906	63,759,605	28,510	11,293	2,515,567	1,437,732
Restricted	-	-	67,285	-	-	-
Unrestricted	(3,783,850)	(55,082,131)	(13,916)	(72,438)	(2,348,221)	(501,223)
Total net position	1,629,056	8,677,474	81,879	(61,145)	167,346	936,509
Total liabilities and net position	<u>\$ 24,440,826</u>	<u>\$ 98,330,153</u>	<u>\$ 2,949,539</u>	<u>\$ 4,362,877</u>	<u>\$ 13,178,482</u>	<u>\$ 2,763,294</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
AS OF DECEMBER 31, 2024

ASSETS

	Total Discretely Presented Component Units
Current assets:	
Cash and cash equivalents	\$ 25,725,986
Tenant security deposits	1,514,696
Accounts receivable, net	1,861,283
Prepaid expenses	<u>270,676</u>
Total current assets	<u>29,372,641</u>
Non-current assets:	
Restricted cash	108,938,073
Restricted investments	28,505
Right to use assets, net	48,727,614
Capital assets, net	1,049,430,973
Other assets	<u>2,179,861</u>
Total non-current assets	<u>1,209,305,026</u>
Total assets	<u>\$ 1,238,677,667</u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 2,622,017
Accrued expenses	84,804
Tenant security deposits	1,514,696
Unearned revenue	402,017
Other current liabilities	<u>16,289,352</u>
Total current liabilities	<u>20,912,886</u>
Non-current liabilities:	
Bonds and notes payable, non-current	840,992,948
Lease liability	5,159,562
Accrued interest payable	99,034,910
Other non-current liabilities	<u>51,178,260</u>
Total non-current liabilities	<u>996,365,680</u>
Total liabilities	<u>1,017,278,566</u>

NET POSITION

Net position:	
Net investment in capital assets	364,314,831
Restricted	43,094,361
Unrestricted	<u>(186,010,091)</u>
Total net position	<u>221,399,101</u>
Total liabilities and net position	<u>\$ 1,238,677,667</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>El Paso RAD I, Ltd.</u>	<u>Eastside Crossings Ltd.</u>	<u>Alamito Terrace, LP</u>	<u>Alamito Gardens, LP</u>	<u>Haymon Krupp, LP</u>	<u>El Paso RAD 1B, Ltd.</u>
Operating revenues:						
Tenant revenue	\$ 15,566,988	\$ 1,878,070	\$ -	\$ 1,098,691	\$ 870,062	\$ 1,178,335
Other revenues	<u>18,792</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,646</u>	<u>-</u>
Total operating revenues	<u>15,585,780</u>	<u>1,878,070</u>	<u>-</u>	<u>1,098,691</u>	<u>893,708</u>	<u>1,178,335</u>
Operating expenses:						
Administrative	2,539,430	498,935	-	265,251	184,238	258,951
Utilities	1,586,223	288,690	-	143,849	171,053	96,842
Ordinary repairs and maintenance	2,286,531	363,070	-	200,282	171,094	134,577
Insurance	885,030	74,794	-	50,656	50,896	90,261
General	627,405	36,175	-	12,153	66,044	12,431
Amortization	-	-	-	-	40,272	-
Depreciation	<u>7,445,834</u>	<u>562,218</u>	<u>-</u>	<u>532,327</u>	<u>409,827</u>	<u>502,176</u>
Total operating expenses	<u>15,370,453</u>	<u>1,823,882</u>	<u>-</u>	<u>1,204,518</u>	<u>1,093,424</u>	<u>1,095,238</u>
Operating income (loss)	<u>215,327</u>	<u>54,188</u>	<u>-</u>	<u>(105,827)</u>	<u>(199,716)</u>	<u>83,097</u>
Non-operating revenues (expenses):						
Investment income	176,250	31,769	-	49,834	5,565	557
Interest expense	<u>(6,056,164)</u>	<u>(473,393)</u>	<u>-</u>	<u>(60,409)</u>	<u>(577,971)</u>	<u>(564,390)</u>
Net non-operating revenues (expenses)	<u>(5,879,914)</u>	<u>(441,624)</u>	<u>-</u>	<u>(10,575)</u>	<u>(572,406)</u>	<u>(563,833)</u>
Income (loss) before capital contributions	<u>(5,664,587)</u>	<u>(387,436)</u>	<u>-</u>	<u>(116,402)</u>	<u>(772,122)</u>	<u>(480,736)</u>
Capital contributions	<u>-</u>	<u>(33,300)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,500</u>
Change in net position	<u>(5,664,587)</u>	<u>(420,736)</u>	<u>-</u>	<u>(116,402)</u>	<u>(772,122)</u>	<u>(402,236)</u>
Net position, beginning of year (as originally reported)	<u>29,310,239</u>	<u>5,226,176</u>	<u>(2,540,869)</u>	<u>642,486</u>	<u>2,532,637</u>	<u>2,291,008</u>
Equity transfers	<u>-</u>	<u>-</u>	<u>2,540,869</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of year (as restated)	<u>29,310,239</u>	<u>5,226,176</u>	<u>-</u>	<u>642,486</u>	<u>2,532,637</u>	<u>2,291,008</u>
Net position, end of year	<u>\$ 23,645,652</u>	<u>\$ 4,805,440</u>	<u>\$ -</u>	<u>\$ 526,084</u>	<u>\$ 1,760,515</u>	<u>\$ 1,888,772</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2024

	El Paso Tavs, LP	EP Father Pinto, LP	El Paso Sherman I, LP	El Paso Westfall, LP	EP Rio Grande Three, LP	EP Chelsea, LP
Operating revenues:						
Tenant revenue	\$ 1,625,432	\$ 1,049,800	\$ 1,558,483	\$ 931,139	\$ 1,559,115	\$ 3,003,737
Other revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>1,625,432</u>	<u>1,049,800</u>	<u>1,558,483</u>	<u>931,139</u>	<u>1,559,115</u>	<u>3,003,737</u>
Operating expenses:						
Administrative	288,684	250,960	347,829	190,000	330,437	583,284
Utilities	203,558	175,709	318,973	189,339	71,268	489,116
Ordinary repairs and maintenance	352,861	138,264	205,756	150,591	227,419	396,507
Insurance	88,675	47,952	90,623	46,148	76,481	153,026
General	73,819	8,132	42,695	55,060	52,594	31,984
Amortization	-	-	-	-	-	-
Depreciation	<u>648,409</u>	<u>525,852</u>	<u>833,182</u>	<u>390,010</u>	<u>534,357</u>	<u>1,506,537</u>
Total operating expenses	<u>1,656,006</u>	<u>1,146,869</u>	<u>1,839,058</u>	<u>1,021,148</u>	<u>1,292,556</u>	<u>3,160,454</u>
Operating income (loss)	<u>(30,574)</u>	<u>(97,069)</u>	<u>(280,575)</u>	<u>(90,009)</u>	<u>266,559</u>	<u>(156,717)</u>
Non-operating revenues (expenses):						
Investment income	1,054	9,232	15,945	7,584	43,359	32,182
Interest expense	<u>(777,269)</u>	<u>(380,380)</u>	<u>(597,681)</u>	<u>(356,517)</u>	<u>(596,754)</u>	<u>(2,017,186)</u>
Net non-operating revenues (expenses)	<u>(776,215)</u>	<u>(371,148)</u>	<u>(581,736)</u>	<u>(348,933)</u>	<u>(553,395)</u>	<u>(1,985,004)</u>
Income (loss) before capital contributions	(806,789)	(468,217)	(862,311)	(438,942)	(286,836)	(2,141,721)
Capital contributions	<u>-</u>	<u>1,704,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(806,789)	1,236,281	(862,311)	(438,942)	(286,836)	(2,141,721)
Net position, beginning of year (as originally reported)	<u>5,622,661</u>	<u>1,477,601</u>	<u>7,958,854</u>	<u>5,289,347</u>	<u>5,239,490</u>	<u>4,510,260</u>
Equity transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of year (as restated)	<u>5,622,661</u>	<u>1,477,601</u>	<u>7,958,854</u>	<u>5,289,347</u>	<u>5,239,490</u>	<u>4,510,260</u>
Net position, end of year	<u>\$ 4,815,872</u>	<u>\$ 2,713,882</u>	<u>\$ 7,096,543</u>	<u>\$ 4,850,405</u>	<u>\$ 4,952,654</u>	<u>\$ 2,368,539</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2024

	EP Sun Plaza, LP	EP Sandoval Two, LP	EP Cramer Three, LP	EP Sherman South II, LP	EP SGC, LP	EP Commissioners' Corner, LP
Operating revenues:						
Tenant revenue	\$ 3,213,228	\$ 2,395,223	\$ 4,322,786	\$ 1,603,236	\$ 1,421,172	\$ 856,565
Other revenues	<u>-</u>	<u>62,781</u>	<u>208,390</u>	<u>-</u>	<u>617</u>	<u>-</u>
Total operating revenues	<u>3,213,228</u>	<u>2,458,004</u>	<u>4,531,176</u>	<u>1,603,236</u>	<u>1,421,789</u>	<u>856,565</u>
Operating expenses:						
Administrative	538,014	486,852	875,426	429,569	237,266	190,903
Utilities	434,061	256,621	423,195	129,435	204,808	85,087
Ordinary repairs and maintenance	368,367	359,384	614,481	278,883	208,315	170,418
Insurance	108,994	191,126	199,869	73,583	118,426	65,866
General	25,104	774,962	59,881	118,186	78,920	45,819
Amortization	-	-	28,232	-	20,988	-
Depreciation	<u>1,710,392</u>	<u>1,383,653</u>	<u>2,669,656</u>	<u>1,257,701</u>	<u>802,555</u>	<u>517,574</u>
Total operating expenses	<u>3,184,932</u>	<u>3,452,598</u>	<u>4,870,740</u>	<u>2,287,357</u>	<u>1,671,278</u>	<u>1,075,667</u>
Operating income (loss)	<u>28,296</u>	<u>(994,594)</u>	<u>(339,564)</u>	<u>(684,121)</u>	<u>(249,489)</u>	<u>(219,102)</u>
Non-operating revenues (expenses):						
Investment income	30,122	6,289	71,770	8,136	11,215	16,272
Interest expense	<u>(1,956,869)</u>	<u>(395,352)</u>	<u>(2,528,193)</u>	<u>(1,475,658)</u>	<u>(588,267)</u>	<u>(317,304)</u>
Net non-operating revenues (expenses)	<u>(1,926,747)</u>	<u>(389,063)</u>	<u>(2,456,423)</u>	<u>(1,467,522)</u>	<u>(577,052)</u>	<u>(301,032)</u>
Income (loss) before capital contributions	<u>(1,898,451)</u>	<u>(1,383,657)</u>	<u>(2,795,987)</u>	<u>(2,151,643)</u>	<u>(826,541)</u>	<u>(520,134)</u>
Capital contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>419,134</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(1,898,451)</u>	<u>(1,383,657)</u>	<u>(2,795,987)</u>	<u>(1,732,509)</u>	<u>(826,541)</u>	<u>(520,134)</u>
Net position, beginning of year (as originally reported)	<u>17,989,794</u>	<u>10,446,489</u>	<u>21,212,227</u>	<u>12,623,957</u>	<u>7,696,616</u>	<u>9,691,400</u>
Equity transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of year (as restated)	<u>17,989,794</u>	<u>10,446,489</u>	<u>21,212,227</u>	<u>12,623,957</u>	<u>7,696,616</u>	<u>9,691,400</u>
Net position, end of year	<u>\$ 16,091,343</u>	<u>\$ 9,062,832</u>	<u>\$ 18,416,240</u>	<u>\$ 10,891,448</u>	<u>\$ 6,870,075</u>	<u>\$ 9,171,266</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2024

	EP Commissioners' Corner II, LP	EP Blue Flame, LP	EP Medano Heights, LP	EP DeWetter Two, LP	EP Tays North II, LP	EP Eisenhower P3, LP
Operating revenues:						
Tenant revenue	\$ 971,904	\$ 1,481,548	\$ 1,374,724	\$ 2,027,282	\$ 2,471,295	\$ 710,203
Other revenues	-	4,688	-	14,833	-	-
Total operating revenues	971,904	1,486,236	1,374,724	2,042,115	2,471,295	710,203
Operating expenses:						
Administrative	218,146	285,577	296,333	442,145	496,845	127,706
Utilities	84,637	251,150	217,219	131,834	216,893	122,097
Ordinary repairs and maintenance	132,288	442,767	158,515	303,852	268,605	62,267
Insurance	42,526	135,537	61,641	97,983	121,570	32,694
General	18,158	5,617	46,570	14,420	126,385	14,718
Amortization	-	25,352	-	11,299	-	-
Depreciation	516,573	1,746,007	840,681	1,258,738	1,968,265	509,335
Total operating expenses	1,012,328	2,892,007	1,620,959	2,260,271	3,198,563	868,817
Operating income (loss)	(40,424)	(1,405,771)	(246,235)	(218,156)	(727,268)	(158,614)
Non-operating revenues (expenses):						
Investment income	10,210	643	13,452	5,355	24,837	7,343
Interest expense	(821,221)	(1,015,289)	(801,912)	(1,158,237)	(2,141,092)	(444,700)
Net non-operating revenues (expenses)	(811,011)	(1,014,646)	(788,460)	(1,152,882)	(2,116,255)	(437,357)
Income (loss) before capital contributions	(851,435)	(2,420,417)	(1,034,695)	(1,371,038)	(2,843,523)	(595,971)
Capital contributions	-	1,648,035	150,524	-	568,817	-
Change in net position	(851,435)	(772,382)	(884,171)	(1,371,038)	(2,274,706)	(595,971)
Net position, beginning of year (as originally reported)	2,086,709	11,468,461	8,686,177	7,857,860	22,933,473	1,841,411
Equity transfers	-	-	-	-	-	-
Net position, beginning of year (as restated)	2,086,709	11,468,461	8,686,177	7,857,860	22,933,473	1,841,411
Net position, end of year	\$ 1,235,274	\$ 10,696,079	\$ 7,802,006	\$ 6,486,822	\$ 20,658,767	\$ 1,245,440

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Canyon Square, Ltd.</u>	<u>EP Jackie Robinson, LP</u>	<u>EP Patriot Place, LP</u>	<u>EP Cielo Towers, LP</u>	<u>EP Machuca, LP</u>	<u>EP Sun Pointe, LP</u>
Operating revenues:						
Tenant revenue	\$ 885,943	\$ 2,563,421	\$ 859,830	\$ -	\$ 161,818	\$ 631,456
Other revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>885,943</u>	<u>2,563,421</u>	<u>859,830</u>	<u>-</u>	<u>161,818</u>	<u>631,456</u>
Operating expenses:						
Administrative	156,689	436,241	218,556	53,939	112,571	172,830
Utilities	118,227	173,770	105,821	-	-	71,541
Ordinary repairs and maintenance	144,099	297,416	74,755	35	721	55,763
Insurance	48,922	66,278	127,708	-	39,272	24,441
General	51,263	6,380	36,405	198,013	58,310	45,156
Amortization	-	-	-	-	-	37,635
Depreciation	<u>346,937</u>	<u>1,495,846</u>	<u>991,690</u>	<u>-</u>	<u>236,030</u>	<u>606,251</u>
Total operating expenses	<u>866,137</u>	<u>2,475,931</u>	<u>1,554,935</u>	<u>251,987</u>	<u>446,904</u>	<u>1,013,617</u>
Operating income (loss)	<u>19,806</u>	<u>87,490</u>	<u>(695,105)</u>	<u>(251,987)</u>	<u>(285,086)</u>	<u>(382,161)</u>
Non-operating revenues (expenses):						
Investment income	8,730	27,843	8,283	666,444	725,037	-
Interest expense	<u>(77,796)</u>	<u>(1,921,369)</u>	<u>(419,548)</u>	<u>(138,438)</u>	<u>(542,324)</u>	<u>(621,394)</u>
Net non-operating revenues (expenses)	<u>(69,066)</u>	<u>(1,893,526)</u>	<u>(411,265)</u>	<u>528,006</u>	<u>182,713</u>	<u>(621,394)</u>
Income (loss) before capital contributions	(49,260)	(1,806,036)	(1,106,370)	276,019	(102,373)	(1,003,555)
Capital contributions	<u>(20,013)</u>	<u>-</u>	<u>482,535</u>	<u>-</u>	<u>1,462,978</u>	<u>8,560,986</u>
Change in net position	(69,273)	(1,806,036)	(623,835)	276,019	1,360,605	7,557,431
Net position, beginning of year (as originally reported)	4,803,647	5,539,115	11,772,295	3,106,064	-	-
Equity transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of year (as restated)	<u>4,803,647</u>	<u>5,539,115</u>	<u>11,772,295</u>	<u>3,106,064</u>	<u>-</u>	<u>-</u>
Net position, end of year	<u>\$ 4,734,374</u>	<u>\$ 3,733,079</u>	<u>\$ 11,148,460</u>	<u>\$ 3,382,083</u>	<u>\$ 1,360,605</u>	<u>\$ 7,557,431</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2024

	EP Nuestra Senora, LP	EP Salazar, LP	EP RAD-2 Cisneros, LLC	EP RAD-2 Old Gonzalez, LLC	EP Clint Commons, LP	Patriots Place IIA, LP
Operating revenues:						
Tenant revenue	\$ -	\$ -	\$ 195,549	\$ 83,592	\$ 86,611	\$ -
Other revenues	<u>97,927</u>	<u>135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>97,927</u>	<u>135</u>	<u>195,549</u>	<u>83,592</u>	<u>86,611</u>	<u>-</u>
Operating expenses:						
Administrative	67,436	31,882	50,285	2,283	31,478	-
Tenant services	-	-	1,440	-	-	-
Utilities	-	-	2,248	-	4,553	-
Ordinary repairs and maintenance	4,875	-	28,538	-	-	-
Insurance	-	1,267	13,905	-	5,788	-
General	195,855	-	1,901	1,030	15,761	-
Amortization	-	48,754	-	-	12,472	-
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,267</u>	<u>-</u>
Total operating expenses	<u>268,166</u>	<u>81,903</u>	<u>98,317</u>	<u>3,313</u>	<u>156,319</u>	<u>-</u>
Operating income (loss)	<u>(170,239)</u>	<u>(81,768)</u>	<u>97,232</u>	<u>80,279</u>	<u>(69,708)</u>	<u>-</u>
Non-operating revenues (expenses):						
Investment income	-	2,128,164	226	-	-	-
Interest expense	<u>(119,716)</u>	<u>(606,567)</u>	<u>(79,964)</u>	<u>(141,939)</u>	<u>(83,525)</u>	<u>-</u>
Net non-operating revenues (expenses)	<u>(119,716)</u>	<u>1,521,597</u>	<u>(79,738)</u>	<u>(141,939)</u>	<u>(83,525)</u>	<u>-</u>
Income (loss) before capital contributions	(289,955)	1,439,829	17,494	(61,660)	(153,233)	-
Capital contributions	<u>-</u>	<u>7,237,645</u>	<u>-</u>	<u>-</u>	<u>320,579</u>	<u>936,509</u>
Change in net position	(289,955)	8,677,474	17,494	(61,660)	167,346	936,509
Net position, beginning of year (as originally reported)	1,919,011	-	64,385	515	-	-
Equity transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of year (as restated)	<u>1,919,011</u>	<u>-</u>	<u>64,385</u>	<u>515</u>	<u>-</u>	<u>-</u>
Net position, end of year	<u>\$ 1,629,056</u>	<u>\$ 8,677,474</u>	<u>\$ 81,879</u>	<u>\$ (61,145)</u>	<u>\$ 167,346</u>	<u>\$ 936,509</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2024

	Total Discretely Presented Component Units
Operating revenues:	
Tenant revenue	\$ 58,637,238
Other revenues	<u>431,809</u>
Total operating revenues	<u>59,069,047</u>
Operating expenses:	
Administrative	11,696,971
Tenant services	1,440
Utilities	6,767,817
Ordinary repairs and maintenance	8,601,296
Insurance	3,231,938
General	2,957,306
Amortization	225,004
Depreciation	<u>32,834,880</u>
Total operating expenses	<u>66,316,652</u>
Operating income (loss)	<u>(7,247,605)</u>
Non-operating revenues (expenses):	
Investment income	4,143,702
Interest expense	<u>(30,854,788)</u>
Net non-operating revenues (expenses)	<u>(26,711,086)</u>
Income (loss) before capital contributions	(33,958,691)
Capital contributions	<u>23,517,427</u>
Change in net position	(10,441,264)
Net position, beginning of year (as originally reported)	229,299,496
Equity transfers	<u>2,540,869</u>
Net position, beginning of year (as restated)	<u>231,840,365</u>
Net position, end of year	<u>\$ 221,399,101</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Housing Authority of the City of El Paso d.b.a. HOME (the "Authority") is a governmental, public corporation created on February 1, 1938 under federal and state housing laws for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the City of El Paso, Texas (the "City"). The Authority is responsible for operating certain safe, decent, sanitary, and affordable low-rent housing programs in the City under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by a board of five members who serve two year terms. The governing board is essentially autonomous but responsible to HUD. A Chief Executive Officer is appointed by the Authority's board of commissioners to manage the day-to-day operations of the Authority.

B. Basis of Accounting / Financial Statements Presentation

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The programs of the Authority are organized as separate accounting entities. Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net position (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The programs of the Authority are combined and considered an enterprise fund. An enterprise fund is used to account for activities that are operated in a manner similar to those found in the private sector.

The Authority's enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority's financial statements are prepared in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended ("GASB 34"). GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplementary Information.

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions* ("GASB 33"), grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting / Financial Statements Presentation (continued)

On January 30, 2008, HUD issued PIH Notice 2008-9 which requires that unused housing assistance payments ("HAP") under proprietary fund reporting should be reported as restricted net position, with the associated cash and investments also being reported as restricted. Any unused administrative fees should be reported as unrestricted net position, with the associated assets being reported on the financial data schedule as unrestricted.

Both administrative fee and HAP revenue continue to be recognized under the guidelines set forth in GASB 33. Accordingly, both the time and purpose restrictions as defined by GASB 33 are met when these funds are available and measurable, not when these funds are expended. The Section 8 Housing Choice Vouchers program is no longer a cost reimbursement grant; therefore, the Authority recognizes unspent administrative fee and HAP revenue in the reporting period as revenue for financial statement reporting.

In accordance with 2 CFR 200.305(b)(9), any investment income earned up to \$500 on these funds may be retained by the Authority. Amounts in excess of \$500 must be remitted annually to the Department of Health and Human Services, Payment Management System.

Funds

The accounts of the Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The Authority maintains the following types of proprietary funds:

Enterprise Fund – The Authority's operations are presented as a single enterprise fund. The transactions for each of the programs of the Authority are accounted for in separate funds for internal purposes and grant requirements.

Internal Service Fund – The Authority maintains two internal service funds for the self-funded, health insurance plan and workers' compensation plan. However, pursuant to GASB 34, paragraph 62, if an enterprise fund is the only participant in an internal service fund, the government should report the internal service fund's residual assets and liabilities within the enterprise fund. As such, the activities of the internal service funds are combined with the enterprise fund on the Statement of Net Position and all inter-company transactions have been eliminated.

Measurement Focus and Basis of Accounting

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. The principal operating revenues of the Authority's funds are rent and maintenance charges to residents, operating grants and subsidies from HUD, and administration fees earned.

Operating expenses for proprietary funds include the administrative costs of providing services to residents and the housing assistance payments to residents. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting / Financial Statements Presentation (continued)

Effective January 1, 2024, the Authority adopted GASB 101, Compensated Absences ("GASB 101"). GASB 101 establishes a more unified model for recognizing and measuring compensated absences, leading to more consistent and comparable financial reporting among government organizations. Key changes resulting from GASB 101 include updating the recognition and measurement of the liability, streamlining the approach and reporting process for consistency, and enhancing disclosures related to the leave types, measurement methods, and key assumptions. For the year ended December 31, 2024, the adoption of GASB 101 did not have a material effect on the financial statements of the Authority.

C. Reporting Entity

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statement No. 14 and No. 34* ("GASB 61"), the Authority's basic financial statements include those of the Authority and any component units. Under the provisions of GASB 61, the Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments.

The Authority is a related organization of the City, since the Mayor of the City appoints Commissioners. The City is not financially accountable for the Authority, as it cannot impose its will on the Authority and there is no potential for the Authority to provide financial benefit to, or impose financial burdens on, the City. Accordingly, the Authority is not a component unit of the financial reporting entity of the City. Furthermore, the Authority is not included in any other reporting entity on the basis of such criteria.

In determining how to define the reporting entity, management has considered all potential component units. Component units are legally separate, tax-exempt organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

1. The primary government (Authority) is legally entitled to or can otherwise access the organization's resources.
2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
3. The primary government is obligated in some manner for the debt of the organization.

Based upon the application of these criteria, this report includes blended and discretely presented component units.

Blended Component Unit Presentation:

The Authority's blended component units are, although legally separate entities, in substance part of the Authority's operations and so data from these units are combined with data of the primary government and reflected in the "Primary Government" column on the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

As of December 31, 2024, the Authority's blended component units consisted of the following:

• HACEP Acquisition Corp	• EP RAD-2 Alamito Place Casitas, LLC
• Affordable Housing Acquisitions, Inc	• EP RAD-2 Montwood Heights 10, LLC
• Western Redd Road, Ltd	• Affordable Housing Ventures, Inc.
• Western Yarbrough, Ltd	• EP Cimmaron Ventanas PFC
• EP RAD-2 Paisano Green Community, LLC	• EP Tuscany Zaragosa PFC
• Asset Consolidation Management Enterprises, Inc.	• Paisano Rubin Heights Ten LLC
• EP Royal Estates PFC	• EP Essential Housing PFC

Discretely Presented Component Unit Presentation:

The Authority's discretely presented component units are reported as of and for the year ended December 31, 2024 in a separate column to emphasize that they are legally separate from the primary government and are included under the "Discretely Presented Component Units" column on the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position. As of December 31, 2024, the Authority's discretely presented component units consisted of the following:

• Eastside Crossings, Ltd	• EP Commissioners' Corner, LP
• El Paso RAD I, Ltd	• EP Commissioners' Corner II, LP
• Alamito Gardens, LP	• EP Medano Heights, LP
• Alamito Terrace, LP	• EP DeWetter Two, LP
• Haymon Krupp, LP	• EP Tays North II, LP
• El Paso RAD 1B, Ltd	• EP Eisenhower P3, LP
• El Paso Tays, LP	• Canyon Squares, Ltd
• EP Father Pinto, LP	• EP Jackie Robinson, LP
• El Paso Sherman I, LP	• EP Patriot Place, LP
• El Paso Westfall, LP	• EP Cielo Towers, LP
• EP Rio Grande Three, LP	• EP Sun Pointe, LP
• EP Chelsea, LP	• EP Machuca, LP
• EP Sun Plaza, LP	• EP Nuestra Senora, LP
• EP Sandoval Two, LP	• EP Salazar, LP
• EP Cramer Three, LP	• EP RAD-2 Cisneros, LLC
• EP Sherman South II, LP	• EP RAD-2 Old Gonzalez, LLC
• EP SGC, LP	• EP Clint Commons, LP
• EP Blue Flame, LP	• EP Patriots Place IIA LP

D. Description of Programs

The Authority maintains its accounting records by program. A summary of the significant programs operated by the Authority is as follows:

Section 8 Housing Choice Vouchers Program

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rent on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating household.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs (continued)

Public and Indian Housing Program

The Public and Indian Housing Program is designed to provide low-cost housing within the City. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program. During the year ended December 31, 2024, the Authority has continued to convert its Public and Indian Housing units to project based vouchers through HUD's Rental Assistance Demonstration Program.

Public Housing Capital Fund Program

The purpose of the Public Housing Capital Fund Program is to provide another source of funding to cover the cost of physical and management improvements and rehabilitation on existing low-income housing and improving the central office facilities. Funding for this program is provided by grants from HUD.

Business Activities

The Authority owns non-federal housing units and various interests in low income housing tax credit partnerships. Revenues earned from these activities are recorded in the Business Activities fund.

Community Development Block Grant

The primary objective of Community Development Block Grant Program is to develop viable urban communities by providing decent housing, a suitable living environment, and expanded economic opportunities, principally for persons of low and moderate income.

Farm Labor Housing Loans and Grants

The Authority administers a Farm Labor Housing Loan program whereby such financed housing is occupied by domestic farm laborers or individuals who derive a substantial portion of their income from farm labor. The loans and grants may be used for construction, repair, or purchase of year-round or seasonal housing; acquiring the necessary land and making improvements on land for housing; and developing related support facilities, small infirmaries, laundry facilities, day care centers, and other essential equipment or recreation areas. The Authority and the U.S. Department of Agriculture ("USDA") provided development financing for the Herbert Tio Cooper Community. The USDA also provides an operating subsidy to supplement rent paid by the residents of the community.

State and Local Programs

Periodically, the Authority administers various grants from the State of Texas and/or the City of El Paso. These activities as well as the Authority's internal service funds are reported in this fund.

Resident Opportunity and Supportive Services - Service Coordinators Program

The purpose of the Resident Opportunities and Supportive Services grant program is to provide funds for job training and supportive services to help residents of public housing transition from welfare to work. This program also provides funding to link elderly/disabled residents to critical services which can help them continue to live independently.

Mainstream Vouchers Program

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families whose head of household has a disability. The program provides payments covering the difference between the maximum rent on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating household.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs (continued)

Continuum of Care Program

Continuum of Care program is a program designed to provide housing and supportive services for homeless persons, (primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS) or related diseases) and their families who are living in places not intended for human habitation or in emergency shelters.

Section 8 New Construction and Substantial Rehabilitation Program

The Section 8 New Construction and Substantial Rehabilitation program allows for the construction, purchase and rehabilitation of low-income housing units to be subsidized for a contracted period of time. Both for profit and not-for-profit developers may provide low-income housing under this program. Developers must obtain their own financing and HUD subsidizes rents once the units are occupied. The Authority administers the program for HUD in conjunction with a not-for-profit landlord that owns the contracted units.

Supportive Housing for the Elderly Program

The program provides assistance to expand the supply of housing with supportive services for the elderly. Capital advances are made to non-profit sponsors to finance the development of rental housing and project rental assistance covers the difference between the HUD-approved operating cost of the project and the tenant's contribution towards rent.

Central Office Cost Center

The Central Office Cost Center ("COCC") is mandated by HUD to account for "centralized" services and functions necessary to the Authority's operations. Funding for the COCC is in the form of fees charged to other Authority programs and activities as well as to affiliate entities. The fees charged include those specified by HUD as management fees, bookkeeping fees, asset management fees and other fees for service. HUD regulates which and how fees may be charged to HUD programs.

Rental Assistance Demonstration Program

The Rental Assistance Demonstration Program ("RAD") was created in order to give public housing authorities ("PHA") a powerful tool to preserve and improve public housing properties. RAD allows PHA's to leverage public and private debt and equity in order to reinvest in public housing stock. Public housing units move to a Section 8 platform with a long-term contract under which residents continued to pay 30% of their income towards rent.

Emergency Housing Vouchers Program

Emergency Housing Voucher funds are to be used to assist individuals and families who are homeless, at-risk of homelessness, fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or were recently homeless or have a high risk of housing instability.

E. Use of Management Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses and other liabilities, depreciable lives of properties and equipment, amortization of leasehold improvements and contingencies. Actual results could differ significantly from these estimates.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash and Cash Equivalents

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment.

HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

For the statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase. It is the Authority's policy to maintain collateralization in accordance with HUD requirements.

G. Accounts Receivable

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and vacated units. An allowance for doubtful accounts is established to provide for accounts, which may not be collected in the future for any reason.

Collection losses on accounts receivable are charged against the allowance for doubtful accounts. Also included in accounts receivable are those amounts that tenants owe the Authority as payment for committing fraud or misrepresentation. These charges usually consist of retroactive rent and other amounts that may be determined by a formal written agreement or by a court order.

The Authority recognizes a receivable from HUD and other governmental agencies for amounts billed but not received and for amounts unbilled, but earned as of year-end.

H. Allowance for Doubtful Accounts

The Authority periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

I. Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

J. Notes Receivable

The Authority has utilized development funds in accordance with HUD guidelines to assist in the construction and redevelopment of numerous affordable housing developments through the issuance of mortgage notes. When preparing financial statements in accordance with GAAP, management is required to make estimates as to the collectability of such mortgage notes. When estimating collectability, management analyzes the value of the underlying mortgaged property, the property's ability to generate positive cash flow, and current economic trends and conditions. Management utilizes these estimates and judgments in connection with establishing an allowance for uncollectable amounts during an accounting period.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Capital Assets

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

• Buildings	27.5 Years
• Site Improvements	10 Years
• Equipment	5 Years
• Vehicles, Furniture and Computer Equipment	5 Years

The Authority has established a capitalization threshold of \$5,000.

L. Impairment of Long Lived Assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. During the year ended December 31, 2024, there were no impairment losses incurred.

M. Inter-Program Receivables and Payables

Inter-program receivables and payables are all classified as either current assets or current liabilities, and are the result of the use of a concentrated account depository as the common paymaster for most of the programs of the Authority. Cash settlements are made monthly. All inter-program balances are reconciled, and inter-program receivables and payables balances net to zero. In accordance with GASB 34, inter-program receivables and payables are eliminated for financial statement purposes. Detail balances by program are found in the Financial Data Schedule of this report.

N. Accounts Payable and Accrued Liabilities

The Authority recognizes a liability for goods and services received but not paid for as of year-end. It also recognizes a liability for wages and fringe benefits related to services performed at year-end but not yet paid to employees or taxing authorities.

O. Unearned Revenue

The Authority's unearned revenue primarily consists of the prepayment of rent by residents and the receipt of HUD and other grant funding applicable to future periods prior to incurring the corresponding expense.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Accrued Compensated Absences

Compensated absences are those absences for which employees will be paid in accordance with the Authority's Personnel Policy. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such event takes place.

Q. Net Position Classifications

Net position is displayed in three components:

Net investment in capital assets - Consists of resources including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

R. Use of Restricted Assets

When both restricted and unrestricted resources are available for a particular restricted use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as needed.

S. Fair Value

The carrying amount of the Authority's financial instruments including cash and cash equivalents, accounts receivable, notes receivable and certain investments closely approximates fair value.

T. Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. The Authority receives annual operating subsidies from HUD, subject to limitations prescribed by HUD. Operating subsidies from HUD are recorded when received and are accounted for as revenue. Other contributions from HUD that are for development and modernization of capital assets are reflected separately in the accompanying financial statements as capital grants. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues and expenses as non-operating.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Taxes

The Authority is a unit of local government under Texas law and is exempt from real estate, sales and income taxes by both the federal and state governments. However, the Authority will pay a payment in lieu of taxes to cover municipal services provided by the local government for certain properties owned throughout the City.

V. Budgets and Budgetary Accounting

The Authority adopts annual, appropriated operating budgets for all its programs receiving federal expenditure awards and are used as a management tool throughout the accounting cycle. All budgets are prepared on a HUD basis, which differs with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD's program year end or at the end of grant periods.

W. Economic Dependency

The Section 8 Housing Choice Vouchers and Public and Indian Housing programs of the Authority are economically dependent on operating grants and subsidies from HUD. The programs operate at a loss prior to receiving the grants.

X. Investment in Limited Partnerships

The Authority holds minority ownership interests in various limited partnerships whereby its maximum exposure to loss is its current investment.

The Authority accounts for its investments in the various limited partnerships under the equity method, which requires that the investments are recorded at cost and adjusted for the Authority's share of income or loss. Since the Authority has no obligation to fund liabilities of the limited partnerships beyond its investment, the investment may not be reduced below zero.

The Authority regularly assesses its investment in limited partnerships for the existence of impairment. Impairment typically occurs when the carrying value of the Authority's investment in a limited partnership exceeds the estimated value of the investment as determined by management. The estimated value generally consists of remaining future housing tax credits and other tax benefits allocable to, and the estimated residual value, if any, of the investment available to the Authority. The residual value is estimated by management based on current economic and capital market conditions, operational results and the terms of the limited partnership's agreements which provide for distributions to the Authority upon the liquidation of the limited partnership or sale or disposition of its assets.

An impairment loss has no effect on the actual fair value of the underlying property or performance of the overall investment, nor does it have any effect on the remaining low-income housing tax credits ("LIHTC") to be generated. If an investment in a limited partnership is considered to be impaired, the Authority reduces its investment in such limited partnership on the statement of revenues, expenses, and changes in net position. The Authority did not recognize an impairment loss on its investments in limited partnerships for the year ended December 31, 2024.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Y. Regulated Leases

The Authority is a lessor of residential dwelling units under regulated leases as defined by GASB 87 and as such recognizes rental revenue in accordance with the terms of the lease contract. The leases, which are twelve months in length, are regulated by HUD as to rent, unit size, household composition and tenant income. For the year ended December 31, 2024, rental revenue earned under the aforementioned leases totaled \$29,732,442 for the primary government and \$57,256,177 for the discretely presented component units.

Z. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs and there have been no significant reductions in insurance coverage. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, the amount of the loss can be reasonably estimated, and said amount exceeds insurance coverage. Settlement amounts have not exceeded insurance coverage for the last three years.

NOTE 2. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

As of December 31, 2024, the Authority had funds on deposit in checking, savings and money market accounts. The carrying amount of the primary government's cash and cash equivalents (including restricted cash) was \$99,505,158, and the bank balances approximated \$99,706,374.

<u>Cash Category</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Unrestricted	\$ 74,526,785	\$ 25,725,986	\$ 100,252,771
Tenant security deposits	1,441,883	1,514,696	2,956,579
Restricted	<u>23,536,490</u>	<u>108,938,073</u>	<u>132,474,563</u>
Total cash and cash equivalents	<u>\$ 99,505,158</u>	<u>\$ 136,178,755</u>	<u>\$ 235,683,913</u>

Of the primary government's bank balances, \$502,442 was covered by federal depository insurance and the remaining \$99,203,932 was collateralized with the pledging financial institution as of December 31, 2024.

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2024, the Authority's bank balances were not exposed to custodial credit risk.

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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following as of December 31, 2024:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Accounts receivable - HUD	\$ 181,958	\$ 83,592	\$ 265,550
Accounts receivable - tenants	1,429,552	788,126	2,217,678
Accounts receivable - miscellaneous	<u>6,278,549</u>	<u>989,565</u>	<u>7,268,114</u>
Total accounts receivable, net	<u>\$ 7,890,059</u>	<u>\$ 1,861,283</u>	<u>\$ 9,751,342</u>

Accounts Receivable - HUD

As of December 31, 2024, Accounts receivable - HUD consisted of amounts due to the Authority for amounts expended under grant agreements that have not yet been reimbursed. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Tenants, Net

Tenant accounts receivable represents amounts owed to the Authority by tenants for outstanding rent. The balance is shown net of an allowance for doubtful accounts for the primary government and the discretely presented component units of \$92,338 and \$360,323, respectively.

Accounts Receivable - Miscellaneous

Accounts receivable - miscellaneous consists of amounts owed from managed properties and other miscellaneous sources from normal ongoing operations. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

NOTE 4. INVESTMENTS

EP Chelsea, LP (the "Partnership"), which is a discretely presented component unit of the Authority, holds debt securities which they classify as available for sale. The securities are held with a trustee and will be disposed of when cash is needed for construction disbursements or debt service payments.

The Partnership applies the accounting provisions related to fair value measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the Partnerships' own data.

These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost).

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 4. INVESTMENTS (continued)

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

- Level 1:* Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2:* Inputs other than quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3:* Unobservable inputs that reflect the Partnerships' own assumptions.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the valuation methods are determined to be appropriate and consistent within the industry, the use of different methodologies or assumptions to determine the fair value of certain assets and liabilities could result in a different estimate of fair value at the reporting date.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The fair value of available-for-sale securities is based on quoted market prices of similar securities with similar due dates using the market approach (Level 2 inputs).

As of December 31, 2024, the fair value, amortized cost and unrealized gains recorded for the discretely presented component units were as follows:

<u>EP Chelsea, LP</u>	
Fair value, U.S. Treasury securities	\$ 28,505
Less: amortized cost	<u>(28,505)</u>
Unrealized gain	<u>\$ -</u>

At each reporting date, the Partnership performs an evaluation of securities to determine if unrealized losses are other-than-temporary. For government obligations, this evaluation considers a number of factors including, but not limited to, the length of time and extent to which the fair value has been less than cost, the financial condition and near term prospects of the issuer, and management's ability and intent to hold the securities until the fair value recovers. The assessment of the ability and intent to hold these securities to recover focuses on liquidity needs, asset/liability management objectives, and securities portfolio objectives. As of December 31, 2024, there were no gross unrealized losses related to available-for-sale securities.

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 5. CAPITAL ASSETS, NET

The following is a summary of the primary government's changes in capital assets for the year ended December 31, 2024:

Description	December 31, 2023	Additions	Dispositions	Transfers*	December 31, 2024
<u>Non-depreciable capital assets:</u>					
Land	\$ 42,744,024	\$ 15,170,728	\$ (106,880)	\$ -	\$ 57,807,872
Construction in progress	<u>2,877,898</u>	<u>1,316,457</u>	<u>(419,175)</u>	<u>-</u>	<u>3,775,180</u>
Total	<u>45,621,922</u>	<u>16,487,185</u>	<u>(526,055)</u>	<u>-</u>	<u>61,583,052</u>
<u>Depreciable capital assets:</u>					
Buildings	262,951,731	136,190,943	(2,322,531)	10,221,651	407,041,794
Furniture and equipment	<u>10,614,315</u>	<u>232,586</u>	<u>(17,089)</u>	<u>600,868</u>	<u>11,430,680</u>
Total	<u>273,566,046</u>	<u>136,423,529</u>	<u>(2,339,620)</u>	<u>10,822,519</u>	<u>418,472,474</u>
Less: accumulated depreciation	<u>91,288,228</u>	<u>9,895,252</u>	<u>(2,306,512)</u>	<u>5,564,957</u>	<u>104,441,925</u>
Net capital assets	<u>\$ 227,899,740</u>	<u>\$ 143,015,462</u>	<u>\$ (559,163)</u>	<u>\$ 5,257,562</u>	<u>\$ 375,613,601</u>

Depreciation expense for the primary government for the year ended December 31, 2024 amounted to \$9,895,252.

*Transfer of capital assets, net totaling \$5,257,562 from the discretely presented component units to the primary government was the result of a change in ownership of Alamito Terrace, LP.

The following is a summary of the discretely presented component units' capital assets activity for the year ended December 31, 2024:

Description	December 31, 2023	Additions	Dispositions	Transfers*	December 31, 2024
<u>Non-depreciable capital assets:</u>					
Land	\$ 3,316,558	\$ 800,000	\$ -	\$ -	\$ 4,116,558
Construction in progress	<u>56,680,388</u>	<u>53,235,486</u>	<u>-</u>	<u>-</u>	<u>109,915,874</u>
Total	<u>59,996,946</u>	<u>54,035,486</u>	<u>-</u>	<u>-</u>	<u>114,032,432</u>
<u>Depreciable capital assets:</u>					
Buildings	1,090,882,371	28,791,765	-	(10,221,651)	1,109,452,485
Furniture and equipment	<u>27,259,070</u>	<u>5,390,156</u>	<u>-</u>	<u>(600,868)</u>	<u>32,048,358</u>
Total	<u>1,118,141,441</u>	<u>34,181,921</u>	<u>-</u>	<u>(10,822,519)</u>	<u>1,141,500,843</u>
Less: accumulated depreciation	<u>178,832,379</u>	<u>32,834,880</u>	<u>-</u>	<u>(5,564,957)</u>	<u>206,102,302</u>
Net capital assets	<u>\$ 999,306,008</u>	<u>\$ 55,382,527</u>	<u>\$ -</u>	<u>\$ (5,257,562)</u>	<u>\$ 1,049,430,973</u>

Depreciation expense for the discretely presented component units for the year ended December 31, 2024 amounted to \$32,834,880.

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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 6. LEASING ARRANGEMENTS - LESSEE

On December 17, 2015, EP RAD-2 Montwood Heights 10, LLC ("Montwood Heights") entered into a lease agreement as a lessee for land. The term of the lease is for 40 years, commencing on December 17, 2015 and terminating on December 17, 2055. On December 17, 2015, Montwood Heights prepaid rent in the amount of \$150,000 with proceeds of a land lease note. As of January 1, 2022, a right-of-use lease asset was recorded in the amount of \$150,000. As of December 31, 2024, the value of the right-of-use lease asset was \$116,250 and amortization expense totaled \$7,500 for the year then ended.

On December 17, 2015, EP RAD-2 Paisano Green Community, LLC ("Paisano Green") entered into a lease agreement as a lessee for land. The term of the lease is for 40 years, commencing on December 17, 2015 and terminating on December 17, 2055. On December 17, 2015, Paisano Green prepaid rent in the amount of \$590,000 with proceeds of a land lease note. As of January 1, 2022, a right-of-use lease asset was recorded in the amount of \$590,000. As of December 31, 2024, the value of the right-of-use lease asset was \$457,250 and amortization expense totaled \$14,750 for the year then ended.

On December 17, 2015, EP RAD-2 Alamito Place Casitas, LLC ("Alamito Casitas") entered into a lease agreement as a lessee for land. The term of the lease is for 40 years, commencing on December 17, 2015 and terminating on December 17, 2055. On December 17, 2015, Alamito Casitas prepaid rent in the amount of \$490,000 with proceeds of a land lease note. As of January 1, 2022, a right-of-use lease asset was recorded in the amount of \$490,000. As of December 31, 2024, the value of the right-of-use lease asset was \$379,750 and amortization expense totaled \$12,250 for the year then ended.

The following is a summary of the Authority's changes in right-of-use asset for the year ended December 31, 2024:

Description	December 31, 2023	Additions	Dispositions	December 31, 2024
Right-of-use assets	\$ 1,230,000	\$ -	\$ -	\$ 1,230,000
Less: accumulated amortization	<u>242,250</u>	<u>34,500</u>	<u>-</u>	<u>276,750</u>
Net right-of-use assets	<u>\$ 987,750</u>	<u>\$ (34,500)</u>	<u>\$ -</u>	<u>\$ 953,250</u>

NOTE 7. LEASING ARRANGEMENTS - LESSOR

On August 27, 2019, the Authority entered into a lease agreement as a lessor with Workforce Solutions Borderplex, Inc for the lease of a building. The term of the lease was for 10 years from March 1, 2020 with a renewal option for 2 periods of 5 years each. An initial lease receivable was recorded in the amount of \$4,194,026. As of December 31, 2024, the value of the lease receivable was \$3,310,992. Beginning on the commencement of the lease term, annual rent shall be paid to the Authority in the amount of \$230,288, increasing by 2% on each anniversary date. For the year ended December 31, 2024, the Authority received payments of \$254,257 on the lease. The implicit interest rate on the lease was 3%. The value of the deferred inflows of resources as of December 31, 2024 was \$2,935,820. For the year ended December 31, 2024, the Authority recognized lease revenue and interest income on the lease in the amounts of \$150,414 and \$103,842, respectively.

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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 7. LEASING ARRANGEMENTS - LESSOR (continued)

On October 31, 2019, the Authority entered into a lease agreement as a lessor with Unicare Health Plans of Texas, Inc. for the lease of a building. The term of the lease was for 7 years from April 1, 2020 with a renewal option for 2 periods of 5 years each. An initial lease receivable was recorded in the amount of \$314,874. As of December 31, 2024, the value of the lease receivable was \$236,193. Beginning on the commencement of the lease term, annual rent shall be paid to the Authority in the amount of \$18,522, increasing by 3% on each anniversary date. For the year ended December 31, 2024, the Authority received payments of \$21,472 on the lease. The implicit interest rate on the lease was 3%. The value of the deferred inflows of resources as of December 31, 2024 was \$203,742. For the year ended December 31, 2024, the Authority recognized lease revenue and interest income on the lease in the amounts of \$13,967 and \$7,505, respectively.

On July 1, 2020, the Authority entered into a lease agreement as a lessor with Desert Star Home Health for the lease of a building. The term of the lease was for 10 years from November 1, 2020 with a renewal option for 2 periods of 5 years each. An initial lease receivable was recorded in the amount of \$743,660. As of December 31, 2024, the value of the lease receivable was \$627,747. Beginning on the commencement of the lease term, annual rent shall be paid to the Authority in the amount of \$37,183, increasing by 3% on each anniversary date. For the year ended December 31, 2024, the Authority received payments of \$41,850 on the lease. The implicit interest rate on the lease was 3%. The value of the deferred inflows of resources as of December 31, 2024 was \$557,745. For the year ended December 31, 2024, the Authority recognized lease revenue and interest income on the lease in the amounts of \$22,347 and \$19,503, respectively.

On October 15, 2019, the Authority entered into a lease agreement as a lessor with the City of El Paso for the lease of a building. The term of the lease was for 10 years from July 1, 2020 with a renewal option for 2 periods of 5 years each. An initial lease receivable was recorded in the amount of \$1,406,340. As of December 31, 2024, the value of the lease receivable was \$1,141,234. Beginning on the commencement of the lease term, annual rent shall be paid to the Authority in the amount of \$70,317, increasing by 3% on each anniversary date. For the year ended December 31, 2024, the Authority received payments of \$81,517 on the lease. The implicit interest rate on the lease was 3%. The value of the deferred inflows of resources as of December 31, 2024 was \$984,438. For the year ended December 31, 2024, the Authority recognized lease revenue and interest income on the lease in the amounts of \$45,903 and \$35,614, respectively.

On October 31, 2019, the Authority entered into a lease agreement as a lessor with Mendel Blumenfeld & Pulido, PLLC for the lease of a building. The term of the lease was for 10 years from April 1, 2020 with a renewal option for 2 periods of 5 years each. An initial lease receivable was recorded in the amount of \$308,934. As of December 31, 2024, the value of the lease receivable was \$243,270. Beginning on the commencement of the lease term, annual rent shall be paid to the Authority in the amount of \$16,920, increasing by 2% on each anniversary date. For the year ended December 31, 2024, the Authority received payments of \$18,681 on the lease. The implicit interest rate on the lease was 3%. The value of the deferred inflows of resources as of December 31, 2024 was \$216,253. For the year ended December 31, 2024, the Authority recognized lease revenue and interest income on the lease in the amounts of \$11,051 and \$7,630, respectively.

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 7. LEASING ARRANGEMENTS - LESSOR (continued)

On December 17, 2019, the Authority entered into a lease agreement as a lessor with Lapa-Lapa Downtown, LLC for the lease of a building. The term of the lease was for 10 years from January 1, 2020. An initial lease receivable was recorded in the amount of \$339,181. As of December 31, 2024, the value of the lease receivable was \$152,376. Beginning on the commencement of the lease term, annual rent shall be paid to the Authority in the amount of \$36,059, increasing by 2% on each anniversary date. For the year ended December 31, 2024, the Authority received payments of \$39,032 on the lease. The implicit interest rate on the lease was 3%. The value of the deferred inflows of resources as of December 31, 2024 was \$135,673. For the year ended December 31, 2024, the Authority recognized lease revenue and interest income on the lease in the amounts of \$33,457 and \$5,575, respectively.

On August 19, 2020, the Authority entered into a lease agreement as a lessor with Winn Managed Properties for the lease of a building. The term of the lease was for 5 years from January 1, 2021 with a renewal option for 2 periods of 5 years each. An initial lease receivable was recorded in the amount of \$1,280,400. As of December 31, 2024, the value of the lease receivable was \$1,026,027. Beginning on the commencement of the lease term, annual rent shall be paid to the Authority in the amount of \$85,360, increasing by 3% on each anniversary date. For the year ended December 31, 2024, the Authority received payments of \$93,275 on the lease. The implicit interest rate on the lease was 3%. The value of the deferred inflows of resources as of December 31, 2024 was \$938,960. For the year ended December 31, 2024, the Authority recognized lease revenue and interest income on the lease in the amounts of \$60,674 and \$32,601, respectively.

On May 1, 2018, the Authority entered into a lease agreement as a lessor with Ignite Church for the lease of a building. The term of the lease was for 10 years from May 18, 2018. An initial lease receivable was recorded in the amount of \$636,844. As of December 31, 2024, the value of the lease receivable was \$257,968. Beginning on the commencement of the lease term, monthly rent shall be paid to the Authority in the amount of \$64,680, increasing by 3% each year. For the year ended December 31, 2024, the Authority received payments of \$76,481 on the lease. The implicit interest rate on the lease was 3%. The value of the deferred inflows of resources as of December 31, 2024 was \$212,282. For the year ended December 31, 2024, the Authority recognized lease revenue and interest income on the lease in the amounts of \$67,631 and \$8,850, respectively.

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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 8. RESTRICTED DEPOSITS

Restricted deposits consist of the following as of December 31, 2024:

<u>Cash Category</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Housing assistance payment reserves	\$ 329,646	\$ -	\$ 329,646
Series A and B bond reserves	14,753,357	65,843,712	80,597,069
Taxes and insurance escrow	1,357,763	3,597,398	4,955,161
Replacement reserves	3,941,871	17,762,696	21,704,567
Operating reserves	437,877	20,564,426	21,002,303
Construction reserves	2,218,140	-	2,218,140
Other escrows	-	1,169,841	1,169,841
Family Self-Sufficiency escrows	497,836	-	497,836
Tenant security deposits	<u>1,441,883</u>	<u>1,514,696</u>	<u>2,956,579</u>
Total restricted deposits	\$ <u>24,978,373</u>	\$ <u>110,452,769</u>	\$ <u>135,431,142</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers and Emergency Housing Vouchers Programs for future housing assistance payments.

Series A and Series B bond reserves represent unspent proceeds from the Alamito Public Facilities Corp Multifamily Housing Revenue Bonds. The proceeds will be used as part of the Authority's conversion of their public housing stock to HUD's RAD program.

Taxes and insurance escrows represent funds held in reserve for future payments of real estate taxes and property and mortgage insurance.

Replacement reserves represent funds that are restricted for repairs and replacement of buildings and equipment.

Operating reserves represent funds that are restricted in the case the project or program encounters an operating deficit.

Construction reserves represent unspent funds from construction loan proceeds that will be used to cover the construction costs of the project.

Other escrows represent funds set aside for miscellaneous costs in accordance with the partnership agreement of the project.

Family Self-Sufficiency ("FSS") program escrows represent amounts held by the Authority on behalf of FSS program participants. Upon graduation from the program, the participant is due amounts deposited plus interest earned.

Tenant security deposits represent amounts held by the Authority on behalf of tenants. Upon termination, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit.

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 9. NOTES RECEIVABLE

The Authority has utilized RAD, Hope VI, mixed finance and other development funds in accordance with HUD guidelines to assist in the construction of numerous public housing developments through the issuance of mortgage loans. Outstanding notes receivable of the primary government as of December 31, 2024 consisted of the following:

<u>Description</u>	<u>Amount</u>
The Authority issued a non-recourse GAP Financing Loan to EP Sandoval Two, LP in the amount of \$4,460,239. The loan is interest free and matures in May of 2068.	\$ 4,210,372
The Authority issued a GAP Financing Loan to EP Machuca, LP in the maximum amount of \$6,511,255. This note accrues interest at 12.52% per annum, compounded annually and matures in August 2062. Accrued interest at December 31, 2024 amounted to \$255,000.	1,441,349
The Authority issued a mortgage loan to Alamito Gardens on August 1, 2008 to facilitate the construction of new buildings and building improvements. The original principal balance was \$13,036,683 and interest accrues at a rate of .4% per annum. The loan is payable from available cash and matures on December 31, 2063 at which time all sums payable under the note shall be due and payable in full. The loan is secured by real property and any ensuing structures. Accrued interest at December 31, 2024 amounted to \$565,630.	12,695,000
The Authority issued a construction mortgage to Eastside Crossings, LTD in the amount not to exceed \$6,232,000. The loan accrues interest at the rate of 3% per annum. The note matures on April 1, 2057 at which time the note is due. Accrued interest at December 31, 2024 amounted to \$1,643,990.	5,261,600
HOME Funds loan to Eastside Crossings LTD dated May 23, 2013 in the amount of \$100,000. The loan accrues interest at 3% per annum, is due February 5, 2046 and is secured by real property. Accrued interest at December 31, 2024 amounted to \$30,350.	100,000
Loan receivable from El Paso RAD I, LTD for the transfer of the buildings and improvements for thirteen properties. The principal sum of \$77,080,000 and interest accrued at 3.5%, shall be paid in full on the maturity date of April 1, 2065. Required payments prior to maturity will consist of annual cash flow and to the extent of insufficient cash flow, borrower will make installment payments. Accrued interest at December 31, 2024 amounted to \$30,423,344. The balance is shown net of a deferred gain on sale of \$6,327,904 as of December 31, 2024.	70,752,096
The Authority issued a non-recourse GAP Financing Loan to EP Patriot Place IIA, LP in the maximum amount of \$1,500,000. The loan is interest free and matures in July of 2074.	525,119

**HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024**

NOTE 9. NOTES RECEIVABLE (continued)

The Authority issued a non-recourse GAP Financing Loan to El Paso RAD I, LTD in the total amount of \$31,747,976. The loan is interest free and matures in April of 2065.	8,783,662
The Authority issued a GAP Financing Loan to Haymon Krupp, LP in the maximum amount of \$4,450,000. This note accrues interest at 4.5% per annum, compounded annually and matures in November 2065. This note is issued pursuant to the terms of a Line of Credit Agreement between Maker and Lender, pursuant to the Loan Agreement. Accrued interest at December 31, 2024 amounted to \$2,075,908.	4,445,588
Loan receivable from the sale of assets to Haymon Krupp, LP in the principal sum of \$1,111,500 which accrues interest at 4.5%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on November 1, 2065. Accrued interest at December 31, 2024 amounted to \$556,404.	1,104,100
Loan receivable from the sale of assets to El Paso Tays, LP in the principal sum of \$652,500 which accrues interest at 6%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on December 1, 2065. Accrued interest at December 31, 2024 amounted to \$455,397.	652,500
The Authority issued a GAP Financing Loan to El Paso Sherman I, LP in the maximum amount of \$7,373,064. This note accrues interest at 3.0% per annum, compounded annually and matures in November 2071. Accrued interest at December 31, 2024 amounted to \$1,908,808.	7,373,064
The Authority issued a GAP Financing Loan to El Paso Tays, LP in the maximum amount of \$3,368,116. This note accrues interest at 3.0% per annum, compounded annually and matures in December, 2070. Accrued interest at December 31, 2024 amounted to \$1,207,237.	2,838,805
The Authority issued a GAP Financing Loan to EP Father Pinto, LP in the maximum amount of \$1,685,792. This note accrues interest at 3.0% per annum, compounded annually and matures in December, 2066. Accrued interest at December 31, 2024 amounted to \$455,058.	1,685,792
The Authority issued a GAP Financing Loan to El Paso Westfall, LP in the maximum amount of \$1,600,000. This note accrues interest at 3.0% per annum, compounded annually and matures in December, 2056. Accrued interest at December 31, 2024 amounted to \$422,665.	1,600,000
Loan receivable from the sale of assets to EP Sandoval Two, LP in the principal sum of \$500,000. The loan is interest free and matures on July 31, 2061.	500,000

**HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024**

NOTE 9. NOTES RECEIVABLE (continued)

The Authority issued a GAP Financing Loan to El Paso RAD 1B, LTD in the maximum amount of \$1,600,000. This note accrues interest at 4.5% per annum, compounded annually and matures in December, 2056. Accrued interest at December 31, 2024 amounted to \$636,082.	1,600,000
The Authority issued a GAP Financing Loan to EP Rio Grande Three, LP in the maximum amount of \$4,000,000. This note accrues interest at 3.0% per annum, compounded annually and matures in April, 2067. Accrued interest at December 31, 2024 amounted to \$772,638.	3,000,000
Loan receivable from the sale of assets to El Paso RAD 1B, LTD in the principal sum of \$5,320,000 which accrues interest at 3.5%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on August 1, 2071. Accrued interest at December 31, 2024 amounted to \$1,787,587.	5,320,000
Loan receivable from the sale of assets to EP Rio Grande Three, LP in the principal sum of \$3,825,000 which accrues interest at 3.0%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on April 1, 2067. Accrued interest at December 31, 2024 amounted to \$947,236.	3,825,000
Loan receivable from the sale of assets to EP Father Pinto, LP in the principal sum of \$1,520,000 which accrues interest at 3.0%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on April 1, 2067. Accrued interest at December 31, 2024 amounted to \$363,595.	1,520,000
Loan receivable from the sale of assets to El Paso Sherman I, LP in the principal sum of \$1,098,000 which accrues interest at 3.0%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on November 1, 2066. Accrued interest at December 31, 2024 amounted to \$299,868.	1,098,000
Loan receivable from the sale of assets to El Paso Westfall, LP in the principal sum of \$868,500 which accrues interest at 3.0%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on November 1, 2056. Accrued interest at December 31, 2024 amounted to \$375,858.	868,500
The Authority issued an additional financing loan to EP Father Pinto, LP in the maximum amount of \$3,300,000. The loan matures on April 30, 2067. The loan bears interest at 3.0% and payments are payable only from Net Cash Flow.	2,897,220

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 9. NOTES RECEIVABLE (continued)

The Authority issued a GAP Financing Loan to EP Chelsea, LP in the maximum amount of \$5,500,000. This note shall accrue interest at 3.0% per annum, compounded annually and maturing in December, 2067. Accrued interest at December 31, 2024 amounted to \$922,141.	5,499,999
The Authority issued a GAP Financing Loan to EP SGC, LP in the maximum amount of \$6,992,696. This note shall accrue interest at 3.0% per annum, compounded annually and maturing in December, 2057. Accrued interest at December 31, 2024 amounted to \$1,004,438.	5,093,063
The Authority issued a GAP Financing Loan to EP Commissioners' Corner, LP in the maximum amount of \$1,900,000. This note shall accrue interest at 3.0% per annum, compounded annually and maturing in December, 2067. Accrued interest at December 31, 2024 amounted to \$355,342.	1,941,284
The Authority issued a GAP Financing Loan to EP Commissioners' Corner II, LP in the original amount of \$7,070,000. This note shall accrue interest at 5.5% per annum, compounded annually and maturing in December, 2067. Accrued interest at December 31, 2024 amounted to \$2,308,021.	7,070,000
The Authority issued a GAP Financing Loan to EP Blue Flame, LP in the amended amount of \$23,090,249. This note shall accrue interest at 3.0% per annum, compounded annually and maturing in August, 2078. Accrued interest at December 31, 2024 amounted to \$3,755,484.	23,067,979
The Authority issued a GAP Financing Loan to EP Medano Heights, LP in the maximum amount of \$10,537,000. This note shall accrue interest at 3.22% per annum, compounded annually and maturing in December, 2068. Accrued interest at December 31, 2024 amounted to \$1,546,028.	8,501,871
The Authority issued a GAP Financing Loan to EP Jackie Robinson, LP in the maximum amount of \$1,150,000. This note shall accrue interest at 7.50% per annum, compounded annually and maturing in October, 2070. Accrued interest at December 31, 2024 amounted to \$312,351.	1,150,000
Loan receivable from the sale of assets to EP Chelsea, LP in the principal sum of \$10,300,000 which accrues interest at 7.0%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on December 1, 2067. Accrued interest at December 31, 2024 amounted to \$6,336,030. The balance is shown net of a deferred gain on sale of \$9,544,196 as of December 31, 2024.	755,804
Loan receivable from the sale of assets to EP Patriot Place IIA, LP in the principal sum of \$800,000. The loan is interest free and matures on July 1, 2074. The balance is shown net of a deferred gain on sale of \$800,000 as of December 31, 2024.	-

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 9. NOTES RECEIVABLE (continued)

Loan receivable from the sale of assets to EP Sun Plaza, LP in the principal sum of \$9,000,000 which accrues interest at 5.5%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on March 1, 2070. Accrued interest at December 31, 2024 amounted to \$3,978,358. The balance is shown net of a deferred gain on sale of \$8,944,837 as of December 31, 2024.

55,163

Loan receivable from the sale of assets to EP Sandoval Two, LP in the principal sum of \$11,410,000 which accrues interest at 2.94%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on May 1, 2068. Accrued interest at December 31, 2024 amounted to \$2,432,688. The balance is shown net of a deferred gain on sale of \$10,429,182 as of December 31, 2024.

980,818

Loan receivable from the sale of assets to EP Cramer Three, LP in the principal sum of \$27,790,000 which accrues interest at 3.22%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on December 1, 2062. Accrued interest at December 31, 2024 amounted to \$5,910,432. The balance is shown net of a deferred gain on sale of \$24,170,869 as of December 31, 2024.

3,619,131

Loan receivable from the sale of assets to EP Sherman South II, LP in the principal sum of \$8,115,000 which accrues interest at 5.5%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on November 1, 2070. Accrued interest at December 31, 2024 amounted to \$3,165,626. The balance is shown net of a deferred gain on sale of \$7,516,326 as of December 31, 2024.

598,674

Loan receivable from the sale of assets to EP Medano Heights, LP in the principal sum of \$1,460,000 which accrues interest at 3.31%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on December 1, 2068. Accrued interest at December 31, 2024 amounted to \$319,932.

1,460,000

The Authority issued a GAP Financing Loan to EP Eisenhower P3, LP in the maximum amount of \$8,000,000. This note shall accrue interest at 1.95% per annum, compounded annually and maturing in March, 2059. Accrued interest at December 31, 2024 amounted to \$564,093.

3,167,000

The Authority issued a GAP Financing Loan to EP DeWetter Two, LP in the maximum amount of \$4,910,845. This note shall accrue interest at 3.00% per annum, compounded annually and maturing in October 2069. Accrued interest at December 31, 2024 amounted to \$402,344.

4,910,485

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 9. NOTES RECEIVABLE (continued)

Loan receivable from the sale of assets to EP Eisenhower P3, LP in the principal sum of \$3,500,000 which accrues interest at 3.00%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on March 1, 2059. Accrued interest at December 31, 2024 amounted to \$648,752. The balance is shown net of a deferred gain on sale of \$2,389,682 as of December 31, 2024.

1,110,318

Loan receivable from the sale of assets to EP DeWetter Two, LP in the principal sum of \$10,340,000 which accrues interest at 3.00%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on October 1, 2069. Accrued interest at December 31, 2024 amounted to \$1,706,828. The balance is shown net of a deferred gain on sale of \$9,185,646 as of December 31, 2024.

1,154,354

Loan receivable from the sale of assets to EP Tays North II, LP in the principal sum of \$10,808,000 which accrues interest at 5.65%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on April 1, 2071. Accrued interest at December 31, 2024 amounted to \$4,018,193. The balance is shown net of a deferred gain on sale of \$9,451,849 as of December 31, 2024.

1,348,151

Loan receivable from the sale of assets to EP Jackie Robinson, LP in the principal sum of \$9,900,000 which accrues interest at 7.50%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on October 1, 2070. Accrued interest at December 31, 2024 amounted to \$3,569,041. The balance is shown net of a deferred gain on sale of \$8,769,229 as of December 31, 2024.

1,130,771

The Authority issued a GAP Financing Loan to EP Machuca, LP in the maximum amount of \$6,511,255. This note shall accrue interest at 12.52% per annum, compounded annually and maturing in August 2062. Accrued interest at December 31, 2024 amounted to \$488,368.

3,900,713

The Authority issued a GAP Financing Loan to EP RAD-2 Cisneros, LLC in the maximum amount of \$998,068. This note shall accrue interest at 3.00% per annum, compounded annually and maturing in December 2072. Accrued interest at December 31, 2024 amounted to \$38,184.

969,602

The Authority issued a GAP Financing Loan to EP Clint Commons, LP in the maximum amount of \$3,000,000. This note is non-interest bearing and matures in December 2073.

3,000,000

The Authority issued a Historical Tax Credit Loan to EP Blue Flame, LP in the maximum amount of \$11,125,591. This note is interest free and principal payment is deferred until maturity in August, 2078.

12,004,936

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 9. NOTES RECEIVABLE (continued)

The Authority issued a GAP Financing Loan to EP Cramer Three, LP in the maximum amount of \$4,752,793. This note shall accrue interest at 3.22% per annum, compounded annually and maturing in December, 2062. Accrued interest at December 31, 2024 amounted to \$397,591.	4,046,479
The Authority issued a GAP Financing Loan to EP Patriot Place, LP in the maximum amount of \$7,225,000. This note shall accrue interest at 3.00% per annum, compounded annually and maturing in April, 2073. Accrued interest at December 31, 2024 amounted to \$613,053.	7,826,313
The Authority issued a GAP Financing Loan to EP Nuestra Senora, LP in the maximum amount of \$7,400,000. This note shall accrue interest at 1.00% per annum, compounded annually and maturing in December, 2077. Accrued interest at December 31, 2024 amounted to \$26,556.	4,360,502
The Authority issued a GAP Financing Loan to EP RAD-2 Old Gonzalez, LP in the maximum amount of \$2,613,963. This note shall accrue interest at 3.00% per annum, compounded annually and maturing in October, 2072. Accrued interest at December 31, 2024 amounted to \$24,694.	1,161,692
Loan receivable from the sale of assets to EP Patriot Place, LP in the principal sum of \$1,010,000 which accrues interest at 3.00%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on April 30, 2073. Accrued interest at December 31, 2024 amounted to \$115,727. The balance is shown net of a deferred gain on sale of \$390,164 as of December 31, 2024.	619,836
Loan receivable from the sale of assets to EP Salazar, LP in the principal sum of \$10,500,000 which accrues interest at 8.00%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on April 30, 2078. Accrued interest at December 31, 2024 amounted to \$606,568. The balance is shown net of a deferred gain on sale of \$9,450,586 as of December 31, 2024.	1,049,414
Loan receivable from the sale of assets to EP RAD-2 Cisneros, LLC in the principal sum of \$1,725,722 which accrues interest at 3.00%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on December 1, 2072. Accrued interest at December 31, 2024 amounted to \$96,209. The balance is shown net of a deferred gain on sale of \$1,633,072 as of December 31, 2024.	92,650
Loan receivable from the sale of assets to EP Clint Commons, LP in the principal sum of \$1,130,818 which is non-interest bearing. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on December 1, 2073.	1,130,818

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 9. NOTES RECEIVABLE (continued)

Loan receivable from the sale of assets to EP RAD-2 Old Gonzalez, LLC in the principal sum of \$3,106,300 which accrues interest at 3.00%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on October 30, 2073. Accrued interest at December 31, 2024 amounted to \$117,245. The balance is shown net of a deferred gain on sale of \$3,071,920 as of December 31, 2024.	33,653
The Authority issued a GAP Financing Loan to EP Cielo Towers, LP in the maximum amount of \$8,093,201. This note shall accrue interest at 2.00% per annum, compounded annually and maturing in July, 2072. Accrued interest at December 31, 2024 amounted to \$40,737.	6,943,496
The Authority issued a GAP Financing Loan to EP Sun Pointe, LP in the maximum amount of \$15,711,149. This note shall accrue interest at 1.00% per annum, compounded annually and maturing in November, 2072. Accrued interest at December 31, 2024 amounted to \$178,353.	13,211,025
The Authority issued a GAP Financing Loan to EP Nuestra Senora, LP in the maximum amount of \$7,400,000. This note shall accrue interest at 1.00% per annum, compounded annually and maturing in December, 2077. Accrued interest at December 31, 2024 amounted to \$-0-.	3,600,001
The Authority issued an Historical Tax Credit Loan to EP Tays North II, LP in the maximum amount of \$12,778,233. This note bears interest at 5.65% compounded annually and principal payments are payable from available net cash flow. Accrued interest at December 31, 2024 amounted to \$1,613,365. The note matures in April, 2077.	12,228,359
The Authority issued a Historical Tax Credit Loan to EP Sherman South II, LP in the maximum amount of \$8,010,965. This note bears interest at 5.00% compounded annually and principal payments are payable from available net cash flow. Accrued interest at December 31, 2024 amounted to \$1,107,061. The note matures in November, 2077.	7,696,274
Loan receivable from the sale of assets to EP Machuca, LP in the principal sum of \$3,030,000 which accrues interest at 12.52%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on August 1, 2062. Accrued interest at December 31, 2024 amounted to \$1,066,777. The balance is shown net of a deferred gain on sale of \$2,688,455 as of December 31, 2024.	341,545
Loan receivable from the sale of assets to EP Cielo Tower, LP in the principal sum of \$3,610,000 which accrues interest at 3.22%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on July 1, 2077. Accrued interest at December 31, 2024 amounted to \$298,151. The balance is shown net of a deferred gain on sale of \$3,217,885 as of December 31, 2024.	392,115

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 9. NOTES RECEIVABLE (continued)

The Authority issued an Historical Tax Credit Loan to EP Sun Plaza, LP in the maximum amount of \$10,917,181. This note bears interest at 5.00% compounded annually and principal payments are payable from available net cash flow. The note matures in July, 2070. Accrued interest at December 31, 2024 amounted to \$2,130,507. 10,917,181

Loan receivable from the sale of assets to EP Nuestra Senora, LP in the principal sum of \$2,125,000 which accrues interest at 4.34%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on December 1, 2077. Accrued interest at December 31, 2024 amounted to \$191,088. 2,125,000

Multifamily Housing Revenue Bond issued to EP Machuca, LP in the original amounts \$19,000,000 and \$18,295,000 to be used for the rehabilitation and development of the project. The bonds bear interest at 5.21% and 5.54%, respectively, with interest and principal payments due in monthly installments. The bonds mature on February 1, 2056 with a balloon payment due for outstanding principal and interest. Accrued interest at December 31, 2024 amounted to \$100,977. 42,750,000

Loan receivable from the sale of assets to EP Sun Pointe, LP in the principal sum of \$5,100,000 which accrues interest at 3.92%. Payments on the note will be made from net cash flow as defined in the partnership agreement. Unpaid principal and accrued interest on this note shall be paid in full on November 1, 2072. Accrued interest at December 31, 2024 amounted to \$443,660. The balance is shown net of a deferred gain on sale of \$4,895,850 as of December 31, 2024. 204,150

Total notes receivable before allowance for uncollectable amounts 357,318,386
Less: allowance for uncollectable notes receivable 8,647,576

Total notes receivable, net \$ 348,670,810

As of December 31, 2024, the current portion of notes receivable amounted to \$-0- and the accrued interest totaled \$87,659,889.

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 10. OTHER ASSETS

Other assets consisted of the following as of December 31, 2024:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Investment in joint ventures	\$ 2,095,997	\$ -	\$ 2,095,997
Investment in land leases	10,200,000	-	10,200,000
Deferred charges	<u>-</u>	<u>2,179,861</u>	<u>2,179,861</u>
Total other assets	<u>\$ 12,295,997</u>	<u>\$ 2,179,861</u>	<u>\$ 14,475,858</u>

Investment in joint ventures represents ownership interests in numerous limited partnerships. The limited partnerships operate apartment complexes which provide low income housing eligible for tax credits in accordance with Section 42 of the Internal Revenue Code. The investment in the limited partnerships is accounted for under the equity method, because the Authority exercises significant influence over each partnership's operating and financial activities. Accordingly, the investment is carried at cost and adjusted for the proportionate share of earnings or losses.

Investment in land leases represents the Authority's cost basis in land leased to El Paso RAD I, Ltd. The lease commenced on April 1, 2015 and terminates on the 75th anniversary. Rent commenced in the 2nd lease year with an annual rent of \$136,000 payable solely from cash flow. In the event of insufficient funds to pay annual rent, unpaid amounts shall accrue without interest.

Deferred charges and other reimbursements represent development costs paid on behalf of future projects and miscellaneous receivables from managed properties and vendors.

NOTE 11. ACCOUNTS PAYABLE

As of December 31, 2024, accounts payable consisted of amounts payable to contractors and vendors for materials received or services rendered for the primary government and the discretely presented component units in the amount of \$1,618,797 and \$2,622,017, respectively.

NOTE 12. PAYMENTS IN LIEU OF TAXES

In accordance with Section 392.005 of the Texas Local Government Code, property owned by a Housing Authority is exempt from all taxes and special assessments of a municipality, but the Housing Authority may make an annual Payment in Lieu of Taxes ("PILOT"), to assist with costs associated with services furnished by the municipality. Under the Cooperation Agreement with the City, the PILOT is calculated by using the lesser of ten percent (10%) of the aggregate shelter rent charged by the Authority or the amount permitted by State law. Included in general expenses on the Authority's Statement of Revenues, Expenses and Changes in Net Position for the year ended December 31, 2024 is \$19 of PILOT for the primary government and \$46,537 for the discretely presented component units.

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 13. COMPENSATED ABSENCES

Compensated absences represent amounts to which employees are entitled based on accumulated leave earned in accordance with the Authority's Personnel Policy. Vacation and sick leave start accruing the 15th day of the first month following the initial date of employment, but vests upon completion of the probationary period. Employees accrue compensated absences according to the following schedules:

Full-Time Regular Employees Hired Before July 1, 2012			
Years of Service	Accrual Rate per Pay Period	Annual Accrual	Maximum Hours
<u>Vacation:</u>			
0-5	3.08 hours	80 hours	160 hours
6-10	4.62 hours	120 hours	240 hours
11 or more	6.16 hours	160 hours	320 hours
<u>Sick:</u>			
All years of service	3.08 hours	80 hours	320 hours

Full-Time Regular Employees Hired On or After July 1, 2012			
Years of Service	Accrual Rate per Pay Period	Annual Accrual	Maximum Hours
<u>Vacation:</u>			
0-10	3.08 hours	80 hours	120 hours
10 or more	4.62 hours	120 hours	160 hours
<u>Sick:</u>			
All years of service	3.08 hours	80 hours	320 hours

The Authority's policy for voluntary departure from service is to pay all vacation and prior paid time off up to 480 hours. If officially retiring, the employee is paid all vacation, prior paid time off, and sick time up to 480 hours. Additionally, if the employee is retiring and they have grandfathered leave time (an employee prior to 1993), they are paid these hours up to 900 hours. No hours are paid to employees for involuntary departure.

As of December 31, 2024, accrued compensated absences of the primary government amounted to \$547,589 and consisted of the following activity for the year then ended:

<u>Description</u>	<u>Amount</u>
Beginning compensated absences	\$ 510,889
Compensated absences earned	432,562
Compensated absences redeemed	<u>(395,862)</u>
Ending compensated absences	547,589
Less: current portion	<u>151,949</u>
Compensated absences, net of current portion	<u>\$ 395,640</u>

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 14. BONDS AND NOTES PAYABLE

Bonds and notes payable of the primary government consisted of the following as of December 31, 2024:

<u>Description</u>	<u>Amount</u>
Loan payable to the USDA in connection with the development of the 50-unit Herbert Tio Cooper apartment community for migrant farm worker families. The loan with the original amount of \$1,500,000 carries an annual interest rate of 1%, requires monthly principal and interest payments of \$4,640, matures in March, 2035 and is secured by the underlying property.	\$ 521,215
Loans payable in the maximum amount of \$1,700,000 and \$157,052 to the City of El Paso dated April 17, 2012, in connection with the construction of the property known as Elvin Estates. The loans are interest free and shall be forgiven in their entirety 20 years after project completion so long as the Authority maintains compliance with the Neighborhood Stabilization Program Development Agreement.	696,394
Unsecured loan payable to the City of El Paso dated June, 2013 in connection with the construction of the property known as Chai Manor. The loan bears interest at 0% and is due in 120 equal monthly payments of \$1,667. However, as long as the Authority maintains compliance with the terms of the Community Development Rental Housing Program, such monthly payments shall be deferred and the original balance shall be forgiven in its entirety ten (10) years after the date of project completion or September 2024. The loan is secured by a deed of trust on the property located at 406 Wallenberg, El Paso, Texas. On September 30, 2024, the loan was forgiven in full.	-
HOME funds loan payable to the City of El Paso in connection with the construction of the property known as Eastside Crossing. The loan accrues interest at 3% per annum and is due forty-two (42) years from the earlier of the first advance or February 5, 2056. The loan is secured by a deed of trust on the property.	100,000
Loans payable in the amount of \$708,000 to PNC Bank dated March 8, 2016, in relation to the Western Yarborough property. The loan bears interest at 4.6% and is due in monthly payments of \$4,544 including principal and interest through February 2026. The loan is collateralized by the project and an irregular last payment including the balance of principal and interest due will be paid upon the maturity date of March 8, 2026.	475,230
Loans payable in the amount of \$700,000 to PNC Bank dated March 8, 2016, in relation to the property of Western Redd Road. The loan bears interest at 4.6% and is due in monthly payments of \$4,492 including principal and interest through February 2026. The loan is collateralized by the project and an irregular last payment including the balance of principal and interest due will be paid upon the maturity date of March 8, 2026.	469,822

HOUSING AUTHORITY OF THE CITY OF EL PASO
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NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 14. BONDS AND NOTES PAYABLE (continued)

Loan payable in the original amount of \$7,000,000 to BBVA Compass dated November 29, 2018, in relation to the property of Villa Allegre. On February 28, 2024, the outstanding loan balance of \$5,833,567 was refinanced with PNC Bank in the amount of \$6,200,000. The refinanced loan bears interest at 5.85%. Principal and interest payments of \$35,596 are due monthly. The note is collateralized by the project and matures on March 31, 2031. 6,146,899

On July 31, 2018, Western Burgundy, Ltd., Western Carolina, Ltd., Western Crosby, Ltd., and Western Eastside Seniors, Ltd. obtained permanent financing from HUNT Mortgage Partners, LLC in the original amount of \$5,309,000. The note bears interest at 5.14%. Principal and interest payments of \$28,975 are due monthly. The note is collateralized by the projects and matures on August 1, 2025. 4,999,560

On May 1, 2019, Saul Kleinfeld, Ltd., Western Gallagher, Ltd., Western Pebble Hills, Ltd., Western Pellicano, Ltd., and Lee Seniors, Ltd. obtained permanent financing from HUNT Mortgage Partners, LLC in the original amount of \$3,783,000. The note bears interest at 4.81%. Principal and interest payments of \$19,871 are due monthly. The note is collateralized by the projects and matures on May 1, 2029. 3,439,290

On June 9, 2021, Meadowbrook Townhomes, Ltd., Bienvivir Parkside Senior Community, Ltd., Cedar Oak Townhomes, Ltd., and North Mountain Village, Ltd. obtained permanent financing from Federal Home Loan Mortgage Corporation in the original amount of \$13,000,000. The note bears interest at 3.94%. Principal and interest payments of \$61,615 are due monthly. The note is collateralized by the projects and matures on July 1, 2031. 12,198,639

EP Cimarron Ventanas PFC entered into Residential Development Senior Lien Revenue Bonds Series 2021A dated December 15, 2021 with a face amount of \$82,665,000. The bonds bear interest at 4% with principal and interest payments due semi-annually on June 1 and December 1 beginning on June 1, 2022. The bonds are secured by revenues of the properties and mature on December 1, 2051. On December 12, 2024, the bonds were redeemed early and refinanced with Residential Development Revenue Refunding Bonds, Series 2024 in the amount of \$70,740,000. -

EP Cimarron Ventanas PFC entered into Residential Development Subordinate Lien Revenue Bonds Series 2021B dated December 15, 2021 with a face amount of \$5,000,000. The bonds bear interest at 6% with principal and interest payments due semi-annually on June 1 and December 1 beginning on June 1, 2022. The bonds are subordinate to the Series 2021A bonds, are secured by revenues of the properties and mature on December 1, 2051. On December 12, 2024, the bonds were redeemed early and refinanced with Residential Development Revenue Refunding Bonds, Series 2024 in the amount of \$70,740,000. -

On December 12, 2024, EP Cimarron Ventanas PFC, refinanced its Residential Development Senior Lien Revenue Bonds Series 2021A and its Residential Development Subordinate Lien Revenue Bonds Series 2021B with Wilmington Trust into twelve bonds. The refinanced bonds amount to \$70,740,000. The bonds accrue interest at 4.00% to 5.00%. The bonds mature starting June 1, 2025 and ending December 1, 2039. The bonds are secured by the project. The bonds are shown net of discounts totaling \$842,660. 69,897,340

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 14. BONDS AND NOTES PAYABLE (continued)

Loan payable in the amount of \$500,000 to Federal Home Loan Bank of Atlanta dated October 31, 2018, in relation to the property of EP Sandoval Two, LP. The loan is non interest bearing and is due on July 31, 2061. 500,000

Loan payable in the amount of \$25,000,000 to CitiBank dated July, 2022, in relation to the properties of EP Machuca, LP and EP Cielo Towers, LP. The loan bears interest at 1.51% and is due in semi-annual payments of principal and interest. The loan is collateralized by the project and is payable upon the maturity date of February 1, 2056. 42,750,000

EP Tuscany Zaragoza PFC entered into Residential Development Subordinate Lien Revenue Bonds Series 2023 dated December 1, 2023 with a face amount of \$101,610,000. The bonds bear interest at 4.00% with principal and interest payments due semi-annually on June 1 and December 1 beginning on June 1, 2024. The bonds are secured by the property encumbered by the Deed of Trust and mature on December 1, 2033. 101,610,000

EP Essential Housing WF PFC entered into Residential Development Revenue Bonds Series 2024 dated November 22, 2024 with a face amount of \$143,385,000. The bonds bear interest at 4.25% with principal and interest payments due semi-annually on June 1 and December 1 beginning on June 1, 2025. The bonds are secured by the property encumbered by the Deed of Trust and mature on December 1, 2034. 142,067,294

EP Royal Estates PFC entered into Residential Development Revenue Bonds Series 2024 dated November 22, 2024 with a face amount of \$15,020,000. The bonds bear interest at 4.00% with principal and interest payments due semi-annually on June 1 and December 1 beginning on June 1, 2025. The bonds are secured by the property encumbered by the Deed of Trust and mature on October 1, 2034. 15,020,000

Total long-term debt 400,891,683
Less: current portion 6,251,780

Long-term debt, excluding current portion \$ 394,639,903

Debt activity for the primary government for the year ended December 31, 2024 consisted of the following:

Description	December 31, 2023	Advances	Principal Reductions	December 31, 2024
Loans payable	<u>\$ 260,310,410</u>	<u>\$ 233,690,310</u>	<u>\$ (93,109,037)</u>	<u>\$ 400,891,683</u>
Accrued interest	<u>\$ 33,539</u>	<u>\$ 9,749,253</u>	<u>\$ (9,203,416)</u>	<u>\$ 579,376</u>

Accrued interest payable as of December 31, 2024 and interest expense for the year then ended for the primary government totaled \$579,376 and \$9,749,253, respectively.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 14. BONDS AND NOTES PAYABLE (continued)

Annual debt service for principal and interest over the next five years and in five-year increments thereafter is as follows:

Year	Principal	Interest	Total
2025	\$ 6,251,780	\$ 10,683,740	\$ 16,935,520
2026	4,594,015	10,229,707	14,823,722
2027	3,848,173	7,047,731	10,895,904
2028	4,117,751	6,935,079	11,052,830
2029	7,312,104	6,346,499	13,658,603
2030-2034	256,550,520	28,784,267	285,334,787
2035-2039	74,867,340	13,982,889	88,850,229
2040-2044	-	-	-
2045-2049	-	-	-
2050-2054	-	-	-
2055-2059	42,850,000	155,024	43,005,024
2060-2061	500,000	-	500,000
	<u>\$ 400,891,683</u>	<u>\$ 84,164,936</u>	<u>\$ 485,056,619</u>

A summary of the Authority's discretely presented component units long-term debt is as follows:

<u>Loans payable to the Authority as evidenced by a Note Receivable (see Note 9):</u>	<u>Amount</u>
Authority loan for El Paso RAD I, Ltd for the purchase of buildings	\$ 77,080,000
GAP loan payable to the Authority for El Paso RAD I, Ltd	8,783,664
Alamito Public Facilities Corp. Loan to Alamito Gardens, LP	12,665,251
Housing Authority of the City of El Paso loan for Eastside Crossing, Ltd	100,000
Housing Authority of the City of El Paso loan for Eastside Crossing, Ltd	5,200,495
GAP Loan payable to the Authority for Haymon Krupp, LP	4,445,588
Housing Authority of the City of El Paso loan for Haymon Krupp, LP	1,104,100
GAP Loan payable to the Authority for El Paso Sherman I, LP	7,373,064
Housing Authority of the City of El Paso loan for El Paso Sherman I, LP	1,098,000
GAP Loan payable to the Authority for El Paso Westfall, LP	1,600,000
Housing Authority of the City of El Paso loan for El Paso Westfall, LP	868,500
GAP Loan payable to the Authority for EP Father Pinto, LP	4,583,012
Housing Authority of the City of El Paso loan for EP Father Pinto, LP	1,520,000
GAP Loan payable to the Authority for El Paso RAD 1B, Ltd	1,600,000
Housing Authority of the City of El Paso loan for El Paso RAD 1B, Ltd	5,320,000
GAP Loan payable to the Authority for El Paso Tays, LP	2,838,805
Housing Authority of the City of El Paso loan for El Paso Tays, LP	652,500
GAP Loan payable to the Authority for EP Rio Grande Three, LP	3,000,000
Housing Authority of the City of El Paso loan for EP Rio Grande Three, LP	3,825,000
GAP Loan payable to the Authority for EP Chelsea, LP	5,499,999
Housing Authority of the City of El Paso loan for EP Chelsea, LP	10,300,000
Housing Authority of the City of El Paso loan for EP Sun Plaza, LP	9,000,000
Housing Authority of the City of El Paso loan for EP Sandoval Two, LP	11,410,000
Housing Authority of the City of El Paso loan for EP Cramer Three, LP	27,790,000

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 14. BONDS AND NOTES PAYABLE (continued)

Housing Authority of the City of El Paso loan for EP Sherman South II, LP	8,115,000
GAP Loan payable to the Authority for EP Commissioners Corner I, LP	1,941,284
GAP Loan payable to the Authority for EP Commissioners Corner II, LP	7,070,000
GAP Loan payable to the Authority for EP Gonzalez, LP	5,093,063
GAP Loan payable to the Authority for EP Blue Flame, LP	23,067,979
GAP Loan payable to the Authority for EP Medano, LP	8,501,872
Housing Authority of the City of El Paso loan for EP Medano, LP	1,460,000
GAP Loan payable to the Authority for EP DeWetter Two, LP	4,910,485
Housing Authority of the City of El Paso loan for EP DeWetter Two, LP	10,340,000
GAP Loan payable to the Authority for EP Eisenhower P3, LP	3,167,000
Housing Authority of the City of El Paso loan for EP Eisenhower P3, LP	3,500,000
Housing Authority of the City of El Paso loan for EP Tays North II, LP	10,800,000
Housing Authority of the City of El Paso loan for EP Jackie Robinson, LP	9,900,000
GAP Loan payable to the Authority for EP Jackie Robinson, LP	1,150,000
Housing Authority of the City of El Paso loan for EP Patriot Place, LP	1,010,000
GAP Loan payable to the Authority for EP Patriot Place, LP	7,826,313
Housing Authority of the City of El Paso loan for EP Nuestra Senora, LP	2,125,000
GAP Loan payable to the Authority for EP Nuestra Senora, LP	7,960,503
Housing Authority of the City of El Paso loan for EP Machuca, LP	3,030,000
Housing Authority of the City of El Paso loan for EP Sun Pointe, LP	5,100,000
GAP Loan payable to the Authority for EP Sun Pointe, LP	13,211,025
Housing Authority of the City of El Paso loan for EP Cielo Towers, LP	3,610,000
GAP Loan payable to the Authority for EP Cielo Towers, LP	6,943,496
Housing Authority of the City of El Paso loan for EP Salazar, LP	10,500,000
Housing Authority of the City of El Paso loan for EP RAD-2 Cisneros, LLC	1,725,772
GAP Loan payable to the Authority for EP RAD-2 Cisneros, LLC	969,602
GAP Loan payable to the Authority for EP RAD-2 Old Gonzalez, LLC	1,161,692
Housing Authority of the City of El Paso loan for EP Clint Commons, LP	1,130,818
GAP Loan payable to the Authority for EP Clint Commons, LP	3,000,000
Historic Tax Credit Loan payable to the Authority for EP Sun Plaza, LP	10,917,181
GAP Loan payable to the Authority for EP Sandoval Two, LP	4,210,372
GAP Loan payable to the Authority for EP Cramer Three, LP	4,046,479
Historic Tax Credit Loan payable to the Authority for EP Sherman South II, LP	7,696,274
Historic Tax Credit Loan payable to the Authority for EP Tays North II, LP	12,228,359
Historic Tax Credit Loan payable to the Authority for EP Blue Flame, LP	12,004,936
GAP Loan payable to the Authority for EP Machuca, LP	5,342,062
Housing Authority of the City of El Paso loan for EP RAD-2 Old Gonzalez, LLC	3,106,300
Housing Authority of the City of El Paso loan for EP Patriot Place IIA, LP	800,000
GAP Loan payable to the Authority for EP Patriot Place IIA, LP	525,717
Housing Authority of the City of El Paso loan for EP Sandoval Two, LP	<u>500,000</u>
Total primary government loans to discretely presented component units	<u>\$ 437,356,562</u>

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 14. BONDS AND NOTES PAYABLE (continued)

Loans payable to other lenders consisted of the following as of December 31, 2024:

<u>Description</u>	<u>Amount</u>
Multifamily housing revenue bonds for the purpose of acquisition, construction and long-term financing of an affordable housing project. The bonds bear interest at variable rates from 4.28% to 4.95% with interest and principal payments due in monthly installments and are collateralized by a deed of trust on the projects. The bonds mature on various dates through 2043 with balloon payments due for outstanding principal and interest.	\$ 131,854,351
Construction loans payable to various banks, bearing interest at variable rates from 4.25% to 6%, with principal and interest payments deferred until maturity at various dates through 2042. The loans are secured by mortgages on the underlying properties.	47,073,270
Acquisition loans payable to various lenders, bearing interest from 0% to 8%, generally payable annually from property net cash flow, if any, to be repaid in full at various dates through 2090. The loans are secured by subordinate mortgages on the underlying properties.	<u>224,708,765</u>
Total long-term debt payable to other lenders	<u>403,636,386</u>
Total long-term debt	<u>\$ 840,992,948</u>

Accrued interest payable as of December 31, 2024 and interest expense for the year then ended for the discretely presented component units totaled \$99,034,910 and \$30,854,788, respectively.

NOTE 15. OTHER LIABILITIES

As of December 31, 2024, other liabilities of the primary government totaled \$7,556,068, and consisted of the following activity for the year then ended:

<u>Description</u>	<u>Balances at</u> <u>December 31, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances at</u> <u>December 31, 2024</u>
FSS Escrows	\$ 402,262	\$ 95,574	\$ -	\$ 497,836
Construction contract retainage	-	275,186	-	275,186
Escheat liabilities	128,706	15,317	(128,706)	15,317
Asset management fees	-	154,602	(105,028)	49,574
Accrued reporting fees	86,141	82,725	(86,141)	82,725
Insurance accruals	315,714	113,141	-	428,855
Lease security deposits	15,106	46,791	-	61,897
Audit fees	287,255	198,447	(287,255)	198,447
Property management fees	-	1,461,523	(1,360,293)	101,230
Due to related parties	-	645,461	-	645,461
Other accrued expenses	240,259	227,925	(240,259)	227,925
Other miscellaneous liabilities	314,187	5,492,872	(835,444)	4,971,615
Total	<u>\$ 1,789,630</u>	<u>\$ 8,809,564</u>	<u>\$ (3,043,126)</u>	7,556,068
Due within one year				<u>7,384,021</u>
Non-current portion				<u>\$ 172,047</u>

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 15. OTHER LIABILITIES (continued)

As of December 31, 2024, other liabilities of the discretely presented component units totaled \$67,467,612, and consisted of the following activity for the year then ended:

<u>Description</u>	<u>Balances at December 31, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances at December 31, 2024</u>
Developer fees payable	\$ 46,226,558	\$ 13,881,147	\$ (10,458,937)	\$ 49,648,768
Contract retainage	-	10,510,358	-	10,510,358
Construction costs payable	19,587,465	3,435,601	(19,587,465)	3,435,601
Asset management fees	305,718	597,477	(520,121)	383,074
Property management fees	154,228	3,412,894	(3,344,247)	222,875
Audit Fees	166,477	452,595	(409,289)	209,783
Ground lease	5,058,976	-	-	5,058,976
Due to related parties	2,659,378	1,754,283	(1,911,528)	2,502,133
Other miscellaneous liabilities	<u>323,237</u>	<u>947,844</u>	<u>(615,475)</u>	<u>655,606</u>
Total	\$ <u>74,482,037</u>	\$ <u>34,992,199</u>	\$ <u>(36,847,062)</u>	72,627,174
Due within one year				<u>16,289,352</u>
Non-current portion				\$ <u>56,337,822</u>

NOTE 16. RESTRICTED NET POSITION

Restricted net position consists of the following as of December 31, 2024:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Housing assistance payment reserves	\$ 329,646	\$ -	\$ 329,646
Tax and insurance escrows	1,357,763	3,597,398	4,955,161
Replacement reserves	3,941,871	17,762,696	21,704,567
Operating reserves	437,877	20,564,426	21,002,303
Construction reserves	2,218,140	-	2,218,140
Other escrows	<u>-</u>	<u>1,169,841</u>	<u>1,169,841</u>
Total restricted net position	\$ <u>8,285,297</u>	\$ <u>43,094,361</u>	\$ <u>51,379,658</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers and Emergency Housing Vouchers Program for future housing assistance payments.

Taxes and insurance escrows represent funds held in reserve for future payments of real estate taxes and property and mortgage insurance.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 16. RESTRICTED NET POSITION (continued)

Replacement reserves represent funds that are restricted for repairs and replacement of buildings and equipment.

Operating reserves represent funds that are restricted in the case the project or program encounters an operating deficit.

Construction reserves represent unspent funds from construction loan proceeds that will be used to cover the construction costs of the project.

Other escrows represent funds set aside for miscellaneous costs in accordance with the partnership agreement of the project.

NOTE 17. SPECIAL ITEMS

Gain on Redemption of Bonds Payable

On December 12, 2024, EP Cimarron Ventanas PFC, a blended component unit of the Authority, had its Series 2021A and 2021B bonds redeemed by Wilmington Trust. As part of the redemption, Wilmington Trust, as the trustee, agreed to a reduced payment on the \$81,350,000 of the aggregate principal amount of the Series 2021A bonds. This reduction resulted in a gain on redemption of bonds payable totaling \$11,799,549, which is recorded as a special item in the Statement of Revenues, Expenses and Changes in Net Position.

Capital Contributions

Pursuant to various Partnership Agreements, the Limited Partners of certain discretely presented component units are required to provide capital contributions. During the year ended December 31, 2024, the Limited Partners contributed \$23,517,427 of capital contributions to the discretely presented component units, which are recorded as special items in the Statement of Revenues, Expenses and Changes in Net Position. Capital contributions are subject to adjustments based on the amount of LIHTC allocated to the discretely presented component units in addition to other occurrences as more fully explained in the partnership agreements.

Sale of Property

During the year ended December 31, 2024, the Authority sold land and a building with a net value of \$34,380 to EP RAD-2 Old Gonzalez, LLC through the issuance of a sellers note in the amount of \$3,106,300. The Authority recorded a deferred gain on sale totaling \$3,071,920 as part of the purchase. As disclosed in Note 9 the sellers note balance as of December 31, 2024 is shown net of the deferred gain on sale.

NOTE 18. COMMITMENTS AND CONTINGENCIES

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD.

The Authority is the general partner in several single-property LIHTC partnerships that have extensive compliance requirements. A lack of compliance with the various regulations could adversely impact the Authority's ownership in the partnerships by jeopardizing the tax credits received by the investor limited partners. As of December 31, 2024, the Authority estimates that no material liabilities will result from such noncompliance.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 19. CONDENSED FINANCIAL INFORMATION OF THE BLENDED COMPONENT UNITS

	<u>Total Blended Component Units</u>
Assets:	
Current assets	\$ 18,596,868
Non-current assets	20,500,084
Capital assets, net	<u>348,106,545</u>
Total assets	<u>387,203,497</u>
Liabilities:	
Current liabilities	18,673,869
Non-current liabilities	<u>374,873,121</u>
Total liabilities	<u>393,546,990</u>
Net Position:	
Net investment in capital assets	(17,380,761)
Restricted	4,793,477
Unrestricted	<u>6,243,791</u>
Net position	<u>\$ (6,343,493)</u>
Operating revenues:	
Tenant revenue	\$ 29,300,660
HUD operating grants	482,783
Other revenues	<u>2,269,379</u>
Total operating revenues	<u>32,052,822</u>
Operating expenses:	
Administrative, utilities, maintenance, etc.	20,995,799
Amortization	34,500
Depreciation	<u>8,966,997</u>
Total operating expenses	<u>29,997,296</u>
Non-operating revenues (expenses)	<u>1,003,357</u>
Change in net position	<u>\$ 3,058,883</u>

NOTE 20. PENSION PLAN

The Authority has a defined contribution pension plan titled the "Housing Authority of the City of El Paso Retirement Plan" (the "Plan"), covering all permanent employees. The Plan is administered by a third party administrator at the direction of a Board of Trustees representing the population of the Authority employees. Each employee directs the third party administrator as how to invest his or her contributions. Employees are eligible to participate six months from the date the employee is considered permanent. Participation in the Plan is mandatory.

The employees are entitled to receive the amount contributed by them on their behalf plus interest earned. Retirement benefits vest after five years of credited service. The Plan is funded through employee and the Authority contributions of 5% and 7%, respectively, of the base monthly compensation as defined by the Plan. During the year ended December 31, 2024, employees of the Authority contributed \$329,157 to the Plan and the Authority contributed \$347,971 to the Plan.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2024

NOTE 20. PENSION PLAN (continued)

A summary of the Plan's activity for the year ended December 31, 2024 is as follows:

<u>Description</u>	<u>Amount</u>
Plan assets, beginning of year	\$ 15,667,241
Contributions	677,128
Dividends	455,845
Gain/(loss)	1,445,868
Exchanges	39
Commissions	(12,523)
Forfeitures	(16,033)
Distributions	(1,885,013)
Trustee transfers	5,000
Interest	<u>9,133</u>
Plan assets, end of year	\$ <u>16,346,685</u>

NOTE 21. SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through August 18, 2025 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners
Housing Authority of the City of El Paso d.b.a. HOME:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and, where applicable, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities (primary government) and the aggregate discretely presented component units of the Housing Authority of the City of El Paso d.b.a. HOME (the "Authority") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 18, 2025. Our report includes a reference to the discretely presented component units. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards* with the exception of Alamito Gardens, LP, EP Father Pinto, LP, El Paso Sherman I, LP, El Paso Westfall, LP, EP Rio Grande Three, LP, EP Chelsea, LP, EP Sun Plaza, LP, EP Sandoval Two, LP, EP Cramer Three, LP, EP Sherman South II, LP, EP SGC, LP, EP Commissioners' Corner II, LP, EP Tays North II, LP, EP DeWetter Two, LP, EP Blue Flame, LP and EP Medano Heights, LP. and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the aggregate discretely presented component units, except for those referenced above.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Novogradac & Company LLP

August 18, 2025
Toms River, New Jersey



NOVOGRADAC
& COMPANY LLP®

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Commissioners
Housing Authority of the City of El Paso d.b.a. HOME:

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of El Paso d.b.a. HOME's (the "Authority") compliance with the types of compliance requirements described in the Uniform Guidance that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2024. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit.

Auditors' Responsibilities for the Audit of Compliance (continued)

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Novogradec & Company LLP

August 18, 2025
Toms River, New Jersey

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

<u>Federal Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Grant Expenditures</u>
U.S. Department of Housing and Urban Development:		
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	\$ 51,180,379
Mainstream Vouchers	14.879	767,691
Emergency Housing Vouchers	14.EHV	<u>642,381</u>
Total Housing Voucher Cluster		52,590,451
Section 8 Project-Based Cluster		
Section 8 New Construction and Substantial Rehabilitation	14.182	3,833,423
Section 8 Housing Assistance Payments	14.195	<u>482,783</u>
Total Section 8 Project-Based Cluster		4,316,206
Public and Indian Housing Program	14.850	1,118,059
Public Housing Capital Fund Program	14.872	171,662
Resident Opportunity and Supportive Services	14.870	174,794
Supportive Housing for the Elderly	14.157	471,134
Continuum of Care	14.267	20,051
Passed through the City of El Paso:		
CDBG - Entitlement Grants Cluster		
Community Development Block Grant	14.218	<u>2,040,592</u>
Total CDBG - Entitlement Grants Cluster		2,040,592
Total U.S. Department of Housing and Urban Development		<u>60,902,949</u>
U.S. Department of Agriculture:		
Farm Labor Housing Loans and Grants	10.405	<u>344,720</u>
Total U.S. Department of Agriculture		<u>344,720</u>
Total Expenditures of Federal Awards		<u>\$ 61,247,669</u>

See Notes to Schedule of Expenditures of Federal Awards.

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended December 31, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. INDIRECT COST RATE

The Authority has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4. SCHEDULE OF CAPITAL FUND PROGRAM COSTS AND ADVANCES

The total amount of Capital Fund Program Costs and Advances incurred and earned by the Authority as of and for the year ended December 31, 2024 is provided herein.

	<u>501-23</u>	<u>Totals</u>
Budget	\$ <u>1,881,520</u>	\$ <u>1,881,520</u>
<u>Advances:</u>		
Cumulative through 1/1/2024	\$ 914,074	\$ 914,074
Current Year	<u>171,662</u>	<u>171,662</u>
Cumulative through 12/31/2024	<u>1,085,736</u>	<u>1,085,736</u>
<u>Costs:</u>		
Cumulative through 1/1/2024	914,074	914,074
Current Year	<u>171,662</u>	<u>171,662</u>
Cumulative through 12/31/2024	<u>1,085,736</u>	<u>1,085,736</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>-</u>

**HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

I. Summary of Auditors' Results

Financial Statement Section

1.	Type of auditors' report issued:	Unmodified
2.	Internal control over financial reporting	
	a. Material weakness(es) identified?	No
	b. Significant deficiency(ies) identified?	None Reported
3.	Noncompliance material to the financial statements?	No

Federal Awards Section

1.	Internal control over compliance:	
	a. Material weakness(es) identified?	No
	b. Significant deficiency(ies) identified?	None Reported
2.	Type of auditors' report on compliance for major programs:	Unmodified
3.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
4.	Identification of major programs:	

ALN

Name of Federal Program

Housing Voucher Cluster:

14.871	Section 8 Housing Choice Vouchers
14.879	Mainstream Vouchers
14.EHV	Emergency Housing Vouchers

Section 8 Project Based Cluster:

14.182	Section 8 New Construction and Substantial Rehabilitation
14.195	Section 8 Housing Assistance Payments Program
14.218	Community Development Block Grant

5.	Dollar threshold used to distinguish between Type A and Type B Programs:	\$1,837,430
6.	Auditee qualified as low-risk Auditee?	Yes

HOUSING AUTHORITY OF THE CITY OF EL PASO
d.b.a. HOME
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2024

II. Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

III. Federal Award Findings and Questioned Costs

There were no findings or questioned costs relating to federal awards.

IV. Schedule of Prior Year Audit Findings

There were no prior year audit findings.

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2024

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	10.405 Farm Labor Housing Loans and Grants
111 Cash - Unrestricted	\$9,333,322		\$25,725,986	\$15,394,714	\$7,202,182	\$160,790
112 Cash - Restricted - Modernization and Development			\$0			
113 Cash - Other Restricted			\$108,938,073	\$19,546,834	\$2,218,140	\$236,785
114 Cash - Tenant Security Deposits			\$1,514,696	\$1,310,603	\$109,726	\$4,300
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	\$9,333,322	\$0	\$136,178,755	\$36,252,151	\$9,530,048	\$401,875
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects	\$105,738		\$83,592	\$28,056	\$4,389	
124 Accounts Receivable - Other Government						\$19,770
125 Accounts Receivable - Miscellaneous			\$989,565	\$859,907	\$496	
126 Accounts Receivable - Tenants			\$1,148,449	\$789,412	\$9,108	\$742
126.1 Allowance for Doubtful Accounts - Tenants	\$0		-\$360,323	-\$85,507	-\$6,831	\$0
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0					
128 Fraud Recovery	\$0					
128.1 Allowance for Doubtful Accounts - Fraud	\$0					
129 Accrued Interest Receivable					\$10,237,143	
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$105,738	\$0	\$1,861,283	\$1,591,868	\$10,244,305	\$20,512
131 Investments - Unrestricted						
132 Investments - Restricted			\$28,505			
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets			\$270,676	\$299,683	\$18,809	\$361
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From						
145 Assets Held for Sale						
150 Total Current Assets	\$9,439,060	\$0	\$138,339,219	\$38,143,702	\$19,793,162	\$422,748
161 Land	\$9,108,854		\$4,116,558	\$41,627,605	\$992,675	\$253,382
162 Buildings	\$6,739,551		\$1,109,452,485	\$366,958,810	\$12,457,782	\$3,776,685
163 Furniture, Equipment & Machinery - Dwellings			\$32,048,358	\$6,557,437	\$351,756	
164 Furniture, Equipment & Machinery - Administration	\$1,708		\$0	\$39,977	\$60,965	\$11,955
165 Leasehold Improvements			\$48,727,614	\$953,250		
166 Accumulated Depreciation	-\$6,535,492		-\$206,102,302	-\$68,828,273	-\$12,652,213	-\$2,887,319
167 Construction in Progress			\$109,915,874	\$1,750,989	\$5,000	
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$9,314,621	\$0	\$1,098,158,587	\$349,059,795	\$1,215,965	\$1,154,703
171 Notes, Loans and Mortgages Receivable - Non-Current					\$144,398,706	
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						
173 Grants Receivable - Non Current						
174 Other Assets			\$2,179,861			
176 Investments in Joint Ventures						
180 Total Non-Current Assets	\$9,314,621	\$0	\$1,100,338,448	\$349,059,795	\$145,614,671	\$1,154,703
200 Deferred Outflow of Resources						
290 Total Assets and Deferred Outflow of Resources	\$18,753,681	\$0	\$1,238,677,667	\$387,203,497	\$165,407,833	\$1,577,451

See report of independent auditors.

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2024

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	10.405 Farm Labor Housing Loans and Grants
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$797		\$2,622,017	\$646,384	\$49,510	\$28,102
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable			\$84,804	\$98,680		\$3,305
322 Accrued Compensated Absences - Current Portion						
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government						
341 Tenant Security Deposits			\$1,514,696	\$1,310,603	\$109,726	\$4,300
342 Unearned Revenue			\$402,017	\$766,363	\$7,898	\$2,148
344 Current Portion of Long-term Debt - Operating Borrowings				\$5,982,585		\$50,695
344 Current Portion of Long-term Debt - Operating Borrowings						
345 Other Current Liabilities			\$14,545,408	\$3,005,240	\$55,528	
346 Accrued Liabilities - Other			\$1,743,944	\$1,247,638	\$38,316	
347 Inter Program - Due To						
348 Loan Liability - Current						\$0
310 Total Current Liabilities	\$797	\$0	\$20,912,886	\$13,057,493	\$260,978	\$88,550
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$799,636,510	\$374,308,306		\$470,520
352 Long-term Debt, Net of Current - Operating Borrowings			\$46,516,000			
353 Non-current Liabilities - Other			\$150,213,170	\$6,181,191		\$161,465
354 Accrued Compensated Absences - Non Current						
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities						
350 Total Non-Current Liabilities	\$0	\$0	\$996,365,680	\$380,489,497	\$0	\$631,985
300 Total Liabilities	\$797	\$0	\$1,017,278,566	\$393,546,990	\$260,978	\$720,535
400 Deferred Inflow of Resources						
508.4 Net Investment in Capital Assets	\$9,314,621	\$0	\$364,314,831	\$-17,380,761	\$1,215,965	\$633,488
511.4 Restricted Net Position	\$0	\$0	\$43,094,361	\$4,793,477	\$2,218,140	\$236,785
512.4 Unrestricted Net Position	\$9,438,263	\$0	\$186,010,091	\$6,243,791	\$161,712,750	\$-13,357
513 Total Equity - Net Assets / Position	\$18,752,884	\$0	\$221,399,101	\$-6,343,493	\$165,146,855	\$856,916
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$18,753,681	\$0	\$1,238,677,667	\$387,203,497	\$165,407,833	\$1,577,451

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2024

	1 Business Activities	2 State/Local	14.267 Continuum of Care Program	14.879 Mainstream Vouchers	14.157 Supportive Housing for the Elderly	14.871 Housing Choice Vouchers
111 Cash - Unrestricted	\$31,388,453		\$26,229	\$385,808	\$1,941,460	\$4,280,821
112 Cash - Restricted - Modernization and Development	\$2,551				\$14,703	
113 Cash - Other Restricted	\$103,681				\$603,568	\$760,503
114 Cash - Tenant Security Deposits						
115 Cash - Restricted for Payment of Current Liabilities						\$0
100 Total Cash	\$31,494,685	\$0	\$26,229	\$385,808	\$2,559,731	\$5,041,324
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects				\$29,665		
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous	\$8,386,999		\$6,806	\$3,283	\$1,751	\$702,979
126 Accounts Receivable - Tenants	\$7,234		\$0	\$0		\$711,704
126.1 Allowance for Doubtful Accounts - Tenants	\$0		\$0	\$0	\$0	\$0
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$361,332		\$0	\$0	\$0	\$0
128 Fraud Recovery				\$0		\$444,830
128.1 Allowance for Doubtful Accounts - Fraud						-\$444,830
129 Accrued Interest Receivable	\$82,531,302					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$91,286,867	\$0	\$6,806	\$32,948	\$1,751	\$1,414,683
131 Investments - Unrestricted						
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	\$54,257	\$15,696				\$37,295
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From						
145 Assets Held for Sale						
150 Total Current Assets	\$122,835,809	\$15,696	\$33,035	\$418,756	\$2,561,482	\$6,493,302
161 Land	\$4,536,709				\$80,681	
162 Buildings	\$6,061,637				\$2,792,299	
163 Furniture, Equipment & Machinery - Dwellings	\$38,021				\$57,351	
164 Furniture, Equipment & Machinery - Administration						\$0
165 Leasehold Improvements						
166 Accumulated Depreciation	-\$1,534,262				-\$1,261,975	\$0
167 Construction in Progress	\$1,001,503					\$1,017,688
168 Infrastructure						\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$10,103,608	\$0	\$0	\$0	\$1,668,356	\$1,017,688
171 Notes, Loans and Mortgages Receivable - Non-Current	\$241,597,255					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						
173 Grants Receivable - Non Current						
174 Other Assets	\$10,200,000					
176 Investments in Joint Ventures	\$2,095,997					
180 Total Non-Current Assets	\$263,996,860	\$0	\$0	\$0	\$1,668,356	\$1,017,688
200 Deferred Outflow of Resources						
290 Total Assets and Deferred Outflow of Resources	\$386,832,669	\$15,696	\$33,035	\$418,756	\$4,229,838	\$7,510,990

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2024

	1 Business Activities	2 State/Local	14.267 Continuum of Care Program	14.879 Mainstream Vouchers	14.157 Supportive Housing for the Elderly	14.871 Housing Choice Vouchers
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$825,005		\$6,287		\$3,916	\$55,940
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable	\$26,720					\$27,060
322 Accrued Compensated Absences - Current Portion	\$33,735					\$35,830
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government						
341 Tenant Security Deposits	\$2,551				\$14,703	
342 Unearned Revenue	\$2,181,633				\$452	\$5,319
344 Current Portion of Long-term Debt - Operating Borrowings						
344 Current Portion of Long-term Debt - Operating Borrowings						
345 Other Current Liabilities	\$5,816,128		\$299	\$21,862	\$363	\$165,649
346 Accrued Liabilities - Other	\$46,797			\$2,445	\$8,474	\$127,944
347 Inter Program - Due To						
348 Loan Liability - Current	\$218,500					
310 Total Current Liabilities	\$9,151,069	\$0	\$6,586	\$24,307	\$27,908	\$417,742
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$50,013,327					
352 Long-term Debt, Net of Current - Operating Borrowings						
353 Non-current Liabilities - Other	\$429,086					\$497,836
354 Accrued Compensated Absences - Non Current	\$66,571					\$46,497
355 Loan Liability - Non Current	\$1,071,586					
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities						
350 Total Non-Current Liabilities	\$51,580,570	\$0	\$0	\$0	\$0	\$544,333
300 Total Liabilities	\$60,731,639	\$0	\$6,586	\$24,307	\$27,908	\$962,075
400 Deferred Inflow of Resources	\$7,525,823					
508.4 Net Investment in Capital Assets	\$2,840,281				\$1,668,358	\$1,017,688
511.4 Restricted Net Position	\$103,681				\$603,568	\$262,667
512.4 Unrestricted Net Position	\$315,631,245	\$15,696	\$26,449	\$394,449	\$1,930,006	\$5,288,560
513 Total Equity - Net Assets / Position	\$318,575,207	\$15,696	\$26,449	\$394,449	\$4,201,930	\$6,548,915
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$386,832,669	\$15,696	\$33,035	\$418,756	\$4,229,838	\$7,510,990

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2024

	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	14.EHV Emergency Housing Voucher	COCC	ELIM	Total
111 Cash - Unrestricted			\$244,050	\$4,168,956		\$100,252,771
112 Cash - Restricted - Modernization and Development						\$0
113 Cash - Other Restricted			\$66,979			\$132,474,563
114 Cash - Tenant Security Deposits						\$2,956,579
115 Cash - Restricted for Payment of Current Liabilities						\$0
100 Total Cash	\$0	\$0	\$311,029	\$4,168,956	\$0	\$235,683,913
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects	\$14,110					\$265,550
124 Accounts Receivable - Other Government						\$19,770
125 Accounts Receivable - Miscellaneous			\$5,121	\$688,033	-\$4,396,596	\$7,248,344
126 Accounts Receivable - Tenants			\$3,690	\$0		\$2,670,339
126.1 Allowance for Doubtful Accounts - Tenants	\$0		\$0	\$0		-\$452,661
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current			\$0	\$72,014		\$433,346
128 Fraud Recovery			\$599			\$445,429
128.1 Allowance for Doubtful Accounts - Fraud			-\$599			-\$445,429
129 Accrued Interest Receivable				\$357,209	-\$5,465,765	\$87,659,889
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$14,110	\$0	\$8,811	\$1,117,256	-\$9,862,361	\$97,844,577
131 Investments - Unrestricted						
132 Investments - Restricted						\$28,505
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets				\$749,466		\$1,446,243
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From						
145 Assets Held for Sale						
150 Total Current Assets	\$14,110	\$0	\$319,840	\$6,035,678	-\$9,862,361	\$335,003,238
161 Land				\$1,207,966		\$61,924,430
162 Buildings				\$8,255,030		\$1,516,494,279
163 Furniture, Equipment & Machinery - Dwellings				\$655,153		\$39,708,076
164 Furniture, Equipment & Machinery - Administration				\$3,656,357		\$3,770,962
165 Leasehold Improvements						\$49,680,864
166 Accumulated Depreciation				-\$10,742,391		-\$310,544,227
167 Construction in Progress						\$113,891,054
168 Infrastructure						\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$0	\$3,032,115	\$0	\$1,474,725,438
171 Notes, Loans and Mortgages Receivable - Non-Current				\$461,146	-\$31,223,836	\$355,233,271
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						
173 Grants Receivable - Non Current						
174 Other Assets						\$12,379,861
176 Investments in Joint Ventures						\$2,095,997
180 Total Non-Current Assets	\$0	\$0	\$0	\$3,493,261	-\$31,223,836	\$1,844,434,567
200 Deferred Outflow of Resources						
290 Total Assets and Deferred Outflow of Resources	\$14,110	\$0	\$319,840	\$9,528,939	-\$41,086,197	\$2,179,437,805

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2024

	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	14.EHV Emergency Housing Voucher	COCC	ELIM	Total
311 Bank Overdraft						
312 Accounts Payable <= 90 Days			\$2,150	\$706		\$4,240,814
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable			\$737	\$200,859		\$442,165
322 Accrued Compensated Absences - Current Portion	\$14,110			\$68,274		\$151,949
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government						
341 Tenant Security Deposits						\$2,956,579
342 Unearned Revenue				\$1,000		\$3,366,830
344 Current Portion of Long-term Debt - Operating Borrowings						\$6,033,280
344 Current Portion of Long-term Debt - Operating Borrowings						
345 Other Current Liabilities				\$91,795	-\$3,344,206	\$20,358,066
346 Accrued Liabilities - Other				\$99,749		\$3,315,307
347 Inter Program - Due To						
348 Loan Liability - Current						\$218,500
310 Total Current Liabilities	\$14,110	\$0	\$2,887	\$462,383	-\$3,344,206	\$41,083,490
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					-\$30,948,644	\$1,193,480,019
352 Long-term Debt, Net of Current - Operating Borrowings						\$46,516,000
353 Non-current Liabilities - Other					-\$6,518,155	\$150,964,593
354 Accrued Compensated Absences - Non Current				\$282,572		\$395,640
355 Loan Liability - Non Current					-\$275,192	\$796,394
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities						
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$282,572	-\$37,741,991	\$1,392,152,646
300 Total Liabilities	\$14,110	\$0	\$2,887	\$744,955	-\$41,086,197	\$1,433,236,136
400 Deferred Inflow of Resources				\$212,282		\$7,738,105
508.4 Net Investment in Capital Assets	\$0	\$0		\$3,032,115	\$30,948,644	\$397,605,228
511.4 Restricted Net Position	\$0	\$0	\$66,979			\$51,379,658
512.4 Unrestricted Net Position	\$0	\$0	\$249,974	\$5,539,587	-\$30,948,644	\$289,478,678
513 Total Equity - Net Assets / Position	\$0	\$0	\$316,953	\$8,571,702	\$0	\$738,463,564
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$14,110	\$0	\$319,840	\$9,528,939	-\$41,086,197	\$2,179,437,805

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2024

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	10.405 Farm Labor Housing Loans and Grants
70300 Net Tenant Rental Revenue			\$57,256,177	\$28,087,667	\$1,164,434	\$137,798
70400 Tenant Revenue - Other			\$1,381,061	\$1,212,993	\$63,894	\$1,216
70500 Total Tenant Revenue	\$0	\$0	\$58,637,238	\$29,300,660	\$1,228,328	\$139,014
70600 HUD PHA Operating Grants	\$1,118,059	\$2,040,592		\$482,783	\$3,833,423	
70610 Capital Grants						
70710 Management Fee						
70720 Asset Management Fee						
70730 Book Keeping Fee						
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue						
70800 Other Government Grants						\$344,720
71100 Investment Income - Unrestricted			\$3,410,529	\$688,111	\$4,230,758	\$7,894
71200 Mortgage Interest Income			\$725,037			
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery						
71500 Other Revenue	\$18		\$431,809	\$2,269,379	\$56,779	\$200
71600 Gain or Loss on Sale of Capital Assets	\$295,690					
72000 Investment Income - Restricted			\$8,136			
70000 Total Revenue	\$1,413,767	\$2,040,592	\$63,212,749	\$32,740,933	\$9,349,288	\$491,828
91100 Administrative Salaries			\$3,122,280	\$4,015,862	\$190,486	\$36,126
91200 Auditing Fees			\$452,595	\$154,859		\$7,350
91300 Management Fee			\$3,412,894	\$1,360,293	\$406,688	
91310 Book-keeping Fee				\$153,660		
91400 Advertising and Marketing			\$466,873	\$126,928	\$5,532	\$4,888
91500 Employee Benefit contributions - Administrative			\$191,529	\$157,115	\$54,364	\$4,052
91600 Office Expenses	\$61		\$2,284,809	\$739,613	\$114,293	\$83
91700 Legal Expense			\$1,077,224	\$100,469	\$2,149	\$450
91800 Travel			\$814	\$6,187		
91810 Allocated Overhead						
91900 Other			\$90,476	\$385,124	\$55,690	\$19,398
91000 Total Operating - Administrative	\$61	\$0	\$11,099,494	\$7,200,110	\$829,202	\$72,347
92000 Asset Management Fee			\$597,477	\$105,028		
92100 Tenant Services - Salaries						
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services						
92400 Tenant Services - Other			\$1,440			
92500 Total Tenant Services	\$0	\$0	\$1,440	\$0	\$0	\$0

See report of independent auditors.

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2024

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	10.405 Farm Labor Housing Loans and Grants
93100 Water			\$2,386,595	\$748,198	\$169,455	\$22,141
93200 Electricity			\$1,647,447	\$358,081	\$34,706	\$11,111
93300 Gas			\$431,890	\$50,888	\$3,753	\$12,982
93400 Fuel					\$98,911	
93500 Labor						
93600 Sewer			\$1,858,733	\$678,395		\$23,420
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense			\$443,152	\$465,721	\$29,555	
93000 Total Utilities	\$0	\$0	\$6,767,817	\$2,301,283	\$336,380	\$69,654
94100 Ordinary Maintenance and Operations - Labor			\$2,545,064	\$676,681	\$159,281	\$40,682
94200 Ordinary Maintenance and Operations - Materials and Other			\$620,284	\$472,682	\$118,500	\$1,783
94300 Ordinary Maintenance and Operations Contracts			\$5,191,718	\$3,513,002	\$598,345	\$87,593
94500 Employee Benefit Contributions - Ordinary Maintenance			\$244,230	\$106,146	\$58,049	
94000 Total Maintenance	\$0	\$0	\$8,601,296	\$4,768,511	\$934,175	\$130,058
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs				\$52,200		
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$0	\$0	\$0	\$52,200	\$0	\$0
96110 Property Insurance			\$1,979,375	\$1,029,824	\$126,471	\$15,649
96120 Liability Insurance			\$557,981	\$177,097	\$68,997	\$5,260
96130 Workmen's Compensation			\$12,157	\$23,614	\$29,864	
96140 All Other Insurance			\$682,425	\$601,518	\$2,274	\$83
96100 Total Insurance Premiums	\$0	\$0	\$3,231,938	\$1,832,053	\$227,606	\$20,992
96200 Other General Expenses			\$2,556,049	\$4,589,096	\$3,789	\$678
96210 Compensated Absences						
96300 Payments in Lieu of Taxes	\$19		\$46,537			
96400 Bad debt - Tenant Rents			\$7,202	\$20,800		
96500 Bad debt - Mortgages						
96600 Bad debt - Other			\$347,518	\$151,351		
96800 Severance Expense						
96000 Total Other General Expenses	\$19	\$0	\$2,957,306	\$4,761,247	\$3,789	\$678
96710 Interest of Mortgage (or Bonds) Payable			\$14,727,255	\$1,263,452		\$5,484
96720 Interest on Notes Payable (Short and Long Term)			\$16,126,649	\$7,655,349	\$2,546	
96730 Amortization of Bond Issue Costs			\$884			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$30,854,788	\$8,918,801	\$2,546	\$5,484
96900 Total Operating Expenses	\$80	\$0	\$64,111,556	\$29,939,233	\$2,333,698	\$299,213

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2024

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	10.405 Farm Labor Housing Loans and Grants
97000 Excess of Operating Revenue over Operating Expenses	\$1,413,687	\$2,040,592	-\$898,807	\$2,801,700	\$7,015,590	\$192,615
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments						
97350 HAP Portability-In						
97400 Depreciation Expense	\$62,455		\$33,059,884	\$9,001,497	\$42,526	\$161,825
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
99000 Total Expenses	\$62,535	\$0	\$97,171,440	\$38,940,730	\$2,376,224	\$461,038
10010 Operating Transfer In						
10020 Operating transfer Out						
10030 Operating Transfers from/to Primary Government						
10040 Operating Transfers from/to Component Unit						
10050 Proceeds from Notes, Loans and Bonds						
10060 Proceeds from Property Sales						
10070 Extraordinary Items, Net Gain/Loss						
10080 Special Items (Net Gain/Loss)			\$23,517,427	\$11,799,549		
10091 Inter Project Excess Cash Transfer In						
10092 Inter Project Excess Cash Transfer Out						
10093 Transfers between Program and Project - In					\$10,390,520	
10094 Transfers between Project and Program - Out	-\$479,506				-\$6,049,931	
10100 Total Other financing Sources (Uses)	-\$479,506	\$0	\$23,517,427	\$11,799,549	\$4,340,589	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$871,726	\$2,040,592	-\$10,441,264	\$5,599,752	\$11,313,653	\$30,790
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$17,881,158	\$0	\$243,377,697	-\$8,187,652	\$153,833,202	\$826,126
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		-\$2,040,592	-\$11,537,332	-\$3,755,593	\$0	
11050 Changes in Compensated Absence Balance						
11060 Changes in Contingent Liability Balance						
11070 Changes in Unrecognized Pension Transition Liability						
11080 Changes in Special Term/Severance Benefits Liability						
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity						
11180 Housing Assistance Payments Equity						
11190 Unit Months Available	0	0	72297	15451	5893	599
11210 Number of Unit Months Leased	0		70263	14960	5852	589

See report of independent auditors.

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2024

	1 Business Activities	2 State/Local	14.267 Continuum of Care Program	14.879 Mainstream Vouchers	14.157 Supportive Housing for the Elderly	14.871 Housing Choice Vouchers
70300 Net Tenant Rental Revenue	\$150,663				\$191,880	
70400 Tenant Revenue - Other					\$15,790	
70500 Total Tenant Revenue	\$150,663	\$0	\$0	\$0	\$207,670	\$0
70600 HUD PHA Operating Grants			\$20,051	\$823,471	\$471,134	\$50,185,418
70610 Capital Grants						
70710 Management Fee						
70720 Asset Management Fee						
70730 Book Keeping Fee						
70740 Front Line Service Fee						
70750 Other Fees	\$4,892,192					
70700 Total Fee Revenue						
70800 Other Government Grants						
71100 Investment Income - Unrestricted	\$17,013,613				\$59,547	\$139,707
71200 Mortgage Interest Income	\$100,137					
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery				\$555		\$195,080
71500 Other Revenue	\$13,533,756	\$38,640			\$198,017	\$2,066,403
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted						
70000 Total Revenue	\$35,690,361	\$38,640	\$20,051	\$824,026	\$936,368	\$52,586,608
91100 Administrative Salaries	\$1,289,083			\$45,293	\$35,223	\$1,330,900
91200 Auditing Fees	\$400,679				\$7,119	
91300 Management Fee	\$8,569		\$827	\$13,284	\$55,293	\$779,400
91310 Book-keeping Fee	\$1,350		\$270	\$8,993	\$5,490	\$486,435
91400 Advertising and Marketing	\$1,203				\$1,236	\$480
91500 Employee Benefit contributions - Administrative	\$194,662			\$6,434	\$15,575	\$375,280
91600 Office Expenses	\$580,823				\$31,568	\$419,150
91700 Legal Expense	\$471,831				\$80	\$3,525
91800 Travel	\$14,114					\$14,347
91810 Allocated Overhead						
91900 Other	\$3,993,160		\$621		\$10,887	\$587,554
91000 Total Operating - Administrative	\$6,955,474	\$0	\$1,718	\$74,004	\$162,471	\$3,997,071
92000 Asset Management Fee					\$7,200	
92100 Tenant Services - Salaries	\$356,268					
92200 Relocation Costs	\$1,400					
92300 Employee Benefit Contributions - Tenant Services	\$79,974					
92400 Tenant Services - Other	\$86,259					
92500 Total Tenant Services	\$523,901	\$0	\$0	\$0	\$0	\$0

See report of independent auditors.

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2024

	1 Business Activities	2 State/Local	14.267 Continuum of Care Program	14.879 Mainstream Vouchers	14.157 Supportive Housing for the Elderly	14.871 Housing Choice Vouchers
93100 Water	\$24,300				\$18,736	
93200 Electricity	\$24,794				\$25,647	
93300 Gas	\$2,893				\$4,406	
93400 Fuel					\$16,980	
93500 Labor						
93600 Sewer	\$5,296					
93700 Employee Benefit Contributions - Utilities	\$984				\$240	
93800 Other Utilities Expense	\$984				\$240	
93000 Total Utilities	\$58,267	\$0	\$0	\$0	\$66,009	\$0
94100 Ordinary Maintenance and Operations - Labor	\$10,367				\$47,841	
94200 Ordinary Maintenance and Operations - Materials and Other	\$9,821				\$19,826	
94300 Ordinary Maintenance and Operations Contracts	\$98,821				\$46,920	
94500 Employee Benefit Contributions - Ordinary Maintenance	\$1,156				\$5,049	
94000 Total Maintenance	\$119,437	\$0	\$0	\$0	\$119,636	\$0
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs						
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$10,502				\$11,856	
96120 Liability Insurance	\$13,360				\$6,054	
96130 Workmen's Compensation	\$11,901	\$68,122			\$7,244	\$17,280
96140 All Other Insurance	\$56,616					
96100 Total Insurance Premiums	\$92,379	\$68,122	\$0	\$0	\$25,154	\$17,280
96200 Other General Expenses	\$570,368	\$14,382		\$105		\$16,674
96210 Compensated Absences	\$23,976					
96300 Payments in Lieu of Taxes						
96400 Bad debt - Tenant Rents						
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	\$594,344	\$14,382	\$0	\$105	\$0	\$16,674
96710 Interest of Mortgage (or Bonds) Payable	\$77,596					
96720 Interest on Notes Payable (Short and Long Term)	\$744,826					
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	\$822,422	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$9,166,224	\$82,504	\$1,718	\$74,109	\$380,470	\$4,031,025

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2024

	1 Business Activities	2 State/Local	14.267 Continuum of Care Program	14.879 Mainstream Vouchers	14.157 Supportive Housing for the Elderly	14.871 Housing Choice Vouchers
97000 Excess of Operating Revenue over Operating Expenses	\$26,524,137	-\$43,864	\$18,333	\$749,917	\$555,898	\$48,555,583
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments				\$693,582		\$44,818,772
97350 HAP Portability-In			\$17,992	\$0		\$1,906,569
97400 Depreciation Expense	\$126,282				\$111,946	
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
99000 Total Expenses	\$9,292,506	\$82,504	\$19,710	\$767,691	\$492,416	\$50,756,366
10010 Operating Transfer In						
10020 Operating transfer Out						
10030 Operating Transfers from/to Primary Government						
10040 Operating Transfers from/to Component Unit						
10050 Proceeds from Notes, Loans and Bonds						
10060 Proceeds from Property Sales						
10070 Extraordinary Items, Net Gain/Loss						
10080 Special Items (Net Gain/Loss)	\$0					
10091 Inter Project Excess Cash Transfer In						
10092 Inter Project Excess Cash Transfer Out						
10093 Transfers between Program and Project - In	\$8,590,228	\$77,254				\$760,416
10094 Transfers between Project and Program - Out	-\$14,179,276	-\$38,640				-\$760,416
10100 Total Other financing Sources (Uses)	-\$5,589,048	\$38,614	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$20,808,807	-\$5,250	\$341	\$56,335	\$443,952	\$1,830,242
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$296,359,385	\$20,946	\$26,108	\$336,114	\$3,757,978	\$4,718,673
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$1,407,015					\$0
11050 Changes in Compensated Absence Balance						
11060 Changes in Contingent Liability Balance						
11070 Changes in Unrecognized Pension Transition Liability						
11080 Changes in Special Term/Severance Benefits Liability						
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity						\$6,286,248
11180 Housing Assistance Payments Equity						\$262,667
11190 Unit Months Available	238	0	60	1500	731	67008
11210 Number of Unit Months Leased	234	0	36	1105	722	64899

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2024

	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	14.EHV Emergency Housing Voucher	COCC	ELIM	Total
70300 Net Tenant Rental Revenue						\$86,988,619
70400 Tenant Revenue - Other						\$2,674,954
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0	\$89,663,573
70600 HUD PHA Operating Grants	\$174,794		\$665,120			\$59,814,845
70610 Capital Grants				\$171,662		\$171,662
70710 Management Fee				\$1,200,200	-\$1,200,200	\$0
70720 Asset Management Fee				\$59,040	-\$59,040	\$0
70730 Book Keeping Fee				\$495,697	-\$495,697	\$0
70740 Front Line Service Fee				\$485,825	-\$485,825	\$0
70750 Other Fees					\$1,255,087	\$3,637,105
70700 Total Fee Revenue				\$2,240,762	-\$3,495,849	-\$1,255,087
70800 Other Government Grants						\$344,720
71100 Investment Income - Unrestricted				\$314,858		\$25,865,017
71200 Mortgage Interest Income						\$825,174
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery			\$8,510			\$204,145
71500 Other Revenue				\$1,442,252	-\$3,000,774	\$17,036,479
71600 Gain or Loss on Sale of Capital Assets						\$295,690
72000 Investment Income - Restricted						\$8,136
70000 Total Revenue	\$174,794	\$0	\$673,630	\$4,169,534	-\$6,496,623	\$197,866,546
91100 Administrative Salaries	\$134,264		\$42,907	\$2,281,083		\$12,523,507
91200 Auditing Fees				\$47,756		\$1,070,358
91300 Management Fee			\$0		-\$2,278,111	\$3,759,137
91310 Book-keeping Fee					-\$656,198	\$0
91400 Advertising and Marketing				\$38,140		\$645,280
91500 Employee Benefit contributions - Administrative	\$38,640		\$14,588	\$643,439		\$1,695,678
91600 Office Expenses			\$12	\$1,311,618		\$5,482,030
91700 Legal Expense				\$259,411		\$1,915,139
91800 Travel				\$78,843		\$114,305
91810 Allocated Overhead						
91900 Other			\$7,162	\$1,378,270	-\$629,970	\$5,898,372
91000 Total Operating - Administrative	\$172,904	\$0	\$64,669	\$6,038,560	-\$3,564,279	\$33,103,806
92000 Asset Management Fee					-\$59,040	\$650,665
92100 Tenant Services - Salaries						\$356,268
92200 Relocation Costs						\$1,400
92300 Employee Benefit Contributions - Tenant Services						\$79,974
92400 Tenant Services - Other						\$87,699
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0	\$525,341

See report of independent auditors.

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2024

	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	14.EHV Emergency Housing Voucher	COCC	ELIM	Total
93100 Water				\$31,963		\$3,401,388
93200 Electricity				\$96,420		\$2,198,206
93300 Gas				\$13,055		\$519,867
93400 Fuel						\$115,891
93500 Labor						
93600 Sewer				\$13,205		\$2,579,049
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense						\$999,652
93000 Total Utilities	\$0	\$0	\$0	\$154,643	\$0	\$9,754,053
94100 Ordinary Maintenance and Operations - Labor						\$3,479,916
94200 Ordinary Maintenance and Operations - Materials and Other				\$4,680		\$1,248,848
94300 Ordinary Maintenance and Operations Contracts				\$117,123		\$9,653,522
94500 Employee Benefit Contributions - Ordinary Maintenance						\$414,630
94000 Total Maintenance	\$0	\$0	\$0	\$121,803	\$0	\$14,794,916
95100 Protective Services - Labor				\$399,760		\$399,760
95200 Protective Services - Other Contract Costs						\$52,200
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services				\$38,562		\$38,562
95000 Total Protective Services	\$0	\$0	\$0	\$438,322	\$0	\$490,522
96110 Property Insurance				\$62,358		\$3,236,035
96120 Liability Insurance				\$3,195		\$831,944
96130 Workmen's Compensation	\$1,890		\$648	\$29,538		\$202,258
96140 All Other Insurance				\$3,649		\$1,346,565
96100 Total Insurance Premiums	\$1,890	\$0	\$648	\$98,740	\$0	\$5,616,802
96200 Other General Expenses			\$812	\$139,862	-\$2,873,304	\$5,018,511
96210 Compensated Absences				\$3,377		\$27,353
96300 Payments in Lieu of Taxes						\$46,556
96400 Bad debt - Tenant Rents						\$28,002
96500 Bad debt - Mortgages						
96600 Bad debt - Other						\$498,869
96800 Severance Expense						
96000 Total Other General Expenses	\$0	\$0	\$812	\$143,239	-\$2,873,304	\$5,619,291
96710 Interest of Mortgage (or Bonds) Payable						\$16,073,787
96720 Interest on Notes Payable (Short and Long Term)						\$24,529,370
96730 Amortization of Bond Issue Costs						\$884
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$40,604,041
96900 Total Operating Expenses	\$174,794	\$0	\$66,129	\$6,995,307	-\$6,496,623	\$111,159,437

Housing Authority of the City of El Paso, TX (TX003)

El Paso, TX

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2024

	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	14.EHV Emergency Housing Voucher	COCC	ELIM	Total
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$0	\$607,501	-\$2,825,773	\$0	\$86,707,109
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments			\$568,040			\$46,080,394
97350 HAP Portability-In			\$8,212			\$1,932,773
97400 Depreciation Expense				\$423,221		\$42,989,636
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
99000 Total Expenses	\$174,794	\$0	\$642,381	\$7,418,528	\$6,496,623	\$202,162,240
10010 Operating Transfer In						
10020 Operating transfer Out						
10030 Operating Transfers from/to Primary Government						
10040 Operating Transfers from/to Component Unit						
10050 Proceeds from Notes, Loans and Bonds						
10060 Proceeds from Property Sales						
10070 Extraordinary Items, Net Gain/Loss						
10080 Special Items (Net Gain/Loss)						\$35,316,976
10091 Inter Project Excess Cash Transfer In						
10092 Inter Project Excess Cash Transfer Out						
10093 Transfers between Program and Project - In				\$1,874,986	-\$21,693,404	\$0
10094 Transfers between Project and Program - Out				-\$185,635	\$21,693,404	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$1,689,351	\$0	\$35,316,976
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$0	\$31,249	-\$1,559,643	\$0	\$31,021,282
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$0	\$0	\$285,704	\$8,283,044		\$721,520,483
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors				\$1,848,301		-\$14,078,201
11050 Changes in Compensated Absence Balance						
11060 Changes in Contingent Liability Balance						
11070 Changes in Unrecognized Pension Transition Liability						
11080 Changes in Special Term/Severance Benefits Liability						
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity						\$6,286,248
11180 Housing Assistance Payments Equity						\$262,667
11190 Unit Months Available	0	0	1260	0		165037
11210 Number of Unit Months Leased	0	0	793	0		159453

APPENDIX C-2

**HOME'S UNAUDITED FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED JUNE 30, 2025**

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HOME

Housing Opportunity
Management Enterprises

FINANCIAL STATEMENTS

**June 2025
(unaudited)**

HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES
STATEMENT OF NET ASSETS
June 30, 2025
(unaudited)

ASSETS

	<u>May 2025</u>	<u>June 2025</u>
Current Assets:		
Unrestricted cash	101,178,872	104,478,200
Restricted cash	8,444,108	6,026,695
Receivables, net of allowances for doubtful accounts (1)	1,751,780	2,365,890
Investment -- Restricted	53,679,268	52,546,545
Prepaid expenses and other assets	2,172,818	2,378,323
Total Current Assets	<u>167,226,845</u>	<u>167,795,654</u>
Total Capital Assets, net of accumulated depreciation	<u>391,442,063</u>	<u>388,431,075</u>
Non-current assets		
Notes, Loans and Mortgages Receivable -- Unrestricted (2)	898,971	898,971
Notes, Loans and Mortgages Receivable -- Restricted (3)	482,473,494	482,457,983
Accrued Interest on Note Receivable -- Restricted	100,722,745	102,091,363
Investment in Joint Ventures	2,095,997	2,095,997
Total Non-Current Assets	<u>586,191,207</u>	<u>587,544,314</u>
Total Assets	<u><u>\$ 1,144,860,116</u></u>	<u><u>\$ 1,143,771,043</u></u>

LIABILITIES & NET ASSETS

Current Liabilities		
Accounts Payable	594,233	789,672
Accrued Compensated Absences, current portion	137,839	137,839
Tenant Security Deposits	1,832,251	1,787,371
Current Portion of Long-Term Debt (4)	284,255	284,567
Other Current Liabilities	10,238,678	9,802,523
Total Current Liabilities	<u>13,087,255</u>	<u>12,801,972</u>
Non-Current Liabilities		
Long Term Debt, Net of Current (4)	437,224,153	437,166,702
Other Non-Current Liabilities	140,490,451	140,661,809
Accrued Compensated Absences, net of current portion	395,640	395,640
Total Non-Current Liabilities	<u>578,110,244</u>	<u>578,224,151</u>
Total Liabilities	<u><u>\$ 591,197,499</u></u>	<u><u>\$ 591,026,123</u></u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	\$ 20,100,084	\$ 17,146,234
Restricted Net Assets (5)	38,563,401	36,288,793
Unrestricted Net Assets	494,999,132	499,309,893
Total Equity/Net Assets	<u>553,662,617</u>	<u>552,744,920</u>
Total Liabilities and Equity/Net Assets	<u><u>\$ 1,144,860,116</u></u>	<u><u>\$ 1,143,771,043</u></u>

HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES
STATEMENT OF REVENUE AND EXPENSES
For the Six Months Ending June 30, 2025
(unaudited)

	AMENDED ANNUAL BUDGET	YEAR-TO-DATE			
		<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	
				\$	%
Revenue:					
Tenant and Subsidy Revenue	\$ 122,521,012	\$ 59,569,056	\$ 61,260,506	\$ (1,691,450)	-3%
Other Revenue	31,950,358	17,592,883	15,975,179	1,617,704	10%
Total revenue	154,471,370	77,161,939	77,235,685	(73,746)	0%
Operating expenses:					
Administrative salaries	9,890,849	4,816,665	4,945,424	128,760	3%
Administrative benefits	3,137,631	1,345,760	1,568,816	223,056	14%
Other administrative expenses	24,650,714	11,928,667	12,325,357	396,690	3%
Total administrative expenses	37,679,194	18,091,091	18,839,597	748,506	4%
Tenant services salaries	376,409	178,037	188,205	10,168	5%
Tenant services benefits	108,985	53,714	54,493	778	1%
Other tenant services expenses	1,013,127	484,385	506,564	22,178	4%
Total tenant services expenses	1,498,521	716,136	749,261	33,125	4%
Total utilities expenses	10,476,440	5,400,092	5,238,220	(161,872)	-3%
Maintenance labor	4,437,597	1,988,648	2,218,799	230,150	10%
Maintenance benefits	1,671,406	595,362	835,703	240,341	29%
Maintenance materials and contracts	10,050,615	6,093,859	5,025,308	(1,068,551)	-21%
Total maintenance expenses	16,159,619	8,677,869	8,079,809	(598,060)	-7%
Protective services labor	445,696	187,453	222,848	35,396	16%
Protective services benefits	54,304	25,643	27,152	1,509	6%
Total protective services expenses	500,000	213,095	250,000	36,905	15%
Other general expenses	7,530,497	5,014,883	3,765,248	(1,249,635)	-33%
Total general expenses	7,530,497	5,014,883	3,765,248	(1,249,635)	-33%
Total operating expenses	73,844,271	38,113,167	36,922,135	(1,191,032)	-3%
Income from operations	\$ 80,627,099	\$ 39,048,772	\$ 40,313,550	\$ (1,264,778)	-3%
Voucher Housing Assistance Payments (HAP) Income:					
HAP Subsidy	\$ 45,576,000	\$ 24,276,980	22,788,000	\$ 1,488,980	7%
Fraud Recovery revenue & Other Revenue	58,500	310,064	29,250	280,814	960%
Total voucher income	45,634,500	24,587,044	22,817,250	1,769,794	8%
Voucher HAP expense:					
Housing assistance payments	45,552,000	23,732,795	22,776,000	(956,795)	-4%
Excess/(deficit)	82,500	854,249	41,250	812,999	5%
Total HUD Held reserves as of June 2025		807,064			
Ending HAP reserves (HOME & HUD Held)	\$ 82,500	\$ 1,661,313	\$ 41,250	\$ 1,620,063	\$ 0

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APPENDIX D-1

FORM OF BOND COUNSEL APPROVING OPINION

We have acted as bond counsel in connection with the issuance by the South Carolina Jobs-Economic Development Authority (the “Issuer”) of its \$132,790,000 South Carolina Jobs-Economic Development Authority Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced), Series 2025 (the “Bonds”).

The Bonds are issued under and pursuant to the provisions of the South Carolina Jobs-Economic Development Fund Act, Chapter 43, Title 41 of the Code of Laws of South Carolina 1976, as amended, (the “Act”), a Trust Indenture dated as of December 1, 2025 (the “Indenture”), by and between the Issuer and Wilmington Trust, National Association, a national banking association, duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”), and a resolution adopted by the Board of Directors of the Issuer on November 19, 2025 (the “Resolution”). Capitalized terms not defined herein shall have the same meaning as set forth in the Indenture.

The Bonds are being issued for the purpose of providing funds for the financing of the acquisition, improvement and equipping of (a) a 288-unit multifamily residential rental apartment community (the “Reserve at Wescott Project”) located in the Town of Summerville in Dorchester County, South Carolina and (b) a 299-unit multifamily residential rental apartment community (the “Otarre Pointe Project”) located in the Cayce in Dorchester County, South Carolina (each a “Project,” and collectively, the “Projects”). Pursuant to a Loan Agreement dated as of December 1, 2025 (the “Loan Agreement”), by and between the Issuer and SFRI Reserve at Wescott Apartments LLC (the “Reserve at Wescott Borrower”) and SFRI Otarre Pointe Apartments LLC (the “Otarre Pointe Borrower,” each a “Borrower,” and collectively, the “Borrowers”), each a limited liability company organized and existing under the laws of the State of Delaware and duly qualified under the laws of the State of South Carolina (the “State”), the Issuer has agreed to use the proceeds derived from the sale of the Bonds to make a loan in the principal amount of \$132,790,000 to the Borrowers to pay costs of the Projects.

The Bonds are issued in fully-registered form in the name of the registered owners thereof, dated December __, 2025, numbered from I-1 upward, in minimum denominations of \$5,000 principal amount and integral multiples of \$5,000 in excess thereof, and bear interest from their dated date payable in accordance with terms provided therein. The Bonds mature on December 1, 2035. The Bonds are subject to mandatory and optional redemption upon the terms and conditions and at the prices set forth in the Bonds and in the Indenture.

In connection with the foregoing, we have examined (i) the Bond Indenture; (ii) the Master Indenture; (iii) the Supplemental Master Trust Indenture No. 1; (iv) the Loan Agreement; (v) a Tax Regulatory Agreement and No-Arbitrage Certificate dated as of December 1, 2025 (the “Tax Agreement”), by and among the Issuer, the Borrowers, and the Trustee with respect to the Project; (vi) the Mortgage, Assignment of Leases, Security Agreement and Fixture Filing with respect to each Project dated as of December 1, 2025 (each a “Mortgage” and collectively, the “Mortgages”)) by the related Borrower in favor of the Trustee; (vii) a Land Use Restriction Agreement dated as of December 1, 2025 with respect to each Project (each a “Land Use Restriction Agreement” and

collectively, the “Land Use Restriction Agreements”), (viii) the Tax Certificate dated as of December 10, 2025 (the “Tax Agreement”), among the Issuer, the Trustee, the Borrowers, and Sixteenth Floor Residential Inc. (the “Nonprofit Member”) (collectively, the Bond Indenture, the Master Indenture, the Supplemental Master Trust Indenture No. 1, the Loan Agreement, the Tax Agreement, the Land Use Restriction Agreements, and the Mortgages are referred to herein as the “Transaction Documents”); and (ix) such other records and documents as we have considered necessary or appropriate in rendering the following opinions. We have also examined the fully executed Bonds.

As to questions of fact material to the opinions hereinafter expressed, we have relied upon representations of the Issuer, the Borrowers, and other parties contained in the Transaction Documents, the certified proceedings and other certifications of public officials and others furnished to us, including certifications furnished to us by or on behalf of the Issuer and the Borrowers, without undertaking to verify the same by independent investigation. We have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, and documents and proceedings.

In rendering the opinions expressed below, we do not purport to be experts in or generally familiar with or qualified to express legal opinions based on the laws of any jurisdiction other than the federal laws of the United States of America and the laws of the State, and the opinions are limited to the federal laws of the United States of America and the laws of the State.

Based upon the foregoing, it is our opinion under existing law that:

1. The Indenture creates a valid pledge of the Trust Estate, as defined in the Indenture, for payment of the Bonds pursuant to the terms of the Indenture. The Bonds are secured in the manner and the extent prescribed by the Indenture.
2. Each Borrower has authorized the execution, delivery and performance of the Transaction Documents to which it is a party by all necessary action and has duly executed and delivered each of the Transaction Documents to which it is a party. Each of the Transaction Documents to which each Borrower is a party constitutes the legal, valid and binding obligation of each Borrower, enforceable in accordance with its terms.
3. The Bonds have been duly authorized, executed and delivered in accordance with the provisions of the Act and constitute legal valid and binding special obligations of the Issuer enforceable in accordance with their terms and the terms of the Indenture.
4. Interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and is not an item of tax preference for purposes of the federal individual alternative minimum tax; provided, however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. The opinion set forth in the first

sentence of this paragraph is subject to the condition that the Issuer, the Borrowers and the Nonprofit Member comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer, the Borrowers and the Nonprofit Member have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

5. The Bonds and the interest thereon are presently exempt from all State, county, school district, municipal and all other taxes or assessments imposed within the State, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, or transfer taxes; but the interest thereon may be includable for certain franchise fees or taxes.

6. The Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is not required to be qualified under the Trust Indenture Act of 1939, as amended.

It is understood that certain indemnity provisions may be unenforceable pursuant to court decisions invalidating those types of agreements on public policy grounds. Further, the rights of the registered owner of the Bonds and the enforceability of the Bonds and the Transaction Documents may be subject to judicial discretion, the valid exercise of the sovereign police powers of the State and the constitutional powers of the United States of America, and valid bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, as well as other equitable principles.

This opinion is delivered solely for your benefit in connection with the issuance of the Bonds and consummation of transaction contemplated thereby and may not be used or relied on by any other person or for any other purpose without our prior written consent in each instance. Our opinions expressed herein are as of the date hereof, and we undertake no obligation to advise you of any changes of applicable law or any other matters that may come to our attention after the date hereof that may affect our opinions expressed herein.

Very truly yours,

Cantu Harden Montoya LLP

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APPENDIX D-2

FORM OF CO-BOND COUNSEL OPINION

December __, 2025

South Carolina Jobs-Economic Development Authority
Columbia, South Carolina

SFRI Reserve at Wescott Apartments LLC
El Paso, Texas

SFRI Otarre Pointe Apartments LLC
El Paso, Texas

Re: \$132,790,000 South Carolina Jobs-Economic Development Authority Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced) Series 2025 (the “Bonds”)

Ladies and Gentlemen:

We have been engaged as Co-Bond Counsel in connection with the issuance by the South Carolina Jobs-Economic Development Authority (the “Issuer”) of the Bonds on the date hereof. The Bonds have been issued pursuant to a Trust Indenture dated as of December 1, 2025 (the “Indenture”), between the Issuer and Wilmington Trust, National Association, as Trustee (the “Trustee”). Pursuant to the Loan Agreement dated as of December 1, 2025 (the “Loan Agreement”), among the Issuer SFRI Reserve at Wescott Apartments LLC (“SFRI Reserve”) and SFRI Otarre Pointe Apartments LLC (“SFRI Otarre” and together with SFRI Reserve, the “Borrower”), the Borrower is obligated to make payments to or on behalf of the Issuer sufficient to pay the principal and interest on the Bonds. Unless otherwise indicated, all capitalized terms as used in this opinion shall have the meanings set forth in the Indenture.

In connection with our opinion, we have examined the Constitution and laws of the State, of South Carolina (the “State”) particularly Title 41, Chapter 43, Code of Laws of South Carolina 1976, as amended (the “Act”), the transcript of the proceedings with respect to the Bonds, certified copies of documents relating to the organization of the Issuer, and certified copies of proceedings and other documents relating to the issuance and sale by the Issuer of the Bonds, including the resolution adopted by the Issuer on November 19, 2025, authorizing the issuance of the Bonds, the Purchase Contract dated December __, 2025 (the “Purchase Contract”) among KeyBanc Capital Markets Inc. (the “Underwriter”), the Issuer, the Borrower and Housing Authority of the City of El Paso d/b/a Housing Opportunity Management Enterprises d/b/a HOME, the Tax Agreement dated as of December 1, 2025 (the “Tax Agreement”) among the Issuer, the Trustee, the Borrower, and Sixteenth Floor Residential Inc., and the Official Statement dated December __, 2025 (the “Official Statement”).

The Bonds are issued as fully registered bonds and are dated as of their date of issuance. The Bonds are payable by the Issuer solely from the funds provided pursuant to the Indenture. We refer you to the Bonds, the Loan Agreement, and the Indenture for a description of the Bonds, the purposes for which the Bonds are issued and the security therefor.

As to questions of fact material to our opinion, we have relied upon representations of and compliance with covenants by the Borrower and the Issuer contained in the Loan Agreement, the Indenture, the Bonds, certificates of public officials furnished to us, and certificates of representatives of the Borrower, the Issuer, the Trustee, and other parties, including, without limitation, representations, covenants and certifications as to the use of the proceeds of the Bonds, and other factual matters which are relevant to the opinions expressed herein, in each case without undertaking any independent verification. We have assumed that all signatures on documents, certificates and instruments examined by us are genuine, all documents, certificates and instruments submitted to us as originals are authentic and all documents, certificates and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates and instruments relating to this financing have been duly authorized, executed and delivered by all parties thereto.

than the Issuer, and we have further assumed the due organization, existence and powers of such other parties other than the Issuer.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Issuer is a validly existing public body corporate and politic and an agency of the State, duly created by the Act, and is vested with the rights and powers conferred by the Act.

2. The Issuer has all requisite authority and power under the Act, particularly Section 41-43-110 thereof, to issue the Bonds and to enter into and perform its obligations under the Purchase Contract, the Tax Agreement, the Indenture and the Loan Agreement and to apply the proceeds from the issuance of the Bonds as contemplated by the Loan Agreement.

3. The Bonds have been duly authorized, issued and authenticated in accordance with the Act and the Indenture and, subject to paragraph 10 below, constitute valid, binding and enforceable limited obligations of the Issuer, payable by the Issuer solely from the Trust Estate. The Bonds do not create or constitute a pledge of the faith and credit or the taxing power of the Issuer or the State. The Issuer does not have taxing power. Neither the Issuer nor the State is obligated to make any payment with respect to the Bonds except from the Trust Estate.

4. The Tax Agreement, the Purchase Contract, the Indenture and the Loan Agreement have been duly authorized, executed and delivered by the Issuer, and, subject to paragraph 10 below, constitute legal, valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their respective terms.

5. The Issuer has duly authorized and delivered the Official Statement and has authorized the use of the Official Statement by the Underwriter in connection with the offer and sale of the Bonds.

6. The Issuer's right, title and interest in the Loan Agreement (except the Issuer's Unassigned Rights) have been assigned to the Trustee, and, subject to paragraph 10 below, such assignment constitutes a valid and binding assignment of the Issuer, enforceable against the Issuer in accordance with its terms.

7. The Bonds and the interest thereon are exempt from all State, county, school district, municipal and all other taxes or assessments of the State, except inheritance, estate, transfer or certain franchise taxes. It should be noted, however, that Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in the State a fee or franchise tax computed on the entire net income of such bank, which includes interest paid on the Bonds.

Except as set forth in paragraph 7 above, we express no opinion regarding any state tax consequences arising with respect to the Bonds. We are not expressing opinions regarding any federal tax consequences arising with respect to the Bonds.

8. The Bonds constitute exempt securities under Section 3(a)(2) of the Securities Act of 1933, as amended to this date (the "Securities Act"), and under Section 3(a) of the Securities Exchange Act of 1934, as amended to this date, and the offer, sale and delivery of the Bonds do not require registration of the Bonds under the Securities Act, nor is qualification of the Indenture required by the Trust Indenture Act of 1939, as amended to this date.

9. No authorization or approval or other action by, and no notice to or filing or registration with, any governmental agency or regulatory body that has not been obtained, given or made is required for the due execution, delivery and performance by the Issuer of the Purchase Contract, the Tax Agreement, the Indenture or the Loan Agreement.

10. It is to be understood that the rights and the obligations of the parties under the Bonds, the Purchase Contract, the Tax Agreement, the Indenture and the Loan Agreement are subject to the exercise of judicial discretion in accordance with general principles of equity, the valid exercise of the constitutional powers of the United States and the police powers of the State and to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium and similar laws, now or hereafter in effect, relating to or affecting the enforcement of creditors' rights.

Certain indemnity provisions may be unenforceable pursuant to court decisions invalidating such indemnity agreements on grounds of public policy.

We have been retained solely for the purpose of examining the validity and legality of the Bonds and of rendering certain specific opinions hereinbefore stated and for no other purpose. We have not verified the accuracy, completeness or fairness of any representations or information concerning the business or financial condition of the Borrower or any other party made, prepared or issued by any party, or on behalf of any party, in connection with the sale of the Bonds, including in the Official Statement related to the Bonds. Accordingly, we express no opinion on the completeness, fairness or adequacy of any such representations or information.

This opinion is given as of the date hereof to the addressees listed herein, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

HAYNSWORTH SINKLER BOYD, P.A.

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APPENDIX E

DTC'S BOOK-ENTRY ONLY SYSTEM

The following information has been provided by DTC. The Issuer makes no representation as to the accuracy or completeness thereof. Beneficial Owners should confirm the following with DTC or the Participants (as hereinafter defined). Neither the information on the website listed in 2. below, nor any links from that website, is part of this Official Statement, and such information cannot be relied upon to be accurate as of the date of this Official Statement, nor should any such information be relied upon to make investment decisions regarding the Bonds.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to Tender/Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to Tender/Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Tender/Remarketing Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX F-1

CONTINUING DISCLOSURE AGREEMENTS OF EACH BORROWER

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**CONTINUING DISCLOSURE AGREEMENT OF THE BORROWER
(SFRI RESERVE AT WESCOTT APARTMENTS LLC)**

This Continuing Disclosure Agreement (this “Agreement”) dated as of December 1, 2025 is executed and delivered by SFRI Reserve at Wescott Apartments LLC, a Delaware limited liability corporation (including its successors and assigns, the “Borrower”) and Wilmington Trust, National Association (the “Dissemination Agent”), in connection with the issuance by the South Carolina Jobs-Economic Development Authority of its \$132,790,000* Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced) Series 2025 (the “Bonds”). The Bonds are being issued pursuant to the Indenture described below.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Purpose of this Agreement. This Agreement is being executed and delivered by the Borrower and the Dissemination Agent for the benefit of the holders and Beneficial Owners (defined below) of the Bonds and in order to assist KeyBanc Capital Markets Inc. (the “Underwriter”) in complying with the Rule (defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“Annual Financial Information” shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and as specified in Section 4(a) of this Agreement.

“Annual Report” shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3(b) and 4(b) of this Agreement.

“Beneficial Owner” shall mean any Person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including Persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the Owner of any Bonds for federal income tax purposes.

“Bond Trustee” shall mean Wilmington Trust, National Association, as trustee under the Indenture.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Dissemination Agent” shall mean Wilmington Trust, National Association, acting in its capacity as dissemination agent hereunder, or any successor dissemination agent designated in writing by the Borrower and that has filed with the Bond Trustee a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB as provided at <http://www.emma.msrb.org>, or any similar system that is acceptable to or as may be specified by the Securities and Exchange Commission from time to time. A current list of such systems may be obtained from the Securities and Exchange Commission at <http://www.sec.gov/info/municipal/nrmsir.htm>.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the twelve (12) month period commencing on January 1 of each calendar year and ending on December 31 of the calendar year.

* Preliminary; subject to change.

“Indenture” shall mean the Trust Indenture dated as of December 1, 2025, by and between the Borrower and the Bond Trustee.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Agreement.

“MSRB” means the Municipal Securities Rulemaking Board.

“Person” shall mean any individual, public or private corporation, partnership, limited liability company, county, district, authority, municipality, political subdivision or other entity of the State, or the United States of America, and any partnership, association, firm, trust, estate or any other entity or organization whatsoever.

“Project” shall mean the multifamily rental housing development consisting of total of approximately 288 units and related improvements, personal property and equipment currently known as Reserve at Wescott Plantation Apartments.

“Responsible Officer” means, when used with respect to the Dissemination Agent, the officer of the Dissemination Agent having direct responsibility for the administration of this Agreement.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

“State” means the State of South Carolina.

“Underwriter” shall mean KeyBanc Capital Markets Inc., the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

SECTION 3. Provision of Annual Reports; Other Reporting Requirements.

(a) The Borrower shall provide, or shall cause the Dissemination Agent to provide, not later than 120 days after the end of each Fiscal Year, commencing with the report for the Fiscal Year ending December 31, 2025, to EMMA, an Annual Report consistent with the requirements of Section 4 of this Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Agreement. If the Fiscal Year of the Borrower changes, the Borrower shall notify the Dissemination Agent and the Bond Trustee in writing of such change.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Reports to EMMA, the Borrower shall provide the Annual Report to the Dissemination Agent. If, by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Borrower to determine if the Borrower is in compliance with subsection (a) above.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to EMMA by the date required in subsection (b) above, the Dissemination Agent shall send a notice to EMMA in substantially the form attached hereto as Exhibit A.

(d) The Dissemination Agent shall, if and to the extent the Borrower has provided the Annual Report to the Dissemination Agent, provide confirmation to the Bond Trustee (if the Dissemination Agent is not the Bond Trustee) stating that the Annual Report has been provided pursuant to this Agreement and stating the date it was provided.

SECTION 4. Content of Reports.

(a) The Annual Report of the Borrower shall contain or include by reference the following Annual Financial Information:

(i) audited financial statements for the Borrower, including a balance sheet and related statements of income and changes in financial position for and as of the end of such Fiscal Year and for such Fiscal Year, which shall be prepared and reported on without qualification by an independent certified public accountant in accordance with generally accepted accounting principles ("GAAP"); and

(ii) Additional information in substantially the form set forth in Exhibit B attached hereto, including the information described therein.

(b) Any or all of the items above may be set forth in one document or a set of documents. The items above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Borrower is an "obligated person" (as defined by the Rule), that are available to the public on the internet web site of the MSRB or filed with the SEC. If the document included by reference is a final limited offering or private placement memorandum, it must be available on the internet web site of the MSRB or filed with the SEC. The Borrower shall clearly identify each such other document so included by reference. Notwithstanding anything to the contrary contained herein, the Dissemination Agent shall have no duty or obligation to review the content of the Annual Report for compliance with this Agreement or the Rule but shall file the Annual Report in the form it is received by the Dissemination Agent.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events relating to the Borrower (each, a "Listed Event"):

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) Modifications to rights of security holders of the Bonds, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances of the Bonds or any portion thereof;

(x) Release, substitution or sale of property securing repayment of the Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the Borrower. For purposes of this clause (xii), any such event shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order

confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower;

(xiii) Consummation of a merger, consolidation or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or a change of name of a trustee, if material;

(xv) incurrence of a Financial Obligation of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Borrower, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Borrower, any of which reflect financial difficulties.

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of a Listed Event, provide the Borrower with written notice. It is agreed and understood that the duty to identify Listed Events and to make or cause to be made the disclosures herein is that of the Borrower, and not that of the Bond Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Borrower as an accommodation to assist it in monitoring the occurrence of such event but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing by a Responsible Officer, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort or for monetary damages, or other monetary penalty or payment to any person or entity as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) Whenever the Borrower obtains knowledge of the occurrence of a Listed Event or an event that might constitute a Listed Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Borrower shall, within five (5) Business Days after obtaining such knowledge and in any event no more than seven (7) Business Days after the occurrence of such event, determine if such event is in fact a Listed Event and provide the Dissemination Agent with written notice pursuant to subsection (e) or (f) below, as applicable.

(d) If the Borrower determines that an event is a Listed Event, the Borrower shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent to report the occurrence pursuant to subsection (f). Such notice shall include sufficient information concerning the Listed Event to enable the Dissemination Agent to report the occurrence.

(e) If the Borrower determines that an event is not a Listed Event, the Borrower shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Borrower to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA within five (5) Business Days of its receipt of such instructions from the Borrower. Notwithstanding the foregoing, notice of Listed Events described in clauses (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the holders of affected Bonds pursuant to the Indenture.

SECTION 6. Termination of Reporting Obligation. Except as otherwise provided herein, the obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Borrower’s obligations under the Indenture are assumed in full by another Person, such other Person shall be responsible for compliance with this Agreement in the same manner as if it were the Borrower and the Borrower shall have no further responsibility hereunder (except with respect to obligations of the Borrower which

survive the termination hereof pursuant to Section 11 hereof). If such termination or substitution occurs prior to the final maturity of the Bonds, the Borrower shall give notice of such termination or substitution in the same manner as for a Listed Event under Section 5(f) hereof.

SECTION 7. Dissemination Agent. The Borrower may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared pursuant to this Agreement or for any failure to prepare such notice or report. The initial Dissemination Agent shall be Wilmington Trust, National Association. The Dissemination Agent may resign at any time by providing at least 30 days' written notice to the Borrower, and such resignation shall be effective as of the date of the appointment of a successor Dissemination Agent. If the Borrower has failed to appoint a successor Dissemination Agent prior to the expiration of 30 days following the notice given above, the Dissemination Agent shall be entitled, at its sole discretion (at the sole cost and expense of the Borrower, including with respect to reasonable attorneys' fees and expenses) to apply to a court of competent jurisdiction to appoint a successor or for other appropriate relief, and any such resulting appointment or relief shall be binding upon the parties to this Agreement, and thereafter shall have no further duties, responsibilities or obligations hereunder.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Borrower and the Dissemination Agent may amend this Agreement (and the Dissemination Agent shall agree to any reasonable amendment so requested by the Borrower other than amendments increasing or affecting the immunities, indemnities, obligations or duties of the Dissemination Agent, which amendments shall require the consent of the Dissemination Agent, as applicable) and any provision of this Agreement may be waived if such amendment or waiver would not, in the opinion of nationally recognized federal securities law counsel, cause the undertakings herein to violate the Rule as in effect at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule.

In the event of any amendment or waiver of a provision of this Agreement, the Borrower shall describe such amendment in the next Annual Report of the Borrower and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Reports for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report, or notice of occurrence of a Listed Event or other reporting requirement, in addition to that which is required by this Agreement. If the Borrower chooses to include any information in any Annual Report, or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Agreement, the Borrower shall not have any obligation under this Agreement to update such information or include it in any future Annual Report, or notice of occurrence of a Listed Event.

SECTION 10. Default. If the Borrower fails to comply with any provision of this Agreement, the Dissemination Agent may, at the written direction of any holder or Beneficial Owner of the Bonds (but only if and to the extent the Dissemination Agent is indemnified to its satisfaction from any costs, liability, or expense including, without limitation, fees and expenses of its attorneys, as provided in Section 11 below), take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Borrower to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture or the other documents related to the Bonds and the sole remedy under this Agreement if the Borrower fails to comply with this Agreement shall be an action to compel specific performance by court order; provided, however that nothing in this Agreement shall limit any holder's or Beneficial Owner's rights under applicable federal securities laws.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent.

The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement, and no further duties or responsibilities shall be implied. The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the Borrower and shall not be deemed to be acting in any fiduciary capacity for the Borrower, the holders of the Bonds or any other party. In its actions under this Agreement, the Dissemination Agent is acting as an agent to the Borrower with respect to the dissemination of the information described herein and not as Bond Trustee, provided that the Dissemination Agent shall be entitled to the same protection in so acting under this Agreement as it has in acting as Bond Trustee under the Indenture as fully as if the applicable provisions of the Indenture were set forth herein. Any corporation or association into which the Dissemination Agent in its individual capacity may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Dissemination Agent in its individual capacity shall be a party, or any corporation or association to which all or substantially all the business of the Dissemination Agent in its individual capacity may be sold or otherwise transferred, shall be the Dissemination Agent under this Agreement without further act.

THE BORROWER COVENANTS AND AGREES TO INDEMNIFY AND HOLD THE DISSEMINATION AGENT AND ITS DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES (COLLECTIVELY, THE "INDEMNITEES") HARMLESS FROM AND AGAINST ANY AND ALL LIABILITIES, LOSSES, DAMAGES, FINES, SUITS, ACTIONS, DEMANDS, PENALTIES, COSTS AND EXPENSES, INCLUDING OUT-OF-POCKET, INCIDENTAL EXPENSES, LEGAL FEES AND EXPENSES, THE ALLOCATED COSTS AND EXPENSES OF IN-HOUSE COUNSEL AND LEGAL STAFF AND THE COSTS AND EXPENSES OF DEFENDING OR PREPARING TO DEFEND AGAINST ANY CLAIM ("LOSSES") THAT MAY BE IMPOSED ON, INCURRED BY, OR ASSERTED AGAINST, THE INDEMNITEES OR ANY OF THEM FOR FOLLOWING ANY INSTRUCTION OR OTHER DIRECTION UPON WHICH THE DISSEMINATION AGENT IS AUTHORIZED TO RELY PURSUANT TO THE TERMS OF THIS AGREEMENT. PROVIDED THE DISSEMINATION AGENT HAS NOT ACTED NEGLIGENTLY, THE BORROWER ALSO COVENANTS AND AGREES TO INDEMNIFY AND HOLD THE INDEMNITEES AND EACH OF THEM HARMLESS FROM AND AGAINST ANY AND ALL LOSSES THAT MAY BE IMPOSED ON, INCURRED BY, OR ASSERTED AGAINST THE INDEMNITEES OR ANY OF THEM IN CONNECTION WITH OR ARISING OUT OF THE DISSEMINATION AGENT'S PERFORMANCE UNDER THIS AGREEMENT.

The provisions of this Section 11 shall survive the termination of this Agreement and the resignation or removal of the Dissemination Agent for any reason. Anything in this Agreement to the contrary notwithstanding, in no event shall the Dissemination Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to loss of profits), even if the Dissemination Agent has been advised of such loss or damage and regardless of the form of action. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds or the termination hereof.

Neither the Dissemination Agent nor the Bond Trustee shall have any obligation to make disclosure about the Bonds, the Borrower, or any other matter except as expressly provided herein. The fact that the Dissemination Agent and the Bond Trustee, or any affiliate thereof, may have any fiduciary or banking relationship with the Borrower, any manager of the Project financed with the Bonds or any person with whom the Borrower contracts in connection with such Project, apart from the relationship created by the Indenture or this Agreement, shall not be construed to mean (whether or not an Event of Default has occurred or is continuing under the Indenture) that (i) the Dissemination Agent or the Bond Trustee has actual knowledge of any event or condition except in its capacity as Bond Trustee under the Indenture when deemed pursuant to the Indenture to have actual knowledge or except as may be provided by written notice to the Dissemination Agent pursuant to this Agreement or (ii) the Dissemination Agent or the Bond Trustee has any duties or obligations under the Indenture or this Agreement other than those expressly set forth in the Indenture and this Agreement and in the capacity of agent to the Borrower.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Agreement may be given as follows:

To the Borrower:

SFRI Reserve at Wescott Apartments LLC
c/o Sixteenth Floor Residential, Inc.
304 Texas Avenue, 16th Floor
El Paso, Texas 79901
Attention: Chief Executive Officer

with a copy to:

Cantu Harden Montoya LLP
1020 NE Loop 410, Suite 401
San Antonio, Texas 78209
Attention: Adam Harden, Esq.

Mendel Blumenfeld & Pulido, PLLC
304 Texas Avenue, Suite 1503
El Paso, Texas 79901
Attention: Bob Blumenfeld, Esq.

Butler Snow LLP
1170 Peachtree Street NE, Suite 1900
Atlanta, Georgia 30309
Attention: David Williams, Esq.

To the Dissemination Agent:

Wilmington Trust, National Association
650 Town Center Drive, Suite 800
Costa Mesa, California 92626
Attention: Corporate Trust

Any Person may, by written notice to the other Persons listed above, designate a different address to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Agreement shall inure solely to the benefit of the Borrower, the Dissemination Agent, the Underwriter, and the holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other Person.

SECTION 14. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Applicable Law. This Agreement shall be construed under the laws of the State.

SECTION 16. No Liability of Borrower's Member or Officers. No recourse under or upon any obligation, covenant, or agreement contained in this Agreement or in any other documents delivered in connection with the issuance of the Bonds, or for any claim based thereon, or under any judgment obtained against the Borrower, or by the enforcement of any assessment or penalty or otherwise or by any legal or equitable proceeding by virtue of any constitution, rule of law or equity, or statute or otherwise or under any other circumstances, under or independent hereof, shall be had against any incorporator, director, member, or officer, as such, past, present, or future of the Borrower, or any incorporator, director, member, or officer of any successor entity, as such, either directly or through the Borrower or any successor entity, or otherwise, for the payment for or to the Borrower or any receiver thereof, of any sum that may be due and unpaid by the Borrower under this Agreement or any other documents delivered in connection with the issuance of the Bonds.

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

SFRI RESERVE AT WESCOTT APARTMENTS LLC,
a Delaware limited liability company

By: Sixteenth Floor Residential Inc.,
a Texas nonprofit corporation,
its Sole Member

By: _____
Gerald Cichon
Chief Executive Officer and Secretary

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Name: _____
Title: _____

[Signature page to Continuing Disclosure Agreement of the Borrower (SFRI Reserve at Wescott Apartments LLC)
– Sixteenth Floor Obligated Group Projects – Credit Enhanced]

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE REPORT

Name of Issuer: South Carolina Jobs-Economic Development Authority (the “Issuer”)
Name of Bond Issue: Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced) Series 2025 (the “Bonds”)
Name of Borrower SFRI Reserve at Wescott Apartments LLC (the “Borrower”)
Date of Issuance: December __, 2025

NOTICE IS HEREBY GIVEN that the Borrower has not provided an Annual Report with respect to the above-named Bonds.

Dated: _____

WILMINGTON TRUST, NATIONAL ASSOCIATION,
on behalf of SOUTH CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY

By: _____
Name: _____
Title: _____

EXHIBIT B

FORM OF CONTINUING DISCLOSURE ANNUAL REPORT

Name of Issuer: SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY

Name of Bond Issue: Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced) Series 2025 (the “Bonds”)

Name of Borrower: SFRI Reserve at Wescott Apartments LLC (the “Borrower”)

Date of Issuance: December __, 2025

Report for Period Ending: _____

1. *Annual Financial Statements of the Borrower.* Enclosed herewith are the [un]audited Financial Statements of the Borrower for the Fiscal Year ended _____. *[If not available when the Annual Report is filed, Annual Financial Statements are to be filed when/if available.]*
2. *Project Operating Results.* Set forth below are actual revenues and expenses for the Project for the Fiscal Year ended _____ in substantially the form set forth in Appendix B –of the Official Statement under the caption “CERTAIN INFORMATION REGARDING THE PROJECTS – *Project Operating Revenue and Expenses*”.

	FY [20__]
Operating Revenues	
Rental	
Other	
Total Operating Revenues	_____
Operating Expenses	
Payroll	
General & Admin	
Adv & Mktg	
Utilities	
Contract Services	
Turnover; Repairs & Maintenance	
Property Mgmt Fee	_____
Insurance, Professional Services	_____
Franchise Tax	_____
Total Operating Expenses	_____
Net Operating Income (Loss)	_____

3. *Occupancy Rates.* The occupancy rate for the Sixteenth Floor Obligated Group Projects – Credit Enhanced as of _____, 20__ was: ____%.
4. *Unit Mix.* The following table sets forth the unit mix and current average monthly in place rents for units within the Sixteenth Floor Obligated Group Projects – Credit Enhanced Apartments:

Unit Type	No. of Units	Net Square Feet	Current Market Rent Average
[]	[]	[]	\$[]
[]	[]	[]	\$[]
[]	[]	[]	\$[]
Total	[]		

5. *Certificate of no Event of Default.* A certificate signed by the Borrower stating that no Event of Default has occurred or exists, except as disclosed in such certificate is attached hereto.

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Continuing Disclosure Agreement dated as of December 1, 2025 (the “Continuing Disclosure Agreement”), between the Borrower and Wilmington Trust, National Association. The Borrower hereby certifies that the financial and operating information contained herein and attached hereto is the Annual Report required by the Continuing Disclosure Agreement.

**SFRI RESERVE AT WESCOTT APARTMENTS LLC,
a Delaware limited liability company**

By: Sixteenth Floor Residential, Inc.,
a Texas nonprofit corporation,
its Sole Member

By: _____
Gerald Cichon
Chief Executive Officer and Secretary

*[Note to Borrower when preparing Annual Report. When preparing Annual Report, but **not** as part of Annual Report, please also review Section 5 of the Continuing Disclosure Agreement, and confirm that no listed event required to be disclosed thereunder has occurred. If necessary, please provide notice of any event required to be disclosed pursuant to Section 5 of the Continuing Disclosure Agreement that has occurred since the date of the last report for which notice has not previously been provided in accordance therewith.]*

**CONTINUING DISCLOSURE AGREEMENT OF THE BORROWER
(SFRI OTARRE POINTE APARTMENTS LLC)**

This Continuing Disclosure Agreement (this “Agreement”) dated as of December 1, 2025 is executed and delivered by SFRI Otarre Pointe Apartments LLC, a Delaware limited liability corporation (including its successors and assigns, the “Borrower”) and Wilmington Trust, National Association (the “Dissemination Agent”), in connection with the issuance by the South Carolina Jobs-Economic Development Authority of its \$132,790,000* Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced) Series 2025 (the “Bonds”). The Bonds are being issued pursuant to the Indenture described below.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Purpose of this Agreement. This Agreement is being executed and delivered by the Borrower and the Dissemination Agent for the benefit of the holders and Beneficial Owners (defined below) of the Bonds and in order to assist KeyBanc Capital Markets Inc. (the “Underwriter”) in complying with the Rule (defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“Annual Financial Information” shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and as specified in Section 4(a) of this Agreement.

“Annual Report” shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3(b) and 4(b) of this Agreement.

“Beneficial Owner” shall mean any Person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including Persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the Owner of any Bonds for federal income tax purposes.

“Bond Trustee” shall mean Wilmington Trust, National Association, as trustee under the Indenture.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Dissemination Agent” shall mean Wilmington Trust, National Association, acting in its capacity as dissemination agent hereunder, or any successor dissemination agent designated in writing by the Borrower and that has filed with the Bond Trustee a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB as provided at <http://www.emma.msrb.org>, or any similar system that is acceptable to or as may be specified by the Securities and Exchange Commission from time to time. A current list of such systems may be obtained from the Securities and Exchange Commission at <http://www.sec.gov/info/municipal/nrmsir.htm>.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the twelve (12) month period commencing on January 1 of each calendar year and ending on December 31 of the calendar year.

* Preliminary; subject to change.

“Indenture” shall mean the Trust Indenture dated as of December 1, 2025, by and between the Borrower and the Bond Trustee.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Agreement.

“MSRB” means the Municipal Securities Rulemaking Board.

“Person” shall mean any individual, public or private corporation, partnership, limited liability company, county, district, authority, municipality, political subdivision or other entity of the State, or the United States of America, and any partnership, association, firm, trust, estate or any other entity or organization whatsoever.

“Project” shall mean the multifamily rental housing facilities consisting of a total of approximately 299 units and related improvements, personal property and equipment currently known as Otarre Pointe Apartments.

“Responsible Officer” means, when used with respect to the Dissemination Agent, the officer of the Dissemination Agent having direct responsibility for the administration of this Agreement.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

“State” means the State of South Carolina.

“Underwriter” shall mean KeyBanc Capital Markets Inc., the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

SECTION 3. Provision of Annual Reports; Other Reporting Requirements.

(a) The Borrower shall provide, or shall cause the Dissemination Agent to provide, not later than 120 days after the end of each Fiscal Year, commencing with the report for the Fiscal Year ending December 31, 2025, to EMMA, an Annual Report consistent with the requirements of Section 4 of this Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Agreement. If the Fiscal Year of the Borrower changes, the Borrower shall notify the Dissemination Agent and the Bond Trustee in writing of such change.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Reports to EMMA, the Borrower shall provide the Annual Report to the Dissemination Agent. If, by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Borrower to determine if the Borrower is in compliance with subsection (a) above.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to EMMA by the date required in subsection (b) above, the Dissemination Agent shall send a notice to EMMA in substantially the form attached hereto as Exhibit A.

(d) The Dissemination Agent shall, if and to the extent the Borrower has provided the Annual Report to the Dissemination Agent, provide confirmation to the Bond Trustee (if the Dissemination Agent is not the Bond Trustee) stating that the Annual Report has been provided pursuant to this Agreement and stating the date it was provided.

SECTION 4. Content of Reports.

(a) The Annual Report of the Borrower shall contain or include by reference the following Annual Financial Information:

(i) audited financial statements for the Borrower, including a balance sheet and related statements of income and changes in financial position for and as of the end of such Fiscal Year and for such

Fiscal Year, which shall be prepared and reported on without qualification by an independent certified public accountant in accordance with generally accepted accounting principles ("GAAP"); and

(ii) Additional information in substantially the form set forth in Exhibit B attached hereto, including the information described therein.

(b) Any or all of the items above may be set forth in one document or a set of documents. The items above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Borrower is an "obligated person" (as defined by the Rule), that are available to the public on the internet web site of the MSRB or filed with the SEC. If the document included by reference is a final limited offering or private placement memorandum, it must be available on the internet web site of the MSRB or filed with the SEC. The Borrower shall clearly identify each such other document so included by reference. Notwithstanding anything to the contrary contained herein, the Dissemination Agent shall have no duty or obligation to review the content of the Annual Report for compliance with this Agreement or the Rule but shall file the Annual Report in the form it is received by the Dissemination Agent.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events relating to the Borrower (each, a "Listed Event"):

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

- (vii) Modifications to rights of security holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances of the Bonds or any portion thereof;
- (x) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the Borrower. For purposes of this clause (xii), any such event shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower;

(xiii) Consummation of a merger, consolidation or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or a change of name of a trustee, if material;

(xv) incurrence of a Financial Obligation of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Borrower, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Borrower, any of which reflect financial difficulties.

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of a Listed Event, provide the Borrower with written notice. It is agreed and understood that the duty to identify Listed Events and to make or cause to be made the disclosures herein is that of the Borrower, and not that of the Bond Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Borrower as an accommodation to assist it in monitoring the occurrence of such event but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing by a Responsible Officer, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort or for monetary damages, or other monetary penalty or payment to any person or entity as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) Whenever the Borrower obtains knowledge of the occurrence of a Listed Event or an event that might constitute a Listed Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Borrower shall, within five (5) Business Days after obtaining such knowledge and in any event no more than seven (7) Business Days after the occurrence of such event, determine if such event is in fact a Listed Event and provide the Dissemination Agent with written notice pursuant to subsection (e) or (f) below, as applicable.

(d) If the Borrower determines that an event is a Listed Event, the Borrower shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent to report the occurrence pursuant to subsection (f). Such notice shall include sufficient information concerning the Listed Event to enable the Dissemination Agent to report the occurrence.

(e) If the Borrower determines that an event is not a Listed Event, the Borrower shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Borrower to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA within five (5) Business Days of its receipt of such instructions from the Borrower. Notwithstanding the foregoing, notice of Listed Events described in clauses (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the holders of affected Bonds pursuant to the Indenture.

SECTION 6. Termination of Reporting Obligation. Except as otherwise provided herein, the obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Borrower’s obligations under the Indenture are assumed in full by another Person, such other Person shall be responsible for compliance with this Agreement in the same manner as if it were the Borrower and the Borrower shall have no further responsibility hereunder (except with respect to obligations of the Borrower which survive the termination hereof pursuant to Section 11 hereof). If such termination or substitution occurs prior to the final maturity of the Bonds, the Borrower shall give notice of such termination or substitution in the same manner as for a Listed Event under Section 5(f) hereof.

SECTION 7. Dissemination Agent. The Borrower may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared pursuant to this Agreement or for any failure to prepare such notice or report. The initial Dissemination Agent shall be Wilmington Trust, National Association. The Dissemination Agent may resign at any time by providing at least 30 days' written notice to the Borrower, and such resignation shall be effective as of the date of the appointment of a successor Dissemination Agent. If the Borrower has failed to appoint a successor Dissemination Agent prior to the expiration of 30 days following the notice given above, the Dissemination Agent shall be entitled, at its sole discretion (at the sole cost and expense of the Borrower, including with respect to reasonable attorneys' fees and expenses) to apply to a court of competent jurisdiction to appoint a successor or for other appropriate relief, and any such resulting appointment or relief shall be binding upon the parties to this Agreement, and thereafter shall have no further duties, responsibilities or obligations hereunder.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Borrower and the Dissemination Agent may amend this Agreement (and the Dissemination Agent shall agree to any reasonable amendment so requested by the Borrower other than amendments increasing or affecting the immunities, indemnities, obligations or duties of the Dissemination Agent, which amendments shall require the consent of the Dissemination Agent, as applicable) and any provision of this Agreement may be waived if such amendment or waiver would not, in the opinion of nationally recognized federal securities law counsel, cause the undertakings herein to violate the Rule as in effect at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule.

In the event of any amendment or waiver of a provision of this Agreement, the Borrower shall describe such amendment in the next Annual Report of the Borrower and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Reports for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report, or notice of occurrence of a Listed Event or other reporting requirement, in addition to that which is required by this Agreement. If the Borrower chooses to include any information in any Annual Report, or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Agreement, the Borrower shall not have any obligation under this Agreement to update such information or include it in any future Annual Report, or notice of occurrence of a Listed Event.

SECTION 10. Default. If the Borrower fails to comply with any provision of this Agreement, the Dissemination Agent may, at the written direction of any holder or Beneficial Owner of the Bonds (but only if and to the extent the Dissemination Agent is indemnified to its satisfaction from any costs, liability, or expense including, without limitation, fees and expenses of its attorneys, as provided in Section 11 below), take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Borrower to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture or the other documents related to the Bonds and the sole remedy under this Agreement if the Borrower fails to comply with this Agreement shall be an action to compel specific performance by court order; provided, however that nothing in this Agreement shall limit any holder's or Beneficial Owner's rights under applicable federal securities laws.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent.

The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement, and no further duties or responsibilities shall be implied. The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the Borrower and shall not be deemed to be acting in any fiduciary capacity for the Borrower, the holders of the Bonds or any other party. In its actions under this Agreement, the Dissemination Agent is acting as an agent to the Borrower with respect to the dissemination of the information described herein and not as Bond Trustee, provided that the Dissemination Agent shall be entitled to the same protection in so acting under this Agreement as it has in acting as Bond Trustee under the Indenture as fully as if the applicable provisions of the Indenture were set forth herein. Any corporation or association into which the Dissemination Agent in its individual capacity may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Dissemination Agent in its individual capacity shall be a party, or any corporation or association to which all or substantially all the business of the Dissemination Agent in its individual capacity may be sold or otherwise transferred, shall be the Dissemination Agent under this Agreement without further act.

THE BORROWER COVENANTS AND AGREES TO INDEMNIFY AND HOLD THE DISSEMINATION AGENT AND ITS DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES (COLLECTIVELY, THE "INDEMNITEES") HARMLESS FROM AND AGAINST ANY AND ALL LIABILITIES, LOSSES, DAMAGES, FINES, SUITS, ACTIONS, DEMANDS, PENALTIES, COSTS AND EXPENSES, INCLUDING OUT-OF-POCKET, INCIDENTAL EXPENSES, LEGAL FEES AND EXPENSES, THE ALLOCATED COSTS AND EXPENSES OF IN-HOUSE COUNSEL AND LEGAL STAFF AND THE COSTS AND EXPENSES OF DEFENDING OR PREPARING TO DEFEND AGAINST ANY CLAIM ("LOSSES") THAT MAY BE IMPOSED ON, INCURRED BY, OR ASSERTED AGAINST, THE INDEMNITEES OR ANY OF THEM FOR FOLLOWING ANY INSTRUCTION OR OTHER DIRECTION UPON WHICH THE DISSEMINATION AGENT IS AUTHORIZED TO RELY PURSUANT TO THE TERMS OF THIS AGREEMENT. PROVIDED THE DISSEMINATION AGENT HAS NOT ACTED NEGLIGENTLY, THE BORROWER ALSO COVENANTS AND AGREES TO INDEMNIFY AND HOLD THE INDEMNITEES AND EACH OF THEM HARMLESS FROM AND AGAINST ANY AND ALL LOSSES THAT MAY BE IMPOSED ON, INCURRED BY, OR ASSERTED AGAINST THE INDEMNITEES OR ANY OF THEM IN CONNECTION WITH OR ARISING OUT OF THE DISSEMINATION AGENT'S PERFORMANCE UNDER THIS AGREEMENT.

The provisions of this Section 11 shall survive the termination of this Agreement and the resignation or removal of the Dissemination Agent for any reason. Anything in this Agreement to the contrary notwithstanding, in no event shall the Dissemination Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to loss of profits), even if the Dissemination Agent has been advised of such loss or damage and regardless of the form of action. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds or the termination hereof.

Neither the Dissemination Agent nor the Bond Trustee shall have any obligation to make disclosure about the Bonds, the Borrower, or any other matter except as expressly provided herein. The fact that the Dissemination Agent and the Bond Trustee, or any affiliate thereof, may have any fiduciary or banking relationship with the Borrower, any manager of the Project financed with the Bonds or any person with whom the Borrower contracts in connection with such Project, apart from the relationship created by the Indenture or this Agreement, shall not be construed to mean (whether or not an Event of Default has occurred or is continuing under the Indenture) that (i) the Dissemination Agent or the Bond Trustee has actual knowledge of any event or condition except in its capacity as Bond Trustee under the Indenture when deemed pursuant to the Indenture to have actual knowledge or except as may be provided by written notice to the Dissemination Agent pursuant to this Agreement or (ii) the Dissemination Agent or the Bond Trustee has any duties or obligations under the Indenture or this Agreement other than those expressly set forth in the Indenture and this Agreement and in the capacity of agent to the Borrower.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Agreement may be given as follows:

To the Borrower:

SFRI Otarre Pointe Apartments LLC
c/o Sixteenth Floor Residential, Inc.
304 Texas Avenue, 16th Floor
El Paso, Texas 79901
Attention: Chief Executive Officer

with a copy to:

Cantu Harden Montoya LLP
1020 NE Loop 410, Suite 401
San Antonio, Texas 78209
Attention: Adam Harden, Esq.

Mendel Blumenfeld & Pulido, PLLC
304 Texas Avenue, Suite 1503
El Paso, Texas 79901
Attention: Bob Blumenfeld, Esq.

Butler Snow LLP
1170 Peachtree Street NE, Suite 1900
Atlanta, Georgia 30309
Attention: David Williams, Esq.

To the Dissemination Agent:

Wilmington Trust, National Association
650 Town Center Drive, Suite 800
Costa Mesa, California 92626
Attention: Corporate Trust

Any Person may, by written notice to the other Persons listed above, designate a different address to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Agreement shall inure solely to the benefit of the Borrower, the Dissemination Agent, the Underwriter, and the holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other Person.

SECTION 14. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Applicable Law. This Agreement shall be construed under the laws of the State.

SECTION 16. No Liability of Borrower's Member or Officers. No recourse under or upon any obligation, covenant, or agreement contained in this Agreement or in any other documents delivered in connection with the issuance of the Bonds, or for any claim based thereon, or under any judgment obtained against the Borrower, or by the enforcement of any assessment or penalty or otherwise or by any legal or equitable proceeding by virtue of any constitution, rule of law or equity, or statute or otherwise or under any other circumstances, under or independent hereof, shall be had against any incorporator, director, member, or officer, as such, past, present, or future of the Borrower, or any incorporator, director, member, or officer of any successor entity, as such, either directly or through the Borrower or any successor entity, or otherwise, for the payment for or to the Borrower or any receiver thereof, of any sum that may be due and unpaid by the Borrower under this Agreement or any other documents delivered in connection with the issuance of the Bonds.

[Remainder of Page Intentionally Blank]

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

SFRI OTARRE POINTE APARTMENTS LLC,
a Delaware limited liability company

By: Sixteenth Floor Residential Inc.,
a Texas nonprofit corporation,
its Sole Member

By: _____
Gerald Cichon
Chief Executive Officer and Secretary

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Name: _____
Title: _____

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE REPORT

Name of Issuer: South Carolina Jobs-Economic Development Authority (the “Issuer”)
Name of Bond Issue: Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced) Series 2025 (the “Bonds”)
Name of Borrower SFRI Otarre Pointe Apartments LLC (the “Borrower”)
Date of Issuance: December __, 2025

NOTICE IS HEREBY GIVEN that the Borrower has not provided an Annual Report with respect to the above-named Bonds.

Dated: _____

WILMINGTON TRUST, NATIONAL ASSOCIATION,
on behalf of SOUTH CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY

By: _____
Name: _____
Title: _____

EXHIBIT B

FORM OF CONTINUING DISCLOSURE ANNUAL REPORT

Name of Issuer: SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY

Name of Bond Issue: Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced) Series 2025 (the “Bonds”)

Name of Borrower: SFRI Otarre Pointe Apartments LLC (the “Borrower”)

Date of Issuance: December __, 2025

Report for Period Ending: _____

1. *Annual Financial Statements of the Borrower.* Enclosed herewith are the [un]audited Financial Statements of the Borrower for the Fiscal Year ended _____. *[If not available when the Annual Report is filed, Annual Financial Statements are to be filed when/if available.]*
2. *Project Operating Results.* Set forth below are actual revenues and expenses for the Project for the Fiscal Year ended _____ in substantially the form set forth in Appendix B –of the Official Statement under the caption “CERTAIN INFORMATION REGARDING THE PROJECTS – *Project Operating Revenue and Expenses*”.

	FY [20__]
Operating Revenues	
Rental	
Other	
Total Operating Revenues	_____
Operating Expenses	
Payroll	
General & Admin	
Adv & Mktg	
Utilities	
Contract Services	
Turnover; Repairs & Maintenance	
Property Mgmt Fee	_____
Insurance, Professional Services	_____
Franchise Tax	_____
Total Operating Expenses	_____
Net Operating Income (Loss)	_____

3. *Occupancy Rates.* The occupancy rate for the Sixteenth Floor Obligated Group Projects – Credit Enhanced as of _____, 20__ was: ____%.
4. *Unit Mix.* The following table sets forth the unit mix and current average monthly in place rents for units within the Sixteenth Floor Obligated Group Projects – Credit Enhanced Apartments:

Unit Type	No. of Units	Net Square Feet	Current Market Rent Average
[]	[]	[]	\$[]
[]	[]	[]	\$[]
[]	[]	[]	\$[]
Total	[]		

5. *Certificate of no Event of Default.* A certificate signed by the Borrower stating that no Event of Default has occurred or exists, except as disclosed in such certificate is attached hereto.

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Continuing Disclosure Agreement dated as of December 1, 2025 (the “Continuing Disclosure Agreement”), between the Borrower and Wilmington Trust, National Association. The Borrower hereby certifies that the financial and operating information contained herein and attached hereto is the Annual Report required by the Continuing Disclosure Agreement.

SFRI OTARRE POINTE APARTMENTS LLC,
a Delaware limited liability company

By: Sixteenth Floor Residential Inc.,
a Texas nonprofit corporation,
its Sole Member

By: _____
Gerald Cichon
Chief Executive Officer and Secretary

*[Note to Borrower when preparing Annual Report. When preparing Annual Report, but **not** as part of Annual Report, please also review Section 5 of the Continuing Disclosure Agreement, and confirm that no listed event required to be disclosed thereunder has occurred. If necessary, please provide notice of any event required to be disclosed pursuant to Section 5 of the Continuing Disclosure Agreement that has occurred since the date of the last report for which notice has not previously been provided in accordance therewith.]*

[Signature page to Continuing Disclosure Agreement of the Borrower (SFRI Otarre Pointe Apartments LLC) –
Sixteenth Floor Obligated Group Projects – Credit Enhanced]

APPENDIX F-2

CONTINUING DISCLOSURE AGREEMENT OF HOME

This Continuing Disclosure Agreement (this “Agreement”) dated as of December 1, 2025 is executed and delivered by the Housing Authority of the City of El Paso d/b/a Housing Opportunity Management Enterprises d/b/a HOME, a housing authority and public body corporate and politic of the State of Texas (including its successors and assigns, “HOME”), and Wilmington Trust, National Association (the “Dissemination Agent”), in connection with the issuance by South Carolina Jobs-Economic Development Authority of its \$132,790,000* Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced) Series 2025 (the “Bonds”). The Bonds are being issued pursuant to the Indenture described below.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Purpose of this Agreement. This Agreement is being executed and delivered by HOME and the Dissemination Agent for the benefit of the holders and Beneficial Owners (defined below) of the Bonds and in order to assist KeyBanc Capital Markets Inc. (the “Underwriter”) in complying with the Rule (defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“Annual Financial Information” shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and as specified in Section 4(a) of this Agreement.

“Annual Report” shall mean any Annual Report provided by HOME pursuant to, and as described in, Sections 3(b) and 4(b) of this Agreement.

“Beneficial Owner” shall mean any Person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including Persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the Owner of any Bonds for federal income tax purposes.

“Bond Trustee” shall mean Wilmington Trust, National Association, as trustee under the Indenture.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Dissemination Agent” shall mean Wilmington Trust, National Association, acting in its capacity as dissemination agent hereunder, or any successor dissemination agent designated in writing by HOME and that has filed with the Bond Trustee a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB as provided at <http://www.emma.msrb.org>, or any similar system that is acceptable to or as may be specified by the Securities and Exchange Commission from time to time. A current list of such systems may be obtained from the Securities and Exchange Commission at <http://www.sec.gov/info/municipal/nrmsir.htm>.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the twelve (12) month period commencing on January 1 of each calendar year and ending on December 31 of the calendar year.

* Preliminary; subject to change.

“Indenture” shall mean the Trust Indenture dated as of December 1, 2025, by and between the Issuer and the Bond Trustee.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Agreement.

“MSRB” means the Municipal Securities Rulemaking Board.

“Person” shall mean any individual, public or private corporation, partnership, limited liability company, county, district, authority, municipality, political subdivision or other entity of the State, or the United States of America, and any partnership, association, firm, trust, estate or any other entity or organization whatsoever.

“Project” shall mean two multifamily rental housing developments consisting of (a) a total of approximately 288 units and related improvements, personal property and equipment currently known as Reserve at Wescott Plantation Apartments, and (b) a total of 299 units and related improvements, personal property and equipment currently known as Otarre Pointe Apartments.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

“State” means the State of South Carolina.

“Underwriter” shall mean KeyBanc Capital Markets Inc., the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

SECTION 3. Provision of Annual Reports; Other Reporting Requirements.

(a) HOME shall provide, or shall cause the Dissemination Agent to provide, not later than December 1 after the end of each Fiscal Year, commencing with the report for the Fiscal Year ending December 31, 2025, to EMMA, an Annual Report consistent with the requirements of Section 4 of this Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Agreement. If the Fiscal Year of HOME changes, HOME shall notify the Dissemination Agent and the Bond Trustee in writing of such change.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Reports to EMMA, HOME shall provide the Annual Report to the Dissemination Agent. If, by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact HOME to determine if HOME is in compliance with subsection (a) above.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to EMMA by the date required in subsection (b) above, the Dissemination Agent shall send a notice to EMMA in substantially the form attached hereto as Exhibit A.

(d) The Dissemination Agent shall, if and to the extent HOME has provided the Annual Report to the Dissemination Agent, provide confirmation to the Bond Trustee (if the Dissemination Agent is not the Bond Trustee) stating that the Annual Report has been provided pursuant to this Agreement and stating the date it was provided.

(e) In addition, within sixty (60) days after each June 30 and December 31, HOME shall provide the Dissemination Agent, for posting on EMMA, unaudited financial information for the six months ended on the preceding June 30 and December 31 in the format included in APPENDIX C-2 to the Official Statement dated December __, 2025 relating to the Bonds.

SECTION 4. Content of Reports.

(a) The Annual Report of HOME shall contain or include by reference the following Annual Financial Information:

(i) audited financial statements for HOME, including a balance sheet and related statements of income and changes in financial position for and as of the end of such Fiscal Year and for such Fiscal Year, which shall be prepared and reported on without qualification by an independent certified public accountant in accordance with generally accepted accounting principles (GAAP); and

(ii) a certificate signed by HOME or Disclosure Representative stating that no Event of Default has occurred or exists under the Funding Agreement, except as disclosed in such certificate.

Any or all of the items above may be set forth in one document or a set of documents. The items above may be included by specific reference to other documents, including official statements of debt issues with respect to which HOME is an “obligated person” (as defined by the Rule), that are available to the public on the internet web site of the MSRB or filed with the SEC. If the document included by reference is a final limited offering or private placement memorandum, it must be available on the internet website of the MSRB or filed with the SEC. HOME shall clearly identify each such other document so included by reference. Notwithstanding anything to the contrary contained herein, the Dissemination Agent shall have no duty or obligation to review the content of the Annual Report for compliance with this Agreement or the Rule but shall file the Annual Report in the form it is received by the Dissemination Agent.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events relating to HOME (each, a “Listed Event”):

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) Modifications to rights of security holders of the Bonds, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances of the Bonds or any portion thereof;

(x) Release, substitution or sale of property securing repayment of the Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of HOME. For purposes of this clause (xii), any such event shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for HOME in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of HOME, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order

confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of HOME;

(xiii) Consummation of a merger, consolidation or acquisition involving HOME or the sale of all or substantially all of the assets of HOME, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or a change of name of a trustee, if material;

(xv) incurrence of a Financial Obligation of HOME, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of HOME, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of HOME, any of which reflect financial difficulties.

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of a Listed Event, provide HOME with written notice. It is agreed and understood that the duty to identify Listed Events and to make or cause to be made the disclosures herein is that of HOME, and not that of the Bond Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to HOME as an accommodation to assist it in monitoring the occurrence of such event but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort or for monetary damages, or other monetary penalty or payment to any person or entity as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) Whenever HOME obtains knowledge of the occurrence of a Listed Event or an event that might constitute a Listed Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, HOME shall, within five (5) Business Days after obtaining such knowledge and in any event no more than seven (7) Business Days after the occurrence of such event, determine if such event is in fact a Listed Event and provide the Dissemination Agent with written notice pursuant to subsection (e) or (f) below, as applicable.

(d) If HOME determines that an event is a Listed Event, HOME shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent to report the occurrence pursuant to subsection (f). Such notice shall include sufficient information concerning the Listed Event to enable the Dissemination Agent to report the occurrence.

(e) If HOME determines that an event is not a Listed Event, HOME shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by HOME to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA within five (5) Business Days of its receipt of such instructions from HOME. Notwithstanding the foregoing, notice of Listed Events described in clauses (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the holders of affected Bonds pursuant to the Indenture.

SECTION 6. Termination of Reporting Obligation. Except as otherwise provided herein, the obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If HOME’s obligations under the Funding Agreement are assumed in full by another Person, such other Person shall be responsible for compliance with this Agreement in the same manner as if it were HOME and HOME shall have no further responsibility hereunder (except with respect to obligations of HOME which survive the termination hereof pursuant to Section 11 hereof). If such termination or substitution occurs prior to the final maturity of the

Bonds, HOME shall give notice of such termination or substitution in the same manner as for a Listed Event under Section 5(f) hereof.

SECTION 7. Dissemination Agent. HOME may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared pursuant to this Agreement or for any failure to prepare such notice or report. The initial Dissemination Agent shall be Wilmington Trust, National Association. The Dissemination Agent may resign at any time by providing at least 30 days' written notice to HOME, and such resignation shall be effective as of the date of the appointment of a successor Dissemination Agent. If HOME has failed to appoint a successor Dissemination Agent prior to the expiration of 30 days following the notice given above, the Dissemination Agent shall be entitled, at its sole discretion (at the sole cost and expense of HOME, including with respect to reasonable attorneys' fees and expenses) to apply to a court of competent jurisdiction to appoint a successor or for other appropriate relief, and any such resulting appointment or relief shall be binding upon the parties to this Agreement, and thereafter shall have no further duties, responsibilities or obligations hereunder.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, HOME and the Dissemination Agent may amend this Agreement (and the Dissemination Agent shall agree to any reasonable amendment so requested by HOME other than amendments increasing or affecting the immunities, indemnities, obligations or duties of the Dissemination Agent, which amendments shall require the consent of the Dissemination Agent, as applicable) and any provision of this Agreement may be waived if such amendment or waiver would not, in the opinion of nationally recognized federal securities law counsel, cause the undertakings herein to violate the Rule as in effect at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule.

In the event of any amendment or waiver of a provision of this Agreement, HOME shall describe such amendment in the next Annual Report of HOME and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by HOME. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Reports for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Agreement shall be deemed to prevent HOME from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report, or notice of occurrence of a Listed Event or other reporting requirement, in addition to that which is required by this Agreement. If HOME chooses to include any information in any Annual Report, or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Agreement, HOME shall not have any obligation under this Agreement to update such information or include it in any future Annual Report, or notice of occurrence of a Listed Event.

SECTION 10. Default. If HOME fails to comply with any provision of this Agreement, the Dissemination Agent may, at the written direction of any holder or Beneficial Owner of the Bonds (but only if and to the extent the Dissemination Agent is indemnified to its satisfaction from any costs, liability, or expense including, without limitation, fees and expenses of its attorneys, as provided in Section 11 below), take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause HOME to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture or the other documents related to the Bonds and the sole remedy under this Agreement if HOME fails to comply with this Agreement shall be an action to compel specific performance by court order; provided, however that nothing in this Agreement shall limit any holder's or Beneficial Owner's rights under applicable federal securities laws.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent.

The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement, and no further duties or responsibilities shall be implied. The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by HOME and shall not be deemed to be acting in any fiduciary capacity for HOME, the holders of the Bonds or any other party. In its actions under this Agreement, the Dissemination Agent is acting as an agent to HOME with respect to the dissemination of the information described herein and not as Trustee, provided that the Dissemination Agent shall be entitled to the same protection in so acting under this Agreement as it has in acting as Trustee under the Indenture as fully as if the applicable provisions of the Indenture were set forth herein. Any corporation or association into which the Dissemination Agent in its individual capacity may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Dissemination Agent in its individual capacity shall be a party, or any corporation or association to which all or substantially all the business of the Dissemination Agent in its individual capacity may be sold or otherwise transferred, shall be the Dissemination Agent under this Agreement without further act.

HOME COVENANTS AND AGREES TO INDEMNIFY AND HOLD THE DISSEMINATION AGENT AND ITS DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES (COLLECTIVELY, THE "INDEMNITEES") HARMLESS FROM AND AGAINST ANY AND ALL LIABILITIES, LOSSES, DAMAGES, FINES, SUITS, ACTIONS, DEMANDS, PENALTIES, COSTS AND EXPENSES, INCLUDING OUT-OF-POCKET, INCIDENTAL EXPENSES, LEGAL FEES AND EXPENSES, THE ALLOCATED COSTS AND EXPENSES OF IN-HOUSE COUNSEL AND LEGAL STAFF AND THE COSTS AND EXPENSES OF DEFENDING OR PREPARING TO DEFEND AGAINST ANY CLAIM ("LOSSES") THAT MAY BE IMPOSED ON, INCURRED BY, OR ASSERTED AGAINST, THE INDEMNITEES OR ANY OF THEM FOR FOLLOWING ANY INSTRUCTION OR OTHER DIRECTION UPON WHICH THE DISSEMINATION AGENT IS AUTHORIZED TO RELY PURSUANT TO THE TERMS OF THIS AGREEMENT. PROVIDED THE DISSEMINATION AGENT HAS NOT ACTED NEGLIGENTLY, HOME ALSO COVENANTS AND AGREES TO INDEMNIFY AND HOLD THE INDEMNITEES AND EACH OF THEM HARMLESS FROM AND AGAINST ANY AND ALL LOSSES THAT MAY BE IMPOSED ON, INCURRED BY, OR ASSERTED AGAINST THE INDEMNITEES OR ANY OF THEM IN CONNECTION WITH OR ARISING OUT OF THE DISSEMINATION AGENT'S PERFORMANCE UNDER THIS AGREEMENT.

The provisions of this Section 11 shall survive the termination of this Agreement and the resignation or removal of the Dissemination Agent for any reason. Anything in this Agreement to the contrary notwithstanding, in no event shall the Dissemination Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to loss of profits), even if the Dissemination Agent has been advised of such loss or damage and regardless of the form of action. The obligations of HOME under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds or the termination hereof.

Neither the Dissemination Agent nor the Bond Trustee shall have any obligation to make disclosure about the Bonds, HOME, or any other matter except as expressly provided herein. The fact that the Dissemination Agent and the Bond Trustee, or any affiliate thereof, may have any fiduciary or banking relationship with HOME, any manager of the Project financed with the Bonds or any person with whom HOME contracts in connection with such Project, apart from the relationship created by the Indenture or this Agreement, shall not be construed to mean (whether or not an Event of Default has occurred or is continuing under the Indenture) that (i) the Dissemination Agent or the Bond Trustee has actual knowledge of any event or condition except in its capacity as Trustee under the Indenture when deemed pursuant to the Indenture to have actual knowledge or except as may be provided by written notice to the Dissemination Agent pursuant to this Agreement or (ii) the Dissemination Agent or the Bond Trustee has any duties or obligations under the Indenture or this Agreement other than those expressly set forth in the Indenture and this Agreement and in the capacity of agent to HOME.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Agreement may be given as follows:

To HOME:

Housing Authority of the City of El Paso
d/b/a Housing Opportunity Management Enterprises
d/b/a HOME
304 Texas Avenue, Suite 1600
El Paso, Texas 79901
Attention: Chief Executive Officer

with a copy to:

Cantu Harden Montoya LLP
1020 NE Loop 410, Suite 401
San Antonio, Texas 78209
Attention: Adam Harden, Esq.

Mendel Blumenfeld & Pulido, PLLC
304 Texas Avenue, Suite 1503
El Paso, Texas 79901
Attention: Bob Blumenfeld, Esq.

Butler Snow LLP
1170 Peachtree Street NE, Suite 1900
Atlanta, Georgia 30309
Attention: David Williams, Esq.

To the Dissemination Agent:

Wilmington Trust, National Association
650 Town Center Drive, Suite 800
Costa Mesa, California 92626
Attention: Corporate Trust

Any Person may, by written notice to the other Persons listed above, designate a different address to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Agreement shall inure solely to the benefit of HOME, the Dissemination Agent, the Underwriter, and the holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other Person.

SECTION 14. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Applicable Law. This Agreement shall be construed under the laws of the State.

SECTION 16. No Liability of HOME's Member or Officers. No recourse under or upon any obligation, covenant, or agreement contained in this Agreement or in any other documents delivered in connection with the issuance of the Bonds, or for any claim based thereon, or under any judgment obtained against HOME, or by the enforcement of any assessment or penalty or otherwise or by any legal or equitable proceeding by virtue of any constitution, rule of law or equity, or statute or otherwise or under any other circumstances, under or independent hereof, shall be had against any incorporator, director, member, or officer, as such, past, present, or future of HOME, or any incorporator, director, member, or officer of any successor entity, as such, either directly or through HOME or any successor entity, or otherwise, for the payment for or to HOME or any receiver thereof, of any sum that may be due and unpaid by HOME under this Agreement or any other documents delivered in connection with the issuance of the Bonds.

(SIGNATURES APPEAR ON THE FOLLOWING PAGE)

IN WITNESS WHEREOF, HOME and the Dissemination Agent have executed this Agreement on the date and year first written above.

**HOUSING AUTHORITY OF THE CITY OF EL PASO d/b/a
HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES d/b/a
HOME**

By: _____
Name: Gerald Cichon
Title: CEO

**WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Dissemination Agent**

By: _____
Senior Vice President

[Signature page to Continuing Disclosure Agreement of HOME – Sixteenth Floor Obligated Group Projects –
Credit Enhanced]

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE REPORT

Name of Sponsor: Housing Authority of the City of El Paso d/b/a Housing Opportunity Management Enterprises d/b/a/ HOME (“HOME”)

Name of Bond Issue: Residential Development Revenue Bonds (Sixteenth Floor Obligated Group Projects – Credit Enhanced) Series 2025 (the “Bonds”)

Date of Issuance: December __, 2025

NOTICE IS HEREBY GIVEN that HOME has not provided an Annual Report with respect to the above-named Bonds.

Dated: _____

WILMINGTON TRUST, NATIONAL ASSOCIATION,
on behalf of the Housing Authority of the City of El Paso d/b/a Housing
Opportunity Management Enterprises d/b/a HOME

By: _____
Name: _____
Title: _____

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SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY
RESIDENTIAL DEVELOPMENT REVENUE BONDS (SIXTEENTH FLOOR OBLIGATED GROUP PROJECTS – CREDIT ENHANCED) SERIES 2025



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