

MAGNOLIA LOFTS APARTMENTS

MASTER LEASE

between

TARRANT COUNTY HOSPITAL DISTRICT

as Master Landlord

and

TARRANT COUNTY HOSPITAL DISTRICT PUBLIC FACILITY CORPORATION,

as Master Tenant

Dated: As of [_____], 2022

TABLE OF CONTENTS

	Page
SECTION 1. DEFINITIONS	1
1.1 Specific	1
1.2 General	7
1.3 Construction	7
SECTION 2. INTENTIONALLY OMITTED.	7
SECTION 3. TERM.	7
3.1 Length	7
3.2 Surrender	8
3.3 Holding Over	8
3.4 Ownership of Improvements	9
SECTION 4. RENT.	10
4.1 Amount	10
4.2 Security Deposit	10
4.3 Net Lease	10
4.4 Condition of the Premises	10
4.5 Conditions of the Premises and Environmental Liabilities	11
SECTION 5. USE OF PROPERTY.	12
5.1 Nature of use	12
5.2 Compliance with Law and Covenants	13
5.3 Restrictions Applicable to Tax Credit Units	14
5.4 Foreclosure	14
SECTION 6. TAXES AND OPERATING EXPENSES.	14
6.1 Tenant to Pay	15
6.2 Delivery of Bills and Notices	15
6.3 Proceedings to Contest	15
6.4 Operating Expenses	15
6.5 Right to Pay Taxes and Senior Mortgage	16
6.6 Landlord's Payment of Certain Impositions	16
SECTION 7. INSURANCE AND INDEMNIFICATION.	17
7.1 Insurance to be maintained by Tenant	17

TABLE OF CONTENTS
(continued)

	Page
7.2 Insureds	17
7.3 Insurer	17
7.4 Evidence.....	17
7.5 Indemnification of Landlord	17
7.6 Increase in Risk.....	20
7.7 Insurance Proceeds and Condemnation Awards	20
SECTION 8. LEASEHOLD MORTGAGE REQUIREMENTS.	20
8.1 Future Fee Estate Mortgages	20
8.2 Nonmerger	21
8.3 Foreclosure Rights of Leasehold Mortgagee	21
8.4 Voluntary Surrender.....	22
SECTION 9. IMPROVEMENTS TO PREMISES.....	22
9.1 Improvements to Premises	22
9.2 Mechanics' or other liens.....	24
9.3 Fixtures	25
9.4 Tenant Control	26
9.5 Signs.....	26
SECTION 10. REPAIRS AND MAINTENANCE.....	26
10.1 Repairs	26
10.2 Maintenance	26
SECTION 11. LANDLORD'S RIGHT OF ENTRY.	26
11.1 Inspection and repair	26
11.2 Exhibiting the Premises	27
SECTION 12. FIRE AND OTHER CASUALTIES.....	27
12.1 Where cost of Restoration exceeds specified sum	27
12.2 No Termination	28
12.3 Rights of the Parties Under the Mortgage Loan Documents	28
12.4 Notice	28
12.5 Termination Upon Non-Restoration	29
SECTION 13. CONDEMNATION.	29

TABLE OF CONTENTS
(continued)

	Page
13.1 Notice of Taking	29
13.2 Condemnation Awards.....	29
13.3 Total Taking.....	29
13.4 Partial Taking.....	29
13.5 Notice.....	30
13.6 Termination upon Non-Restoration	30
13.7 No Waiver	30
13.8 Rights of the Parties Under the Mortgage Loan Documents	30
SECTION 14. ASSIGNMENT AND SUBLETTING.....	30
14.1 Assignment and Subletting	30
14.2 Permitted Transfers	31
14.3 Effect on obligations	31
14.4 Benefit and burden	31
SECTION 15. DEFAULT.....	32
15.1 Definition	32
15.2 Notice to Tenant; Grace Period.....	32
15.3 Landlord’s Rights on Event of Default	33
15.4 Landlord Event of Default	36
SECTION 16. ESTOPPEL CERTIFICATE; SHORT FORM.....	36
16.1 Estoppel certificate.....	36
16.2 Short form	37
16.3 Estoppel Certificates (Permitted Leasehold Mortgagees).....	37
SECTION 17. CONDITION OF TITLE AND PREMISES.....	37
17.1 Limited Warranties	37
17.2 Quiet Enjoyment	37
17.3 Limitation on Liability	38
SECTION 18. NOTICES.....	38
SECTION 19. GENERAL.....	40
19.1 Effectiveness	40

TABLE OF CONTENTS
(continued)

	Page
19.2 Complete understanding	40
19.3 Amendment.....	40
19.4 Waiver.....	40
19.5 Applicable law	41
19.6 Multiple Capacities	Error! Bookmark not defined.
19.7 Time of essence.....	41
19.8 Headings	41
19.9 Construction.....	41
19.10 Exhibits	41
19.11 Severability	41
19.12 Disclaimer of partnership status.....	41
19.13 Commissions.....	41
19.14 Prevailing Party.....	41
19.15 Intentionally Deleted.....	42
19.16 Limited Third-Party Rights.....	42
19.17 New Lease.....	42
19.18 Subleases.....	42
19.19 Preservation of Lease.....	42
19.20 Tenant's Rights, Generally	42
19.21 No Personal Liability	43
19.22 Purchase Option	43
19.23 Permits; Easement; etc.....	45

MASTER LEASE

THIS MASTER LEASE (this “**Lease**”) is made as of this [____] day of [____], 2022, by and between **TARRANT COUNTY HOSPITAL DISTRICT**, a political subdivision of the State of Texas (“**Master Landlord**”), and **TARRANT COUNTY HOSPITAL DISTRICT PUBLIC FACILITY CORPORATION**, a Texas nonprofit public facility corporation (“**Master Tenant**”).

RECITALS

A. Master Landlord is the owner of certain Land (as defined herein) which Master Landlord has agreed to sublease under the terms and conditions hereof to Master Tenant for Master Tenant’s sublease to Magnolia Lofts Ltd., a Texas limited partnership (“**Subtenant**”), which will construct and operate upon the Land of a rental project (“**Project**”), comprised of sixty-seven (67) residential rental units (the “**Units**”), all pursuant to that certain Master Sublease dated as of the date hereof between Master Tenant and Subtenant (the “**Master Sublease**”).

B. Master Tenant and Master Landlord intend the Units shall be rented to lessees so as to qualify a portion of the Units (other than the seven (7) market rate units) for Low Income Housing Tax Credits as defined in Section 42 of the Code (as defined below).

NOW THEREFORE, IN CONSIDERATION of the covenants and agreements of the parties hereto, as are hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each party hereto, Master Landlord hereby leases to Master Tenant and Master Tenant hereby leases from Master Landlord all of that tract of land (the “**Land**”), in Fort Worth, Tarrant County, Texas, and which is described in Exhibit A attached hereto,

TOGETHER WITH the (1) easements, rights and appurtenances thereunto belonging or appertaining to the Land, (ii) the improvements, buildings, equipment and personal property owned by Master Landlord and located thereon and associated therewith, (iii) the leases and other agreements to occupy such improved real property, and (iv) all other rights and property (real, personal and intangible) associated with the Land (collectively with the Land, the “**Premises**”),

SUBJECT TO THE OPERATION AND EFFECT of the Permitted Encumbrances,

TO HAVE AND TO HOLD the Premises unto Master Tenant, its successors and permitted assigns, for the sole purpose and term of years set forth herein,

ON THE TERMS AND SUBJECT TO THE CONDITIONS which are hereinafter set forth:

SECTION 1. DEFINITIONS

1.1 Specific. As used herein, the following terms have the following meanings:

[“**Accrued Base Rent**” has the meaning given it in Section 4.1.1.

“**Annual Base Rent**” has the meaning given it in Section 4.1.1.

“Annual Rent Start Date” means the earlier of (i) the date that is eighteen (18) months from the Closing Date or (ii) the date the Subtenant receives a certificate of occupancy on the Project from the City of Fort Worth, Texas.]

“Bankruptcy” shall be deemed, for any Person, to have occurred either

(a) if and when such Person (i) applies for or consents to the appointment of a receiver, trustee or liquidator of such Person or of all or a substantial part of its assets, (ii) files a voluntary petition in bankruptcy or admits in writing its inability to pay its debts as they come due, (iii) makes an assignment for the benefit of its creditors, (iv) files a petition or an answer seeking a reorganization or an arrangement with its creditors or seeks to take advantage of any insolvency law, (v) performs any other act of bankruptcy, or (vi) files an answer admitting the material allegations of a petition filed against such Person in any bankruptcy, reorganization or insolvency proceeding; or

(b) if (i) an order, judgment or decree is entered by any court of competent jurisdiction adjudicating such Person as bankrupt or insolvent, approving a petition seeking such an adjudication, or reorganization, or appointing a receiver, trustee or liquidator of such Person or of all or a substantial part of its assets, or (ii) there otherwise commences with respect to such Person or any of its assets any proceeding under any bankruptcy, reorganization, arrangement, insolvency, readjustment, receivership or similar law, and if such order, judgment, decree or proceeding continues unstayed for any period of ninety (90) consecutive days after the expiration of any stay thereof.

“Bill of Sale” has the meaning given it in Section 19.22.2.

“Class B Limited Partner” means Magnolia Lofts LP LLC, a Texas limited liability company and its successors and assigns.

“Closing Date” shall mean the later of (i) the date of the Partnership Agreement or (ii) thirty (30) days following the release of a building permit from Fort Worth for the construction of the Improvements.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of prior or succeeding law.

“Commencement Date” has the meaning given it in Section 3.1.1.

“Compliance Period” means, as applicable to the Improvements, the fifteen (15) year tax credit compliance period described in Section 42(i)(1) of the Code.

“Conveyance Documents” has the meaning given it in Section 19.22.2.

“Depository” means a federally insured bank or trust company designated by Master Landlord having capital of not less than \$50,000,000 and having its main office in Texas, or if no such bank or trust company is willing to act as such, Master Landlord. For purposes of this Lease, (a) a bank or trust company qualified as aforesaid shall be deemed willing to act as Depository hereunder if in connection therewith it employs its customary form of escrow agreement which

does not contain provisions inconsistent with those of this Lease, and agrees to undertake the duties provided for herein, and (b) no such bank or trust company shall be deemed willing to act as Depository if Master Landlord gives written notice to Master Tenant and the Investor Limited Partner that no bank or trust company with qualifications as aforesaid to which it has applied is willing to act as Depository, and neither Master Tenant nor Investor Limited Partner, within thirty (30) days after being given such notice, designates as Depository a bank or trust company having such qualifications and willing to act as such.

“Developer Fee” has the meaning given to it in the Development Agreement.

“Development Agreement” means that certain Development Agreement between Subtenant and [NRP Lone Star Development LLC].

“Environmental Laws” means any and all Federal, State or local statutes, laws, rules, regulations, ordinances, orders, codes, determinations, decrees, or rules of common law pertaining to health, safety, or the environment now or at any time hereafter in effect and any judicial or administrative interpretation thereof (including, but not limited to, any judicial or administrative order, consent decree or judgment relating to the environment or Hazardous Substances, or exposure to Hazardous Substances) including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Superfund Amendments and Reauthorization Act of 1986, as amended, the Resource, Conservation and Recovery Act of 1976, as amended, the Clean Air Act, as amended, the Federal Water Pollution Control Act, as amended, the Oil Pollution Act of 1990, as amended, the Safe Drinking Water Act, as amended, the Hazardous Materials Transportation Act, as amended, the Toxic Substances Control Act, as amended, and any other environmental or health conservation or protection laws.

“Equipment” means all apparatus, machinery, devices, fixtures, appurtenances, equipment and personal property now or hereafter attached or affixed to the Premises or the Improvements and necessary or desirable for the proper operation and maintenance of the Premises or the Improvements.

“Event of Default” has the meaning given it in Section 15.1.

“Fee Estate” means the fee simple estate in the Premises, subject to the operation and effect of this Lease.

“Force Majeure” means any (a) strike, lock-out or other labor troubles, (b) governmental restrictions or limitations, (c) failure or shortage of electrical power, gas, water, fuel oil, or other utility or service, (d) riot, war, insurrection, plague or pandemic rising to the level of declaration of a public health emergency or other declared national or local emergency, (e) accident, flood, fire or other casualty, (f) adverse weather conditions resulting in cessation of work on the Project for in excess of one (1) week, (g) other act of God, or (h) other cause similar or dissimilar to any of the foregoing and beyond the reasonable control of the Person in question.

“General Partner” means Magnolia Lofts GP, LLC, a Texas limited liability company, and its successors and assigns.

“General Partner Parties” and **“General Partner Party”** each has the meaning given it in Section 19.22.3.

“Guarantors” shall mean the parties guarantying the Mortgage Loan, if any, and any parties guarantying the LIHTC Requirements.

“Guaranty Date” means the date on which none of the Guarantors have any further liability, obligation or exposure under any guaranty or indemnification relating to the Subtenant or the Property.

“Hazardous Substances or Materials” shall have the meaning given to it in Section 5.2.5.

“Holdover Rent” has the meaning given it in Section 3.3.2.

“Improvements” has the meaning given it in Section 5.1(b)(i).

“Institutional Lender” means any entity which is a lender to the Project and is either a commercial bank, savings bank, savings and loan institution or insurance company authorized to do business in Texas, a governmental revenue or development authority or any other governmental entity.

“Insurance Requirements” has the meaning given it in Section 5.2.1.

“Investor Limited Partner” means, initially, the Subtenant’s anticipated tax credit limited partner that will be a party to the Partnership Agreement, its successors and/or assigns.

“Lease Assignment” has the meaning given it in Section 19.3.

“Land Records” means the Official Public Records of Real Property of Tarrant County, Texas.

“Lease Year” means (a) the period commencing on the Annual Rent Start Date and terminating on the first (1st) anniversary of the last day of the calendar month containing the Commencement Date, and (b) each successive period of twelve (12) calendar months thereafter until this Lease expires or is otherwise terminated.

“Leasehold Estate” means the leasehold estate in the Premises held by Master Tenant under this Lease.

“Leasehold Mortgage” means any lender holding a Mortgage against the Property.

“Legal Requirements” has the meaning given it in Section 5.2.1.

“LIHTC Requirements” means applicable Low-Income Housing Tax Credits requirements as found in Section 42 of the Code, and as required by the Texas Department of Housing and Community Affairs during the appropriate extended use period.

“LURA” has the meaning given it in Section 8.1.

“Master Agreement” means that certain Master Agreement between [Tarrant County Hospital District,] Tarrant County Hospital District Public Facility Corporation and [NRP Lone Star Development LLC].

“Master Landlord” means Tarrant County Hospital District, a Texas political subdivision, and its successors and assigns, as owner of the Fee Estate.

“Master Landlord Event of Default” has the meaning given it in Section 15.4.

“Master Landlord Reimbursement” means the amount of any payment referred to as such in this Lease, which shall accrue while this Lease is in effect (which Landlord Reimbursement shall include any and all charges or other amounts that Master Tenant is obligated to pay under this Lease, including without limitation costs of taxes, insurance and public utility charges, other than the Annual Base Rent) and shall be due and payable within 30 days of Landlord’s written demand therefor unless required to be paid sooner hereunder.

“Master Landlord’s Related Parties” has the meaning given it in Section 7.5.4.

“Master Tenant” means Tarrant County Hospital District Public Facility Corporation, a Texas public facility corporation, and its successors and permitted assigns as holder of the Leasehold Estate.

“Master Tenant’s Property” has the meaning given it in Section 19.1.

“Master Tenant’s Related Parties” has the meaning given it in Section 7.5.4.

“Mortgage” means any mortgage or deed of trust at any time encumbering any or all of the Property, and any other security interest therein existing at any time under any other form of security instrument or arrangement used from time to time in the locality of the Property (including but not limited to any such other form of security arrangement arising under any deed of trust, sale-and-leaseback documents, lease-and-leaseback documents, security deed or conditional deed, or any financing statement, security agreement or other documentation used pursuant to the Uniform Commercial Code or any successor or similar statute), provided that such mortgage, deed of trust or other form of security instrument, and an instrument evidencing any such other form of security arrangement, has been recorded among the Land Records or in such other place as is, under applicable law, required for such instrument to give constructive notice of the matters set forth therein.

“Mortgagee” means the Person secured by a Mortgage.

“Mortgage Loan” means the loan to be made to Master Tenant pursuant to the terms of the Mortgage Loan Documents.

“Mortgage Loan Documents” means all documents and instruments to be executed and delivered in connection with the issuance of any debt to be secured by the Property.

“Net Cash Flow” has the meaning given it in the Partnership Agreement.

“New Tenant” has the meaning given it in Section 8.3.

“New Transferee” has the meaning given it in Section 8.3.

“Option Exercise Notice” has the meaning given it in Section 19.22.1

“Partnership Agreement” means that certain Amended and Restated Agreement of Limited Partnership of Subtenant, dated as of [_____], 2022, as amended from time to time.

“Permitted Encumbrances” means any and all instruments and matters of record or in fact on the date hereof, including but not limited to the instruments and matters listed in a schedule attached hereto as Exhibit B, the LURA or other documents related to or evidencing the LIHTC Requirements and all matters contemplated in the Loan Documents.

“Permitted Leasehold Mortgage” has the meaning given in Section 9.1.10(a).

“Permitted Leasehold Mortgagee” means mortgagees extending Permitted Leasehold Mortgages, as defined in Section 9.1.10(b). Any Person (a) contemplated to be a mortgagee in the Mortgage Loan Documents or (b) that acts as Servicing Agent (as such term is defined in the Mortgage Loan Documents) in connection with the Mortgage Loan shall also be a Permitted Leasehold Mortgagee.

“Person” means a natural person, a trustee, a corporation, a partnership, a limited liability company and any other form of legal entity.

“Premises” has the meaning given it hereinabove; provided, that if at any time hereafter any portion of the Premises becomes no longer subject to this Lease, “Premises” shall thereafter mean so much thereof as remains subject to this Lease.

“Property” means the Premises, the Improvements and the Equipment.

“Property Manager” means [NRP Management, LLC].

“Purchase Option” has the meaning given it in Section 19.22.1.

[**“Rent”** means Annual Base Rent.]

“Resident” shall mean a Person occupying a Unit in the Project pursuant to a Tenancy Agreement.

“Restoration” means the repair, restoration or rebuilding of any or all of the Property after any damage thereto or destruction thereof, with such alterations or additions thereto as are made by Master Tenant in accordance with this Lease, together with any temporary repairs or improvements made to protect the Property pending the completion of such work.

“Subtenant” has the meaning given it in the Recitals.

“Taxes” has the meaning given it in Section 6.1.

“**TDHCA**” means the Texas Department of Housing and Community Affairs, together with any successor organization.

“**Tenancy Agreement**” shall mean the form of lease agreement between Subtenant and a Resident under the terms of which a Resident is entitled to enjoy possession of a Unit in the Project.

“**Term**” has the meaning given it in Section 3.1.1.

“**Termination Date**” has the meaning given it in Section 3.1.1.

“**Transfer**” has the meaning given it in Section 14.1.

“**Unit**” has the meaning given it in the Recitals.

1.2 General. Any other term to which meaning is expressly given in this Lease shall have such meaning.

1.3 Construction. [Any Rent or any other amount paid hereunder shall be construed as made by Subtenant to Master Tenant and by Master Tenant to Master Landlord solely for the benefit of the Premises], as Subtenant shall be deemed to own the Improvements and the Equipment for all purposes during the term of the Master Sublease. Any covenants contained herein made by Master Tenant or in the Master Sublease by Subtenant regarding the Improvements and the Equipment shall be construed solely to protect Master Landlord from liability in connection with the Improvements and Equipment.

SECTION 2. Intentionally Omitted.

SECTION 3. TERM.

3.1 Length.

3.1.1 Original Term. This Lease shall be for a term (“**Term**”) commencing on the date of this Lease (“**Commencement Date**”), and (b) terminating at 11:59 p.m. on the day immediately before the seventy-fifth (75th) anniversary of the first (1st) day of the first (1st) full calendar month following the Commencement Date (the “**Termination Date**”, except that if the date of such termination is hereafter advanced to an earlier date or postponed pursuant to any provision of this Lease, or by express, written agreement of the parties hereto (with the written consent of the Guarantors, if prior to the Guaranty Date), or by operation of law, the date to which it is advanced or postponed shall thereafter be the “**Termination Date**” for all purposes of this Lease). Nothing in this Lease shall be deemed in any way to extend or permit the extension of the Term beyond the seventy-fifth (75th) anniversary of the Commencement Date, anything in this Lease to the contrary notwithstanding.

3.1.2 Confirmation of Commencement and Termination. Master Landlord and Master Tenant shall upon either’s written request therefor, within fifteen (15) days after, respectively, (a) the commencement of the Term, or (b) the expiration of the Term or any earlier termination of this Lease by action of law or in any other manner, confirm in writing by instrument

in recordable form that, respectively, such commencement or such termination has occurred, setting forth therein the Commencement Date and the Termination Date.

3.1.3 Notwithstanding anything to the contrary herein, the Termination Date shall not be advanced prior to the termination of the Partnership Agreement without the written consent of the Investor Limited Partner.

3.2 Surrender. Master Tenant shall, at its expense and subject to Section 3.4, at the expiration of the Term or any earlier termination of this Lease, (a) promptly yield up to Master Landlord the Premises, the Units and the rest of the Improvements, and the Equipment, in good order and repair, ordinary wear and tear, and damage by casualty, subject to Section 12, excepted, and broom clean before returning possession of the Land, (b) remove therefrom Master Tenant's signs, goods and effects and any machinery, trade fixtures and equipment used in conducting Master Tenant's trade or business and not part of the Improvements or the Equipment or otherwise owned by Master Landlord, and (c) repair any damage to the Property caused by such removal. Upon such expiration or termination (whether by reason of an Event of Default or otherwise), (a) neither Master Tenant nor its creditors and representatives shall thereafter have any right at law or in equity in or to any or all of the Property (including the Units and the rest of the Improvements) or to repossess any of same, or in, to or under this Lease, and Master Landlord shall automatically be deemed immediately thereupon to have succeeded to all of the same, free and clear of the right, title or interest therein of any creditor of Master Tenant or any other Person whatsoever (but subject to the rights of any Person then holding any lien, right, title or interest in or to the Fee Estate), and (b) Master Tenant hereby waives any and all rights of redemption which it may otherwise hold under any applicable law.

3.3 Holding Over.

3.3.1 Nothing in this Lease shall be deemed in any way to permit Master Tenant to use or occupy the Premises after the expiration of the Term or any earlier termination of this Lease. If and only if Master Tenant continues to occupy the Premises after such expiration or termination after obtaining Master Landlord's express, written consent thereto,

(a) such occupancy shall (unless the parties hereto otherwise agree in writing) be deemed to be under a month-to-month tenancy, which shall continue until either party hereto notifies the other in writing, by at least thirty (30) days before the end of any calendar month, that the party giving such notice elects to terminate such tenancy at the end of such calendar month, in which event such tenancy shall so terminate;

(b) subject to the provisions of Section 3.3.1(c), but anything in the remaining provisions of this Section to the contrary notwithstanding, the Rent payable with respect to each such monthly period shall equal no less than one-twelfth (1/12) of the Rent for the Lease Year then in effect or the last Lease Year of the Term, as applicable, payable under Section 4; and

(c) such month-to-month tenancy shall be on the same terms and subject to the same conditions as those set forth in this Lease, except that if Master Landlord gives Master Tenant, by at least thirty (30) days before the end of any calendar month during such month-to-month tenancy, written notice that such terms and conditions (including any thereof relating to the

amount and payment of Rent) shall, after such month, be modified in any manner specified in such notice, then such tenancy shall, after such month, be on the said terms and subject to the said conditions, as so modified.

3.3.2 If Master Tenant continues to occupy the Premises after the expiration of the Term or any earlier termination of this Lease without having obtained Master Landlord's express, written consent thereto, then without altering or impairing any of Master Landlord's rights under this Lease or applicable law, (a) Master Tenant hereby agrees to pay to Master Landlord immediately on demand by Master Landlord as holdover rental ("**Holdover Rent**") for the Premises, for each calendar month or portion thereof after such expiration of the Term or such earlier termination of this Lease, as aforesaid, until Master Tenant surrenders possession of the Premises to Master Landlord, a sum equaling the Rent plus One Thousand and 00/100 Dollars (\$1,000.00) per each day of such holdover occupancy, and (b) Master Tenant shall surrender possession of the Premises to Master Landlord immediately on Master Landlord's having demanded the same. Nothing in this Lease shall be deemed in any way to give Master Tenant any right to remain in possession of the Premises after such expiration or termination, regardless of whether Master Tenant has paid any such Holdover Rent to Master Landlord.

3.4 Ownership of Improvements. At all times during the term of the Master Sublease, legal and beneficial title to the Improvements shall be vested in Subtenant and Subtenant shall be deemed to be the fee owner of the Improvements for all purposes. For federal income tax purposes, Subtenant alone shall be entitled to all of the tax attributes of ownership of the Improvements, and Master Landlord acknowledges that Subtenant intends to claim such tax attributes of ownership of the Improvements, including, without limitation, the right to claim depreciation or cost recovery deductions and the right to claim the Low Income Housing Tax Credits described in Section 42 of the Code; and Master Landlord and Master Tenant therefore agree not to take any contrary positions for the purposes of federal income taxes. At the expiration or earlier termination of the Term of this Lease, or any portion thereof, Subtenant shall peaceably leave, quit and surrender the Premises in the manner required under Section 3.2, subject to the rights of Residents in possession of Units under Tenancy Agreements with Subtenant (provided, however, that such Residents are not then in default thereunder, and attorn to Master Landlord as their lessor). Upon such expiration or termination of this Lease and the Master Sublease, the Premises, Improvements and Equipment, or any portion thereof so terminated, shall become the sole property of Master Landlord at no cost to Master Landlord, and shall be free of all liens and encumbrances other than Permitted Encumbrances and in good condition, subject only to reasonable wear and tear, and in the event of a casualty, to the provisions of Section 12. Upon becoming the Property of Master Landlord, the Improvements will be used in accordance with any laws applicable to Master Landlord and in accordance with Master Landlord's Articles of Incorporation.

Legal title to the Equipment and the Improvements constructed or installed on the Land shall at all times during the Term of the Lease remain real property with the fee title vested in Subtenant for all purposes for so long as the Master Sublease has not expired or otherwise been terminated.

SECTION 4. RENT.

4.1 [Amount. As rent for the Premises, Master Tenant shall pay to Master Landlord:

4.1.1 Annual Base Rent. Annual base rent (“**Annual Base Rent**”) shall be paid for the corresponding Lease Year starting on the Annual Rent Start Date, and continuing through the end of the Term, in equal monthly installments. For the first Lease Year, the Annual Base Rent shall be equal to One Hundred Thousand Dollars (\$100,000). Beginning on the first day of the second Lease Year, and the first day of each Lease Year thereafter, the Annual Base rent shall automatically increase from that of the prior Lease Year by three percent (3.00%), by multiplying the prior Lease Year's Annual Base Rent by 1.03; provided, however that Annual Base Rent shall be re-negotiated every fifteen (15) years throughout the Term and shall be based upon the fair market value of the Land.

Notwithstanding any term herein to the contrary, any payments of Rent shall be subordinate to all amounts due under the Mortgage Loan, and other debt service obligations, including but not limited to taxes and insurance. If the ad valorem tax exemption for the Project is not available solely and directly as a result of the gross negligence or willful misconduct of the Master Landlord, the payment of Annual Base Rent shall be subordinated to the payment of the Developer Fee and any [Sponsor Loans (as defined in the Partnership Agreement)] for the Project; provided, however, that in no circumstance shall the payment of Master Landlord Reimbursement be subordinated to the payment of the Developer Fee. Notwithstanding the foregoing, if payment of the Developer Fee is required under the Partnership Agreement to satisfy the LIHTC Requirements, then the Developer Fee shall be payable/split as set forth in the Master Agreement. In the event the amount of Net Cash Flow is insufficient to cover the monthly installment of Annual Base Rent, then the amount unpaid shall accrue (“**Accrued Base Rent**”) and shall incur interest at the greater of (i) the rate of interest on any deferred Developer Fee, if any, pursuant to the Development Agreement or Partnership Agreement or (ii) the Applicable Federal Rate as of the date hereof.

4.2 Security Deposit. NONE.

4.3 Net Lease. Other than as is expressly set forth in this Lease (and except for Master Landlord’s legal fees, third-party consultants retained by Master Landlord and Master Landlord’s own costs), all costs, expenses, liabilities, charges, obligations (whether monetary or otherwise) or other deductions whatsoever with respect to the Premises (including without limitation those arising from any agreements or easements encumbering the Fee Estate that are Permitted Encumbrances, consented to by Master Tenant or otherwise caused by or arising out of the action or inaction of the Master Tenant) and the construction, ownership, leasing, operation, maintenance, repair, rebuilding, use, occupation of, or conveyance of any or all of Master Tenant’s Leasehold Estate in, or this Lease shall be the sole responsibility of and payable by Master Tenant; all of which costs, expenses, liabilities and charges payable under this Section 4.3 shall be deemed Master Landlord Reimbursement hereunder.

4.4 Condition of the Premises. **MASTER TENANT ACKNOWLEDGES AND AGREES THAT THE PREMISES SHALL BE LEASED TO MASTER TENANT AND MASTER TENANT SHALL ACCEPT THE PREMISES, “AS IS, WHERE IS, AND WITH ALL FAULTS.” MASTER LANDLORD HEREBY EXPRESSLY DISCLAIMS ANY AND**

ALL REPRESENTATIONS AND WARRANTIES OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PREMISES. WITHOUT LIMITING THE GENERALITY OF THE PRECEDING SENTENCE OR ANY OTHER DISCLAIMER SET FORTH HEREIN, MASTER LANDLORD AND MASTER TENANT HEREBY AGREE THAT MASTER LANDLORD HAS NOT MADE AND IS NOT MAKING ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WRITTEN OR ORAL, AS TO (A) THE NATURE OR CONDITION, PHYSICAL OR OTHERWISE, OF THE PREMISES OR ANY ASPECT THEREOF, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF HABITABILITY, SUITABILITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE; (B) THE SOIL CONDITIONS, DRAINAGE CONDITIONS, TOPOGRAPHICAL FEATURES, ACCESS TO PUBLIC RIGHTS-OF-WAY, AVAILABILITY OF UTILITIES OR OTHER CONDITIONS OR CIRCUMSTANCES WHICH AFFECT OR MAY AFFECT THE PREMISES OR ANY USE TO WHICH MASTER TENANT MAY PUT THE PREMISES; (C) ANY CONDITIONS AT OR WHICH AFFECT OR MAY AFFECT THE PREMISES WITH RESPECT TO ANY PARTICULAR PURPOSE, USE, DEVELOPMENT POTENTIAL OR OTHERWISE; (D) ANY ENVIRONMENTAL, GEOLOGICAL, METEOROLOGICAL, STRUCTURAL OR OTHER CONDITION OR HAZARD OR THE ABSENCE THEREOF, HERETOFORE, NOW, OR HEREAFTER AFFECTING IN ANY MANNER THE PREMISES, INCLUDING, BUT NOT LIMITED TO, THE ABSENCE OF ASBESTOS, LEAD PAINT, OR ANY OTHER ENVIRONMENTALLY HAZARDOUS SUBSTANCE ON, IN, UNDER OR ADJACENT TO THE PREMISES, AND (E) THE COMPLIANCE OF THE PREMISES OR THE OPERATION OR USE OF THE PREMISES WITH ANY APPLICABLE RESTRICTIVE COVENANTS, OR ANY LAWS, ORDINANCES, OR REGULATIONS OF ANY GOVERNMENTAL BODY (INCLUDING SPECIFICALLY, WITHOUT LIMITATION, ANY ZONING LAWS OR REGULATIONS, ANY BUILDING CODES, ANY ENVIRONMENTAL LAWS, AND THE AMERICANS WITH DISABILITIES ACT OF 1990, ALL AS AMENDED FROM TIME TO TIME).

4.5 Conditions of the Premises and Environmental Liabilities. Notwithstanding anything to the contrary set forth elsewhere in this Lease, Master Landlord and Master Tenant mutually agree in regard to the condition of the Premises and any environmental conditions affecting the Premises, as follows:

4.5.1 Intentionally Omitted.

4.5.2 Environmental Liabilities. Master Landlord and Master Tenant mutually agree, in regard to any environmental conditions affecting the Premises, as follows:

(a) Existing Environmental Conditions Prior to Lease. To the extent any environmental condition occurred prior to the Commencement Date of this Lease and remediation is required pursuant to Environmental Laws, then, to the extent its cause is directly and exclusively attributable to Master Landlord, or the use of the Premises by Master Landlord exclusively, under this Lease, then Master Landlord shall perform such remediation to the fullest extent required by Environmental Laws, and Master Landlord shall be fully liable to Master Tenant, to the extent necessary to remediate the Premises in accordance with all Environmental Laws, and Master Landlord shall indemnify Master Tenant for any liabilities or costs in relation

to such condition and remediation. The foregoing contractual indemnification shall be in addition to any Federal, State and local law liabilities imposed upon Master Landlord, and such indemnification shall cover any liabilities imposed upon Master Tenant under any Federal, State and local law.

(b) Environmental Conditions Subsequent to Lease. To the extent any environmental condition occurs during the term of this Lease and remediation is required pursuant to Environmental Laws, then, to the extent its cause is directly attributable to Master Tenant, or the use of the Premises, under this Lease, then Master Tenant shall perform such remediation to the fullest extent required by Environmental Laws, and Master Tenant shall be fully liable to Master Landlord, to the extent necessary to remediate the Premises in accordance with all Environmental Laws, and Master Tenant shall indemnify Master Landlord for any liabilities or costs in relation to such condition and remediation. The foregoing contractual indemnification shall be in addition to any Federal, State and local law liabilities imposed upon Master Tenant, and such indemnification shall cover any liabilities imposed upon Master Landlord under any Federal, State and local law.

(c) Other Categories of Conditions. To the extent the environmental and consequent liabilities do not fall within (a) or (b) above, Master Landlord, as owner of the Fee Estate, Landlord, and Subtenant as ground tenant, shall have those liabilities imposed upon each by Federal, State and local law only, with no contractual rights under this Lease against each other.

SECTION 5. USE OF PROPERTY.

5.1 Nature of use. Master Tenant shall throughout the Term cause the Subtenant to continuously use and operate, or cause to be used and operated, the Premises and the Improvements and the Equipment only for the following uses and such other uses as are reasonably and customarily attendant to such uses: residential rental use or any use of the Master Tenant or Master Landlord in connection with its own operations on the Premises, which may include office or storage space not leased to any third parties, including the construction, development, operation, maintenance, repair, rebuilding, use, occupation, conveyance and marketing for lease and leasing of the Units in a manner that satisfies the requirements of this Lease and as follows:

(a) the Project shall be operated in accordance with the provisions of:
(a) Sections 9.1.5-9.1.7, and have, at a minimum, the following characteristics: sixty (60) of the Units are subject to LIHTC Requirements (collectively, the “**Tax Credit Units**”), and designed for use (and shall in fact be used) for and only for the purposes expressly set forth and contemplated by this Lease, and

(b) in conjunction with the foregoing,

(i) Master Tenant may make, or allow to be made, the following improvements to the Premises (all of which, together with the Project and the Units, are herein referred to collectively as “**Improvements**”):

(1) such number of off-street parking spaces as is required for the Property from time to time by the applicable provisions of the municipal parking ordinance, as amended by any valid variance therefrom issued to Master Landlord, or other

applicable law; provided Master Tenant or Subtenant shall have the right to seek variances or other lawful relief to the extent the number of spaces is increased;

(2) the driveways and sidewalks set forth on the final site plan covering the Premises as approved by Master Landlord prior to the closing of the Mortgage Loan (the “**Site Plan**”);

(3) such utility lines and facilities, open space areas, landscaping or other improvements or features as are shown on the Site Plan;

(4) such interior Unit amenities as are on the plans and specifications approved in connection with the closing of the financing, or as required by the Texas Department of Housing and Community Affairs in connection with the Low Income Housing Tax Credits, or as reasonably approved by Master Landlord (collectively, the “**Plans and Specifications**”); and

(5) any replacement of or addition to the Units or any of such parking facilities, driveways, sidewalks, utility lines and facilities, landscaping or other Improvements, provided that such replacement or addition is substantially consistent with the original design, and

(ii) the Equipment, and any replacements, alterations, additions or repairs thereto.

5.2 Compliance with Law and Covenants. Master Tenant throughout the Term, and Subtenant throughout the term of the Sublease, in either case at such entity’s respective sole expense, in its construction, possession and use of the Premises, the Units or the rest of the Improvements, and the Equipment,

5.2.1 shall materially comply promptly and fully with (a) all applicable material laws, ordinances, notices, orders, rules, regulations and requirements of all federal, state and municipal governments and all departments, commissions, boards and officers thereof, including all applicable LIHTC Requirements (all of which are hereinafter referred to collectively as “**Legal Requirements**”); and (b) all requirements (i) of the National Board of Fire Underwriters (or any other body now or hereafter constituted exercising similar functions) which are applicable to any or all of the Property, or (ii) imposed by any policy of insurance covering any or all of the Property and required by Section 7 to be maintained by Master Tenant or Subtenant (all of which are hereinafter referred to collectively as “**Insurance Requirements**”); and (c) the provisions of the other Permitted Encumbrances, all if and to the extent that any of the Legal Requirements, the Insurance Requirements or the said provisions relate to any or all of the Premises, the Improvements, the Equipment, the fixtures and equipment upon the Premises, or the use or manner of use thereof, whether any of the foregoing are foreseen or unforeseen, or are ordinary or extraordinary;

5.2.2 (without limiting the generality of the foregoing provisions of this Section) shall keep in force throughout the Term all licenses, consents and permits required from time to time by applicable law to permit the Property to be used in accordance with this Lease;

5.2.3 shall pay or cause to be paid when due all personal property taxes, income taxes, license fees and other taxes or special assessments assessed, levied or imposed upon Master Tenant in connection with the operation of the Project or its use thereof, unless the Master Tenant or Subtenant is contesting the same in good faith;

5.2.4 shall not take or fail to take any action, as the result of which action or failure to act Master Landlord's estate, right, title or interest in and to any or all of the Premises or the rest of the Property might be impaired; and

5.2.5 shall not (either with or without negligence) (a) knowingly cause or permit the escape, disposal or release of any Hazardous Substances or Materials, or (b) knowingly allow the storage or use of Hazardous Substances or Materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of Hazardous Substances or Materials, or (c) knowingly allow any Hazardous Substances or Materials to be brought onto the Property except to use in the ordinary course of Master Tenant's or Subtenant's business or by Residents. For purposes of this Lease, "Hazardous Substances or Materials" shall include, without limitation, those substances described as such in any Environmental Law. If any Permitted Leasehold Mortgagee or governmental agency reasonably requires testing to ascertain whether or not there has been any release of hazardous substances or materials on the Premises while this Lease is in effect, then the costs thereof shall be reimbursed by Master Tenant or Subtenant to Master Landlord upon demand as Master Landlord Reimbursement if such requirement applies to the Premises. Master Tenant shall execute affidavits, representations and the like from time to time at Master Landlord's reasonable request concerning Master Tenant's best knowledge and belief regarding the presence of Hazardous Substances or Materials on the Premises.

5.3 Restrictions Applicable to Tax Credit Units.

5.3.1 Sixty (60) of the Units are subjected to and benefited by the terms and conditions of the LIHTC Requirements, including without limitation, Master Tenant shall comply, and shall cause Subtenant to comply, with the provisions of the Legal Requirements prohibiting discrimination in housing on the grounds of race, color, creed, national origin, sex, marital status, sexual orientation, or a physical or mental handicap, including but not limited to, Title VI of the Civil Rights Act of 1964 (Public Law 88-352) and Title VIII of the Civil Rights Act of 1968 (public Law 90-284) and the Fair Housing Act (42 U.S.C. §§3601-3620). All LIHTC Requirements and this Section 5 with respect to applicable Units shall be binding upon Master Landlord and Master Tenant and each of their respective successors and assigns, including, without limitation, Subtenant and/or any entity which succeeds to Master Tenant's or Subtenant's interest in the Premises by foreclosure or an instrument in lieu of foreclosure. Master Landlord shall have no control or participation in the control or operation of the Property and shall not be entitled to any benefits from or uses thereof except for the Rent or other payments required hereunder.

5.4 Foreclosure. Following foreclosure by any Permitted Leasehold Mortgagee or assignment of the Leasehold Estate in lieu of such foreclosure, the use restrictions contained in this Section shall be terminated and of no further force and effect.

SECTION 6. TAXES AND OPERATING EXPENSES.

6.1 Master Tenant to Pay. Master Tenant and/or Subtenant (a) shall bear the full expense of any and all real property or other taxes, including any and all payments in lieu of taxes, if applicable, metropolitan district charges or other assessments or charges levied against any or all of the Premises, the Units, the other Improvements and the Equipment, whether against the Fee Estate or the Leasehold Estate therein, and payable with respect to any calendar or tax year or other period falling wholly or partly within the Term, including but not limited to any assessments or fees levied against the Units pursuant to any Permitted Encumbrances (all of which are hereinafter referred to collectively as “**Taxes**”), except that if any such tax, charge or assessment is levied with respect to a period beginning before the Commencement Date or ending after the Termination Date, Master Tenant shall bear the full expense of only that percentage thereof equaling the percentage of such period falling within the Term; (b) shall pay the same when due and payable and before any penalty is incurred for late payment thereof, unless the Master Tenant or Subtenant is contesting such taxes in good faith; and (c) shall deliver to Master Landlord the receipted bill for such Taxes within ten (10) days after Master Landlord requests it from Master Tenant in writing. Master Tenant shall not be required to pay any income taxes otherwise chargeable to Master Landlord. Master Landlord hereby represents, warrants, and covenants that it shall, as owner of the Premises, use its best efforts to maintain the existing ad valorem tax exemption under the Texas Tax Code, as amended, for the Premises.

6.2 Delivery of Bills and Notices. Each party hereto shall deliver to the other, promptly after such party’s receipt thereof, the originals or accurate copies of any and all bills for Taxes and notices of assessments or reassessments made or to be made for the purpose of levying any Taxes. If the Premises are not now treated as a separate tax lot by the assessing authority, Master Landlord shall use its reasonable efforts promptly hereafter to have the Premises so treated.

6.3 Proceedings to Contest. Master Tenant or pursuant to the terms of the Sublease, Subtenant may, without postponing payment thereof, as aforesaid, bring proceedings to contest any Legal Requirement and to contest the validity or the amount of any Taxes, or to recover any amount thereof paid by Master Tenant or Subtenant, provided that prior thereto Master Tenant notifies Master Landlord in writing that Master Tenant intends to take such action. Master Tenant shall indemnify and hold harmless Master Landlord against and from any expense arising out of any such action. Master Landlord shall, upon written request by Master Tenant, cooperate in a commercially reasonable manner with Master Tenant in taking any such action, provided that Master Tenant indemnifies and holds harmless Master Landlord against and from any expense or liability arising out of such cooperation.

6.4 Operating Expenses.

6.4.1 Master Tenant’s Obligation. Subject to Master Tenant’s legal rights to dispute such expenses, Master Tenant will pay (or cause to be paid) directly to the providers of such services all costs and expenses attributable to or incurred in connection with the development, construction, completion, marketing, leasing, maintenance, management and occupancy of the Premises and the Improvements (collectively, “**Operating Expenses**”) including without limitation (a) all energy sources for the Improvements, such as propane, butane, natural gas, steam, electricity, solar energy and fuel oil; (b) all water, sewer and trash disposal services; (c) all maintenance, repair, replacement and rebuilding of the Improvements including, without limitation, all Equipment; (d) all landscaping, maintenance, repair and striping of all parking areas;

(e) all insurance premiums relating to the Premises and the Improvements, including fire and extended coverage, public liability insurance, rental insurance and all risk insurance; and (f) the cost and expenses of all capital improvements or repairs (whether structural or non-structural) required to maintain the Improvements in good order and repair, including but not limited to any required by any governmental or quasi-governmental authority having jurisdiction over the Premises or the Improvements.

6.4.2 Permits and Licenses. Master Tenant shall also procure, or cause to be procured, at Master Tenant's sole cost and expense, any and all necessary permits, licenses, or other authorizations required for the lawful and proper installation and maintenance upon the Premises of wires, cables, pipes, conduits, tubes, fiber optics and other equipment and appliances for use in supplying any such service to the Improvements and upon the Premises. Master Landlord, upon request of Master Tenant, and at the sole expense and liability of Master Tenant, will join with Master Tenant in any application required for obtaining or continuing any such services.

6.4.3 Property Tax Exemption. The Property, used as contemplated by this Lease, is anticipated to qualify for exemption from all State and local ad valorem property taxes. Master Landlord agrees not to take any action within its reasonable control that would jeopardize the property tax exemption and further agrees to cooperate in a commercially reasonable manner as Master Tenant may request (at Master Tenant's expense) to preserve such property tax exemption.

6.5 Right to Pay Taxes and Senior Mortgage. Any Permitted Leasehold Mortgagee, Guarantors and Investor Limited Partner shall have the right (but not the obligation) to pay any taxes payable by Master Landlord or Master Tenant with respect to the Premises, and to cure any monetary or non-monetary default by Master Landlord or Master Tenant under any mortgage or other encumbrance on the Premises that has priority over the Lease; and if such Permitted Leasehold Mortgagee, Guarantors or Investor Limited Partner does so pay or cure, Master Landlord or Master Tenant, as applicable, agrees that it will reimburse Permitted Leasehold Mortgagee, Guarantors or Investor Limited Partner, as applicable, for the amount thereof promptly following request by any such party making payment therefor unless Master Landlord or Master Tenant, or Subtenant pursuant to the terms of the Master Sublease, is protesting such taxes in good faith.

6.6 Master Landlord's Payment of Certain Impositions. Notwithstanding anything to the contrary set forth in this Lease, it is expressly understood and agreed that Master Tenant shall not be required to pay or reimburse Master Landlord for (a) any franchise tax, gross receipts tax, revenue tax, premium tax, income tax or profits tax of Master Landlord, or any such tax imposed after the date hereof by any Governmental Authority or jurisdiction if such tax is determined on the basis of the general assets or the general net income or net revenue of Master Landlord; or (b) any estate inheritance, devolution, succession, transfer, stamp, legacy or gift tax which may be imposed upon or with respect to any transfer of Master Landlord's interest in the Property or any part thereof, if requested by or indirectly or directly caused by Master Tenant or any of its partners.

SECTION 7. INSURANCE AND INDEMNIFICATION.

7.1 **Insurance to be maintained by Master Tenant.** Master Tenant shall maintain or cause to be maintained at its expense (or at Subtenant's expense pursuant to the Master Sublease) throughout the Term insurance adequate to protect Master Tenant's and Master Landlord's interests in the Property. Master Landlord has approved the insurance requirements attached hereto as Exhibit C. Master Tenant shall fully comply with all of the insurance requirements imposed upon Master Tenant under the Permitted Leasehold Mortgage and the Mortgage Loan Documents to which Master Tenant is a party. All insurance coverages shall have waiver of subrogation provisions reasonably acceptable to Master Landlord and Master Tenant. Approval, disapproval or failure to act by Master Landlord regarding any insurance applied by Master Tenant shall not relieve Master Tenant of full responsibility or liability for damages or accidents as set forth in this Lease. Neither shall the bankruptcy, insolvency or denial of liability by the insurance company exonerate Master Tenant from any such liability.

7.2 **Insureds.** Each such policy shall name as insureds thereunder (a) Master Tenant, (b) Master Landlord, (c) Subtenant (during the term of the Master Sublease), and (d) as additional insureds, each designee of Master Landlord, Master Tenant, Subtenant (during the term of the Master Sublease) and any Permitted Leasehold Mortgagee.

7.3 **Insurer.** All insurance required and all renewals of insurance shall be issued by companies of recognized responsibility licensed to issue such policies and otherwise transact business in the State of Texas. All insurance policies will expressly provide that such policies will not be canceled or altered without thirty (30) days' prior written notice to Master Landlord, and any other named insured thereunder, in the case of "All Risk" coverage insurance, and to Master Landlord, and all other named insureds thereunder, in the case of general liability insurance. Such insurance will, to the extent obtainable, provide that no act or omission of Master Tenant which would otherwise result in forfeiture or reduction of the insurance will affect or limit the obligation of the insurance company to pay the amount of any loss sustained; and will, to the extent obtainable, contain a waiver by the insurer of its rights of subrogation against Master Landlord. Upon issuance, each insurance policy or duplicate or certificate of such policy shall be delivered to Master Landlord.

7.4 **Evidence.** Master Tenant shall deliver to Master Landlord no later than thirty (30) days after the Commencement Date an original or a signed duplicate copy of each such policy, and at least thirty (30) days before any such policy expires, Master Tenant shall deliver to Master Landlord an original or a signed duplicate copy of a replacement policy therefor. All public liability, property damage liability, and casualty policies maintained by Master Tenant will be written as primary policies, not contributing with and not in excess of coverage that Master Landlord may carry.

7.5 **Indemnification of Master Landlord.**

7.5.1 MASTER TENANT SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS MASTER LANDLORD FROM THIRD PARTY CLAIMS NOT ATTRIBUTABLE EXCLUSIVELY TO MASTER LANDLORD'S ACTION OR INACTION AGAINST AND FROM ANY AND ALL LIABILITY, CLAIM OF LIABILITY

OR EXPENSE ARISING OUT OF OR IN ANY WAY CONNECTED WITH (A) THE USE, OCCUPANCY, CONDUCT, OPERATION OR MANAGEMENT OF THE PROPERTY DURING THE TERM, OR (B) ANY WORK OR THING WHATSOEVER DONE OR NOT DONE ON THE PROPERTY DURING THE TERM, OR (C) ANY BREACH OR DEFAULT BY MASTER TENANT IN PERFORMING ANY OF ITS OBLIGATIONS UNDER THIS LEASE OR APPLICABLE LAW, OR (D) ANY NEGLIGENT, INTENTIONALLY TORTIOUS OR OTHER ACT OR OMISSION OF MASTER TENANT OR ANY OF ITS AGENTS, CONTRACTORS, SERVANTS, EMPLOYEES, SUBTENANTS, LICENSEES OR INVITEES DURING THE TERM, OR (E) ANY INJURY TO OR DEATH OF ANY PERSON, OR DAMAGE TO ANY PROPERTY, OCCURRING ON THE PROPERTY DURING THE TERM (WHETHER OR NOT SUCH EVENT RESULTS FROM A CONDITION EXISTING BEFORE THE EXECUTION OF THIS LEASE BUT EXCLUDING ANY HAZARDOUS SUBSTANCE CONDITION UNKNOWN TO MASTER TENANT AS OF, AND EXISTING BEFORE, THE EXECUTION OF THIS LEASE) AND FROM AND AGAINST ALL EXPENSES AND LIABILITIES INCURRED IN CONNECTION WITH ANY SUCH CLAIM OR ANY ACTION OR PROCEEDING BROUGHT THEREON (INCLUDING BUT NOT LIMITED TO THE REASONABLE FEES OF ATTORNEYS, INVESTIGATORS AND EXPERTS), ALL REGARDLESS OF WHETHER SUCH CLAIM IS ASSERTED DURING OR AFTER THE EXPIRATION OF THE TERM OR ANY EARLIER TERMINATION OF THIS LEASE BUT EXCLUDING, HOWEVER, ANY LIABILITY, CLAIM OF LIABILITY OR EXPENSE CAUSED WHOLLY AND DIRECTLY BY MASTER LANDLORD, ITS EMPLOYEES OR AGENTS. THIS SECTION 7.5 SHALL SURVIVE THE TERMINATION OF THIS LEASE.

7.5.2 MASTER TENANT AGREES THAT MASTER LANDLORD SHALL NOT BE LIABLE FOR ANY DAMAGE OR LIABILITY OF ANY KIND OR FOR ANY INJURY TO OR DEATH OF PERSONS OR DAMAGE TO PROPERTY OF MASTER TENANT OR ANY OTHER PERSON FROM ANY CAUSE WHATSOEVER BY REASON OF ANY WORK, LABOR OR MATERIALS PERFORMED OR DELIVERED TO, OR CONNECTED TO THE USE, OCCUPANCY, OR ENJOYMENT OF THE PREMISES BY MASTER TENANT OR ANY PERSON ON THE PREMISES OR HOLDING ALL OR ANY PART OF THE PREMISES UNDER MASTER TENANT. MASTER TENANT DOES HEREBY INDEMNIFY AND SAVE HARMLESS MASTER LANDLORD FROM ALL CLAIMS, ACTIONS, DEMANDS, COSTS AND EXPENSES AND LIABILITY WHATSOEVER, INCLUDING REASONABLE ATTORNEYS' FEES, ON ACCOUNT OF ANY SUCH REAL OR CLAIMED DAMAGE OR LIABILITY SUSTAINED BY THIRD PARTIES AND FROM ALL LIENS, CLAIMS AND DEMANDS OCCURRING IN OR AT THE PREMISES, OR ARISING OUT OF THE CONSTRUCTION, USE, OCCUPANCY OR ENJOYMENT OF THE PREMISES AND ITS FACILITIES, OR ANY REPAIRS OR ALTERATIONS WHICH MASTER TENANT MAY MAKE UPON THE PREMISES, OR OCCASIONED IN WHOLE OR IN PART BY ANY ACT OR OMISSION OF MASTER TENANT, ITS AGENTS, CONTRACTORS, SERVANTS, EMPLOYEES, INVITEES OR ANY OTHER PARTY, OTHER THAN CLAIMS, ACTIONS, DEMANDS, COSTS AND EXPENSES AND LIABILITIES ARISING DIRECTLY AND SOLELY FROM THE ACTS OR OMISSIONS OF MASTER LANDLORD, ITS EMPLOYEES OR AGENTS.

7.5.3 Master Tenant acknowledges that Master Landlord is not required to provide security for Persons or property in or about the Premises. Master Tenant hereby waives and releases any claim against Master Landlord for injury to or death of any Person and any property damage arising out of or attributable to any criminal activity in or about the Premises, specifically including, but not limited to, vandalism, theft, burglary, robbery, rape, murder or assault, unless arising directly and solely from the acts or omissions of Master Landlord, or any of Master Landlord's Related Parties.

7.5.4 MASTER TENANT HEREBY AGREES TO INDEMNIFY, PROTECT, DEFEND AND HOLD MASTER LANDLORD AND MASTER LANDLORD'S RELATED PARTIES HARMLESS FROM ANY AND ALL CLAIMS, CAUSES OF ACTIONS AND SUITS FOR INJURY TO OR DEATH OF ANY OF MASTER TENANT'S RELATED PARTIES OR RESIDENTS OF THE UNITS RESULTING FROM CRIMINAL ACTIVITIES IN OR ABOUT THE PREMISES, INCLUDING ALL COSTS, REASONABLE ATTORNEYS' FEES, AND EXPENSES INCURRED UNLESS ARISING DIRECTLY AND EXCLUSIVELY FROM THE GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT OF MASTER LANDLORD. MASTER TENANT SHALL DEFEND ANY CLAIM, CAUSE OF ACTION, OR SUIT MADE OR BROUGHT AGAINST MASTER LANDLORD OR MASTER LANDLORD'S RELATED PARTIES AT MASTER TENANT'S SOLE EXPENSE, BY COUNSEL REASONABLY SATISFACTORY TO MASTER LANDLORD. AS USED HEREIN, "MASTER LANDLORD'S RELATED PARTIES" SHALL MEAN AND REFER TO MASTER LANDLORD'S OFFICERS, DIRECTORS, COMMISSIONERS, AFFILIATES, AGENTS, CONTRACTORS, VOLUNTEERS, AND EMPLOYEES, AND THEIR RESPECTIVE HEIRS AND PERSONAL REPRESENTATIVES, SUCCESSORS, AND ASSIGNS (NOT INCLUDING MASTER TENANT AND GENERAL PARTNER). AS USED HEREIN, "MASTER TENANT'S RELATED PARTIES" SHALL MEAN MASTER TENANT'S AGENTS, CONTRACTORS, EMPLOYEES, PATRONS, BUSINESS INVITEES, AND GUESTS.

7.5.5 SUBJECT TO THE LIMITATIONS SET FORTH BELOW, MASTER TENANT HEREBY AGREES TO INDEMNIFY MASTER LANDLORD AND HOLD MASTER LANDLORD HARMLESS FROM AND AGAINST ANY AND ALL LOSS, DAMAGES, LIABILITIES, EXPENSE, AND COST INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES, PAID, INCURRED OR SUFFERED BY MASTER LANDLORD AS A DIRECT OR INDIRECT RESULT OF THE PRESENCE ON OR UNDER, OR THE ESCAPE, SEEPAGE, LEAKAGE, SPILLAGE, EMISSION, DISCHARGE, MIGRATION, OR RELEASE FROM THE PROPERTY OF ANY HAZARDOUS SUBSTANCE, AS HEREINAFTER DEFINED. THE FOREGOING INDEMNITY SHALL BE LIMITED TO MATTERS WHICH OCCUR DURING THE TERM AND WHICH MATTERS ARE DIRECTLY OR INDIRECTLY CAUSED BY MASTER TENANT'S USAGE OF THE PREMISES AND NOT CAUSED DIRECTLY OR INDIRECTLY BY ACTS OF GOD AND NOT CAUSED EXCLUSIVELY BY MASTER LANDLORD, ITS EMPLOYEES, OR AGENTS. THE FOREGOING SHALL NOT BE CONSTRUED TO LIMIT THE LIABILITY OF MASTER TENANT FOR SUCH MATTERS WHICH OCCUR DURING THE TERM, BUT WHICH ARE DISCOVERED SUBSEQUENT TO THE EXPIRATION OF THE TERM.

7.5.6 Notwithstanding anything in this Section 7.5 to the contrary, in no event shall Master Tenant be liable to Master Landlord hereunder for (i) any environmental contamination or hazardous materials conditions existing prior to the Commencement Date unless any federal, state, or local law imposes such liability, (ii) any item caused by Master Landlord or its employees, or (iii) any environmental contamination migrating onto the Property from adjacent property except to the extent such migration is exacerbated by Master Tenant.

7.5.7 NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THIS LEASE, NO PARTY HERETO, MASTER TENANT RELATED PARTY OR MASTER LANDLORD RELATED PARTY SHALL, UNDER ANY CIRCUMSTANCES, BE LIABLE FOR ANY CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES CLAIMED BY EITHER PARTY HERETO UNDER THE TERMS OF OR DUE TO ANY BREACH OF THIS LEASE INCLUDING WITHOUT LIMITATION, LOSS OF REVENUE OR INCOME (OTHER THAN RENT), COST OF CAPITAL, OR LOSS OF BUSINESS REPUTATION OR OPPORTUNITY.

7.6 Increase in Risk.

7.6.1 Master Tenant shall not do or permit to be done any act or thing as a result of which either (a) any policy of insurance of any kind covering any or all of the Property or any liability of Master Landlord in connection therewith may become void, compromised, or suspended, or (b) the insurance risk under any such policy would (in the opinion of the insurer thereunder) be made materially greater; and

7.6.2 if such insurance is maintained by Master Landlord, Master Tenant shall pay as Master Landlord Reimbursement the amount of any increase in any premium for such insurance resulting from any breach of such covenant, within ten (10) business days after Master Landlord notifies Master Tenant in writing of such increase.

7.7 Insurance Proceeds and Condemnation Awards. Master Landlord and Master Tenant agree that any and all insurance proceeds and/or condemnation awards received by Master Tenant or Master Landlord in connection with the Property shall be delivered to the Permitted Leasehold Mortgagee under the most senior Permitted Leasehold Mortgage, and any proceeds not used to rebuild or restore the improvements on the Premises in accordance with such Permitted Leasehold Mortgage, if any, shall be disbursed pursuant to the terms and conditions of such Permitted Leasehold Mortgage.

SECTION 8. LEASEHOLD MORTGAGE REQUIREMENTS.

8.1 Future Fee Estate Mortgages. Other than Permitted Encumbrances and restrictive covenants comprising a land use restriction agreement (“LURA”) required by TDHCA, Master Landlord shall not consent to any future mortgages against the Fee Estate, or otherwise pledge, assign or otherwise dispose of its Fee Estate without the prior written consent of Master Tenant, Subtenant (during the term of the Master Sublease), Investor Limited Partner (during the Compliance Period) all Guarantors (only until the Guaranty Date), and any Permitted Leasehold Mortgagee. To the extent a future mortgage/deed of trust on the Fee Estate is permitted hereunder, such mortgage/deed of trust shall expressly provide that it is subordinate and subject to Master

Tenant's interest in this Lease. Additionally, Master Tenant shall not subordinate its Leasehold Estate to any future mortgage of the Fee Estate obtained by Master Landlord.

8.2 Nonmerger. This Lease shall not terminate as to the Permitted Leasehold Mortgage because of any conveyance of Master Tenant's Leasehold Estate to Master Landlord or of Master Landlord's interest hereunder to Master Tenant. Accordingly, if this Lease and the Fee Estate in the Premises are commonly held, then they shall remain separate and distinct estates. They shall not merge without consent by all Permitted Leasehold Mortgagees, Subtenant (during the term of the Sublease), the Investor Limited Partner (during the Compliance Period) and the Guarantors (prior to the Guaranty Date).

8.3 [Foreclosure Rights of Leasehold Mortgagee]. Upon foreclosure or assignment in lieu of foreclosure of the Leasehold Estate, the most senior Permitted Leasehold Mortgagee shall have the right to acquire the Lease in its own name or the name of a nominee without consent or approval of Master Landlord. In the event that Master Tenant's Leasehold Estate hereunder is acquired by any Permitted Leasehold Mortgagee, or its nominee or designee, then such Permitted Leasehold Mortgagee, or its nominee or designee, shall also have the right to further assign or sublet the Leasehold Estate hereunder to a third party without the consent or approval of Master Landlord. In addition, upon Permitted Leasehold Mortgagee's notice to Master Landlord of the commencement of a foreclosure, the exercise of the power of sale or deed in lieu of foreclosure of the Leasehold Estate, at the election of Permitted Leasehold Mortgagee, Master Landlord, or an Affiliate thereof, shall enter into an agreement of limited partnership with the Permitted Leasehold Mortgagee, or its nominee or designee, to form a new tenant (the "**New Tenant**") on substantially the same terms as the Partnership Agreement. Upon Permitted Leasehold Mortgagee's foreclosure or deed in lieu of foreclosure of the Leasehold Estate, Master Landlord shall promptly enter into a new ground lease with New Tenant on substantially the same terms as the Lease.

Foreclosure of any Permitted Leasehold Mortgage, or any sale thereunder, whether by judicial proceedings or by virtue of any power contained in the Permitted Leasehold Mortgage, or in lieu thereof, foreclosure or other appropriate proceedings in the nature thereof, shall not require the consent of Master Landlord or constitute a breach of any provision of, or a default under, the Lease, and upon such foreclosure, sale or conveyance, Master Landlord shall recognize the purchaser or other transferee in connection therewith as tenant under the Lease (the "**New Tenant**"). Following such foreclosure, sale or conveyance in lieu thereof, the New Tenant shall have the right to further assign or sublet the Leasehold Estate to a third party without the consent or approval of Master Landlord, not to be unreasonably withheld, conditioned or delayed, but subject to the approval process required by the Master Landlord.

For purposes of this Section "Affiliate" shall mean any entity, directly or indirectly, controlling or controlled by or under direct or indirect common control with Master Landlord. For purposes of this definition, "control" shall mean the ability, whether by the ownership of shares or other equity interests, by contract or otherwise, to elect a majority of the directors of a corporation, to make management decisions on behalf of, or independently to select the managing partner of, a partnership, or otherwise to have the power independently to remove and then select a majority of those individuals exercising managerial authority over an entity and control shall be conclusively presumed in the case of the ownership of 50% or more of the equity interests.

8.3.1 Obligations of New Tenant. The New Tenant shall only be personally obligated for performance of obligations under the Lease commencing as of the date of such foreclosure, sale or conveyance in lieu of and ending as of the date of any assignment of the Lease to a successor tenant. New Tenant shall take the Leasehold Estate subject to the agreements, covenants, conditions and terms of this Lease on the part of the Master Tenant to be kept, observed and performed.

8.4 Voluntary Surrender. Master Landlord shall not accept a voluntary surrender of the Lease at any time during which the Leasehold Estate is encumbered by a Permitted Leasehold Mortgage or prior to the expiration of the Compliance Period.]

SECTION 9. IMPROVEMENTS TO PREMISES.

9.1 Improvements to Premises.

9.1.1 Plans and Specifications. Master Landlord authorizes Master Tenant, at Master Tenant's sole cost and expense, to construct, or cause to be constructed, the Improvements on the Premises, provided that Master Tenant hereby obligates itself, to undertake any construction of the Project only in substantial accordance with the Plans and Specifications.

9.1.2 Amendments to Plans and Specifications. With the prior written consent of the Master Landlord, not to be unreasonably withheld, conditioned or delayed, Master Tenant may effectuate, or consent to, any material amendments, modifications or any other alterations to the Plans and Specifications. Any item under this Section 9.1.2 requiring the consent of the Master Landlord shall be submitted for Master Landlord's review, and Master Landlord shall have ten (10) Business Days to approve or withhold consent to such item; if Master Landlord does not expressly approve or withhold its consent within such timeframe, such item shall be deemed approved by Master Landlord. Notwithstanding the foregoing, Master Tenant shall not be required to obtain Master Landlord's consent if such amendment, modification or other alteration to the Plans and Specifications is necessary for the permitting of the Project, obtaining a certificate of occupancy for the Project or otherwise to comply with any federal, state or local laws, regulations, statutes or ordinances, including without limitation those requirements set forth by TDHCA.

9.1.3 Intentionally Omitted.

9.1.4 Intentionally Omitted.

9.1.5 Utilities. Prior to the commencement of any construction or excavation activities by Master Tenant, Master Tenant shall contact, or cause Subtenant to contact, all appropriate utility agencies for the purpose of verifying the location, depth and nature of all utilities affecting the Premises and any areas bordering upon the Premises.

9.1.6 Safety. Master Tenant shall comply, and shall cause Subtenant to comply, in all respects with the overall safety programs promulgated by any applicable governmental or quasi-governmental agency, from time to time, applicable to the Premises.

9.1.7 Alterations. Any improvements made to the Premises by either party hereto shall be made only in good and workmanlike manner using new, materials of the same quality as the original Improvements, and in accordance with all applicable building codes and other laws.

9.1.8 Intentionally Omitted.

9.1.9 Warranty. Master Tenant warrants to Master Landlord that material and equipment furnished in connection with the construction of the Improvements, or any alteration, addition, of the Improvements undertaken in accordance with Section 9.1.7, will be of good quality and new, and that such construction work will comply in all material respects with the requirements of the approved Plans and Specifications. All construction work not conforming to these requirements, including substitutions, shall be considered defective. Master Tenant's covenant excludes to the extent solely and directly caused by Master Landlord, any damage or defect caused by abuse, improper or insufficient maintenance or improper operation and/or also excludes normal wear and tear under normal usage. If required by Master Landlord, Master Tenant shall furnish reasonably satisfactory evidence as to the kind and quality of materials and equipment. WITHOUT LIMITING THE INDEMNIFICATION PROVISIONS OF SECTION 7.5, BUT INTENDING TO ELABORATE THEREON, MASTER TENANT SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS MASTER LANDLORD AGAINST AND FROM ANY AND ALL LIABILITY, CLAIM OF LIABILITY OR EXPENSE ARISING DIRECTLY OR INDIRECTLY, WHOLLY OR IN PART OUT OF ANY FAILURE OF MASTER TENANT'S WARRANTIES HEREUNDER TO BE TRUE, COMPLETE AND ACCURATE IN ALL MATERIAL RESPECTS.

9.1.10 Permitted Leasehold Mortgages.

(a) Master Landlord acknowledges and agrees that it will not be possible for Master Tenant and Subtenant to construct the Improvements without obtaining a loan or loans from one or more Persons or entities in order to finance the construction of said Improvements and the development of the Project. Therefore, Master Landlord hereby covenants and agrees that its interest in the Lease and its Fee Estate in the Premises are and shall be subject to, subordinate and inferior to any and all loans obtained by Master Tenant or by Subtenant for the purpose of financing the construction of the Improvements and the development and operation of the Project, or for the purpose of refinancing any such loans, and to the lien of any mortgages, including, without limitation, that certain Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filings covering the Premises made by Master Tenant in favor of JPMorgan Chase Bank, N.A. (each, a "**Permitted Leasehold Mortgage**"), assignments of rents and leases, security agreements, and other collateral or security documents or instruments required by the lender or lenders providing such financing, and to all renewals, extensions, modifications, consolidations, replacements and refinancings, and to all advances made or hereafter to be made upon the security of such mortgages, assignments of rents and leases, security agreements, and other collateral or security documents or instruments. Master Landlord shall, at Master Tenant's or Subtenant's request, join in, execute and/or deliver any and all such mortgages, assignments of rents and leases, security agreements, and other collateral or security documents or instruments as may be required by such lender or lenders in order to subject and subordinate Master Landlord's interest in this Lease and its Fee Estate in the Premises to the lien of such documents or instruments, and upon Master Tenant's or Subtenant's request shall join in,

execute and/or deliver any and all such further instruments or assurances as any such lender or lenders may reasonably deem necessary to evidence or confirm the subordination of this Lease or the encumbrance of Master Landlord's interest herein and Master Landlord's ownership interest in the Fee Estate in the Premises to the lien of any such mortgages, assignments of rents and leases, security agreements, and other collateral or security documents or instruments. Provided, however, and notwithstanding anything contained herein to the contrary, Master Landlord shall not be required to suffer, incur, accept or assume any personal liability for any such financing, loans or indebtedness, or any costs or expenses thereof, or any other indebtedness or liability of Master Tenant thereunder, and any mortgage, assignments of rents and leases, security agreements, and other collateral or security documents or instruments of any nature whatsoever which Master Landlord may be called upon to join in, execute and/or deliver under and pursuant to this Section shall expressly exculpate Master Landlord from and against any and all such personal liability.

(b) Master Tenant may, without Master Landlord's consent, assign or mortgage this Lease (including any options it contains) to any leasehold mortgagee (each a **"Permitted Leasehold Mortgagee"**). A Permitted Leasehold Mortgagee (and anyone whose title derives from a Permitted Leasehold Mortgagee) may, without Master Landlord's consent, hold a foreclosure sale, take title to this Lease, and transfer or assign this Lease, either in its own name or through a nominee.

(c) Except as permitted pursuant to Sections 9.1.10(a) and (b), neither Master Tenant nor any successor in interest to the Premises or any part thereof shall engage in any transaction creating any encumbrance or lien upon the Premises, whether by express agreement or operation of law, or suffer any encumbrance or lien to be made on or attached to the Premises, except as approved with the prior written consent of Master Landlord in each instance, which consent shall not be unreasonably withheld, conditioned, or delayed (any Mortgage consented to by Master Landlord, as aforesaid, is also hereinafter referred to singularly as a Permitted Leasehold Mortgage) and Permitted Leasehold Mortgagees, and except for an inchoate lien for taxes or municipal obligations, utility and access easements, restrictions required by Section 42 of the Code, other encumbrances incurred in the ordinary course of business of Master Tenant, and other matters set forth in the Commitment for Title Insurance (the **"Commitment"**), issued by [_____].

9.2 Mechanics' or other liens.

9.2.1 Master Tenant shall, or shall cause Subtenant to, defend, indemnify and hold harmless Master Landlord against and from any and all liability, claim of liability or expense (including but not limited to that of reasonable attorneys' fees) incurred by Master Landlord on account of any mechanics' or other similar liens or claims (including without limitation ad valorem tax liens), other than such liens or claims arising out of the actions or inactions of Master Landlord or its agents.

9.2.2 If Master Tenant fails to discharge or cause to be discharged (by bonding or otherwise) any such lien within sixty (60) days after it first becomes effective against any of the Property or known to Master Tenant, whichever is later, then Master Landlord may, after notice to Master Tenant, Subtenant, each Permitted Leasehold Mortgagee, and each Guarantor (until the Guaranty Date), (a) discharge it by paying the amount claimed to be due or by deposit or bonding

proceedings, and/or (b) in any such event compel the prosecution of any action for the foreclosure of any such lien by the lienor and pay the amount of any judgment in favor of the lienor with interest, costs and allowances. Master Tenant shall reimburse Master Landlord promptly upon Master Landlord's demand therefor for any amount paid by Master Landlord to discharge any such lien and all expenses incurred by Master Landlord in connection therewith, together with interest thereon at a rate equal to the lesser of (a) four percent (4%) above the Prime Rate (as defined below), per annum from the respective dates of Master Landlord's making such payments or incurring such expenses (all of which shall constitute Master Landlord Reimbursement), until such payments or expenses, together with all interest accrued thereon, have been paid in full to Master Landlord. For purposes hereof, the "Prime Rate" shall mean that prime rate published by the Wall Street Journal Southwest Edition or successor newspaper from time to time, or (b) the highest rate permitted by applicable law.

9.2.3 Nothing in this Lease shall be deemed in any way (a) to constitute Master Landlord's consent or request, express or implied, that any contractor, subcontractor, laborer or materialman provide any labor or materials for any alteration, addition, improvement, or repair to any or all of the Property if doing so would give rise to the filing of any mechanic's or materialman's lien against any or all of the Property or the Fee Estate, or (b) to give Master Tenant any right, power or authority to contract for or permit to be furnished any service or materials, if doing so would give rise to the filing of any mechanics' or materialman's lien against any or all of the Property or Master Landlord's estate or interest therein, or (c) to evidence Master Landlord's consent that the Property be subjected to any such mechanic's or materialman's lien.

9.2.4 Right to Contest Certain Claims. Notwithstanding the provisions of Sections 9.2.1 or 9.2.3 to the contrary, Master Tenant shall not be in default for failure to comply with any Legal Requirement or to pay or discharge any tax, assessment, fine, claim, or mechanic's or materialman's lien asserted against the Property if, and so long as (a) Master Tenant shall have notified Master Landlord of same within five (5) business days of obtaining knowledge thereof; and (b) Master Tenant complies with all requirements under the Loan Documents necessary to avoid a default thereunder.

9.3 Fixtures. Any and all improvements, repairs, alterations and all other property attached to or otherwise installed as a fixture within the Premises by Master Landlord, Master Tenant or Subtenant shall, immediately on the completion of their installation, become part of the Premises and remain with the Premises at the expiration or earlier termination of this Lease, except that any machinery, equipment or fixtures installed by Subtenant at no expense to Master Landlord and used in the conduct of Subtenant's trade or business (rather than to service the Premises, the Units or the Property generally) and not part of the Equipment shall remain Subtenant's property, and Master Tenant shall cause same to be removed from the Premises by Subtenant at the end of the Term (and any damage to the Property caused by such removal shall be completely repaired at Master Tenant's sole expense). Notwithstanding the foregoing, during the Term all such Equipment, Improvements, alterations and all other property attached to or otherwise installed as a fixture within the Premises by Master Landlord, Master Tenant or Subtenant shall be owned by and remain the sole property of Subtenant during the term of the Master Sublease.

9.4 Master Tenant/Subtenant Control. Notwithstanding anything to the contrary herein, Master Landlord shall have no control over the construction of the Improvements and Master Landlord shall have no right to accept the Improvements.

9.5 Signs. Master Tenant shall have the right to erect and to permit Subtenant to erect, from time to time about the Units, in accordance with applicable law, such signs as they desire, and are approved in writing by Master Landlord (or required by the Loan Documents), and provided that any such sign has been approved by all architectural review committees having jurisdiction over any portion of the Property pursuant to any Permitted Encumbrance. Moreover, Master Tenant shall erect from time to time, at Master Tenant's expense, and upon the request of Master Landlord, about the Premises, in accordance with applicable law, such signs as Master Landlord reasonably desires in order to advise the public of Master Landlord's participation in the Project.

SECTION 10. REPAIRS AND MAINTENANCE.

10.1 Repairs. Master Tenant shall, throughout the Term and at its expense, use commercially reasonable efforts to:

10.1.1 take good care of the Property and keep it in good order and condition, subject to normal wear and tear; and

10.1.2 promptly make or cause to be made any and all repairs, ordinary or extraordinary, to the Property (including but not limited to the landscaping thereon) as are necessary to maintain it in good condition subject to ordinary wear and tear (including but not limited to any and all such repairs to the plumbing, heating, ventilating, air-conditioning, electrical, and other systems for the furnishing of utilities or services to the Property), and replace or renew the same where necessary (using replacements at least equal in quality and usefulness to the original improvements, equipment or things so replaced), and Master Landlord shall have no obligation hereunder as to the same.

10.2 Maintenance. Master Tenant shall use commercially reasonable efforts to keep and maintain all of the Property in a clean and orderly condition, free of accumulation of dirt, rubbish, snow and ice.

SECTION 11. MASTER LANDLORD'S RIGHT OF ENTRY.

11.1 Inspection and repair. Subject to the rights of any Resident under a Tenancy Agreement, Master Landlord and its authorized representatives shall be entitled to enter the Project and Units and the rest of the Property at any time during Subtenant's business hours upon two (2) business days' written notice and at any other reasonable time to (a) inspect the Property at any time with such notice and (b) make any repairs thereto and/or take any other action therein which is required by applicable law, or which Master Landlord is permitted to make by any provision of this Lease, after giving Subtenant at least forty-eight (48) hours' notice during business days of Master Landlord's intention to take such action and allowing Subtenant reasonable time to take the appropriate action (provided, that in any situation in which, due to an emergency or otherwise, the health, welfare or safety of the Residents or physical condition of the Project and Units or any other part of the Property would be unreasonably jeopardized unless Master Landlord were to take

such action immediately, Master Landlord shall give only such notice, if any, to Subtenant as is reasonable under the circumstances, and may enter the same at any time). Nothing in this Section shall be deemed to impose any duty upon Master Landlord to make any such repair or take any such action, and Master Landlord's performance thereof shall not constitute a waiver of Master Landlord's right hereunder to have Master Tenant perform, or cause Subtenant to perform, such work. Master Landlord may, while taking any such action upon the Property, store therein any and all necessary materials, tools and equipment, and Master Tenant shall have no liability to Master Landlord for any damage to or destruction of any such materials, tools and equipment, except if and to the extent that such damage or destruction is proximately caused by the gross negligence or intentional misconduct of Master Tenant, the Subtenant or its agents and employees. Master Landlord shall not in any event be liable to Master Tenant or Subtenant for any inconvenience, annoyance, disturbance, loss of business or other damage sustained by Master Tenant or Subtenant by reason of the making of such repairs or the taking of such action, or on account of the bringing of materials, supplies and equipment onto the Property during the course thereof, and Master Tenant's obligations under the provisions of this Lease shall not be affected thereby. Master Landlord shall use its good faith, reasonable efforts to minimize any interference or disruption of Subtenant's work or Subtenant's use or operation of the Property or that of any Resident.

11.2 Exhibiting the Premises. Master Landlord and its business invitees may from time to time, after giving two (2) business days' written notice thereof to Subtenant, and subject to the rights of any Resident under a Tenancy Agreement, enter the Project and the Units and the rest of the Property during Subtenant's normal business hours to exhibit the Premises for purposes of (a) during the last twenty-four (24) months of the Term (or at any time after Master Landlord or Master Tenant has exercised any right to terminate this Lease which it holds hereunder), leasing the Premises to any prospective Master Tenant thereof, and (b) exhibiting the same to any governmental and/or quasi-governmental authorities or other third-parties which may have an interest in developments similar to the Property or similarly financed or for any other business purpose; provided that in doing so Master Landlord and each such invitee observes all reasonable safety standards and procedures which Master Tenant may require. In exercising its rights under this Section 11.2, Master Landlord shall use its good faith, reasonable efforts to minimize any interference or disruption of Subtenant's work or Master Tenant's use or operation of the Property.

SECTION 12. FIRE AND OTHER CASUALTIES.

12.1 Where cost of Restoration exceeds specified sum.

12.1.1 Subject to the rights of the Permitted Leasehold Mortgagees under the provisions of Permitted Leasehold Mortgages, if any or all of the Property is damaged or destroyed, Master Tenant shall (a) immediately notify Master Landlord thereof if the cost of restoration on account thereof equals or exceeds Twenty-Five Thousand and 00/100 Dollars (\$25,000.00), and (b), provided that any insurance proceeds or other funds are available to Master Tenant and adequate for such purposes and regardless of the dollar amount of such damage or loss (and regardless of whether the cost of restoration is less than or greater than Twenty-Five Thousand and 00/100 Dollars (\$25,000.00)), cause Subtenant to commence and complete restoration with reasonable diligence at Subtenant's expense, as nearly as possible to the Property's value,

condition and character immediately before such damage or destruction to the extent of such available proceeds.

12.1.2 Subject to the provisions of Sections 7.7, 12.1.1, and 12.3 hereof, all insurance proceeds (other than any proceeds which are separately paid on account of any damage to or destruction of Subtenant's personal property, inventory or work-in-process, all of which shall be paid to Subtenant) payable as a result of such casualty under policies of insurance held by or for the account of Master Tenant or Subtenant pursuant to Section 7 against such casualty and received by Master Tenant, Subtenant or the Depository, as the case may be (less such reasonable attorneys' fees or other expenses as are incurred by the Depository, Master Landlord, Master Tenant or Subtenant in the collection thereof, which shall be paid out of such proceeds), shall be paid to the most senior Permitted Leasehold Mortgagee or a trustee it designates, to be used first to restore the Improvements or otherwise in accordance with the applicable loan documents. Any remainder shall be disbursed to Subtenant. In the case of a casualty, this Lease shall continue.

12.1.3 Application of proceeds on termination. Anything in this Lease to the contrary notwithstanding other than Section 12.3 hereof, upon the expiration or earlier termination of this Lease before such restoration is completed free and clear of any such liens, any insurance proceeds not theretofore applied to the cost of such restoration or disbursed to Permitted Leasehold Mortgagees (the most senior Permitted Leasehold Mortgagee being entitled to proceeds first) shall be paid to Subtenant to the extent permitted by the mortgage documents.

12.2 No Termination. Except as otherwise provided in this Lease, no total or partial damage to or destruction of any or all of the Property shall entitle Master Tenant or Master Landlord to surrender or terminate this Lease, or shall relieve Master Tenant from its liability hereunder to pay in full the Rent and all other sums and charges which are otherwise payable by Master Tenant hereunder, or from any of its other obligations hereunder, and Master Tenant hereby waives any right now or hereafter conferred upon it by statute or otherwise, on account of any such damage or destruction, to surrender this Lease, to quit or surrender any or all of the Property, or to have any suspension, diminution, abatement or reduction of the Rent or other sum payable by Master Tenant hereunder (except that, if and to the extent that Master Landlord has, on account of any such Rent or other sum, received for its own account the proceeds of any rent insurance pursuant to the provisions of this Lease, Master Tenant shall be entitled to a credit therefor against its obligations hereunder to pay such Rent and other sums, by applying such credit toward the unpaid installments of Rent or other sums, as applicable, in the order in which they fall due hereunder).

12.3 Rights of the Parties Under the Mortgage Loan Documents. Notwithstanding anything to the contrary, for so long as the Mortgage is in effect the Mortgage loan documents shall control the use and application of all casualty proceeds relating to the Property. In any event, Subtenant, Master Tenant, Investor Limited Partner, Guarantors (prior to the Guaranty Date) and Permitted Leasehold Mortgagee will participate in any proposed settlement relating to a casualty insurance claim.

12.4 Notice. Landlord will provide reasonable prior notice to Permitted Leasehold Mortgagees, Investor Limited Partner and Master Tenant of any proceeding for adjustment or

adjudication of any insurance or condemnation claim involving the Premises and will permit the Permitted Leasehold Mortgagees and Master Tenant to participate therein as interested parties.

12.5 Termination Upon Non-Restoration. Notwithstanding anything to the contrary set forth in this Lease, following a casualty, the Lease may be terminated by Master Tenant, with the prior written consent of the Permitted Leasehold Mortgagee, Subtenant (during the term of the Master Sublease), Guarantors (prior to the Guaranty Date) and the Investor Limited Partner, if such casualty prevents the use and operation of the Improvements as a low-income or moderate-income development under Section 42 of the Code, or if the insurance proceeds made available to Master Tenant or Subtenant are insufficient to restore the Improvements to a condition substantially similar to the conditions existing prior to such casualty.

SECTION 13. CONDEMNATION.

13.1 Notice of Taking. Forthwith upon receipt by either Master Landlord or Master Tenant of notice of the institution of any proceedings for the taking or condemnation of all or a portion of the Property or Improvements by the government of the United States, State of Texas, County of Tarrant, City of Fort Worth or any other governmental authority, or any corporation under the right of eminent domain (a “**Taking**”), the party receiving such notice shall promptly give notice thereof to the other, each Permitted Leasehold Mortgagee, Guarantors, Investor Limited Partner (during the Compliance Period). Subtenant (during the term of the Master Sublease) and such other party may also appear in such proceeding and be represented by counsel, who may be counsel for the party receiving such notice.

13.2 Condemnation Awards. Subject to Section 13.8 hereof, Master Tenant and Subtenant’s share of any condemnation award shall be no less than the total condemnation award less the value of Master Landlord’s remainder interest in the Premises, considered as if unimproved but not encumbered by this Lease. Subject to Section 13.8 hereof, to the extent that Master Tenant or Subtenant is entitled to any condemnation award, it shall be paid to the most senior Permitted Leasehold Mortgagee to be used first to restore the Improvements or otherwise in accordance with the applicable mortgage documents.

13.3 Total Taking. Subject to the provisions of Section 13.8 hereof, in the event of a permanent Taking of the Fee Estate to or of control of the Premises or of the entire Leasehold Estate hereunder (a “**Total Taking**”), this Lease shall thereupon terminate as of the effective date of such Total Taking, without liability or further recourse to the parties, provided that any Rent or Master Landlord Reimbursement payable or obligations owed by Master Tenant to Master Landlord as of the date of said Total Taking shall be paid or otherwise carried out in full, with due credit given for any pre-payment of Rent.

13.4 Partial Taking. Subject to the provisions of Section 13.8 hereof, in the event of a partial condemnation, this Lease shall continue. Any condemnation award shall be paid to the most senior Permitted Leasehold Mortgagee or a trustee it designates, to be used first to restore the Improvements or otherwise in accordance with the applicable Mortgage documents. Any

remainder shall be disbursed to the most senior Permitted Leasehold Mortgagee to the extent required by its loan documents, and the balance, if any, to Subtenant.

13.5 Notice. Master Landlord will provide reasonable prior notice to Master Tenant, Subtenant, Permitted Leasehold Mortgagees, Guarantors and Investor Limited Partner (during the Compliance Period) of any proceeding for adjustment or adjudication of any insurance or condemnation claim involving the Premises and will permit the Subtenant, Master Tenant, Permitted Leasehold Mortgagees and Investor Limited Partner (during the Compliance Period) to participate therein as interested parties.

13.6 Termination upon Non-Restoration. Following a partial taking, the Lease can be terminated by Master Tenant, with the prior written consent of the Subtenant (during the term of the Master Sublease) and Permitted Leasehold Mortgagee, if such partial taking prevents the use and operation of Improvements as a low-income or moderate-income development under Section 42 of the Code or if the proceeds made available to Subtenant are insufficient to restore the Improvements to a condition substantially similar to the conditions existing prior to such partial taking.

13.7 No Waiver. No provisions in this Lease shall limit the rights of either Master Landlord or Master Tenant to seek compensation from a condemning authority as provided by statute, common law, the State of Texas or the United States Constitution.

13.8 Rights of the Parties Under the Mortgage Loan Documents. Notwithstanding anything herein to the contrary, in the event of a casualty or condemnation affecting the Premises, for so long as the Mortgage is in effect the Lease shall not be terminated and the first priority Mortgage Loan Documents shall control the disbursement, use and application of all condemnation proceeds relating to the Property and, as applicable, the Lease termination provisions hereunder. In any event, Master Tenant, Subtenant and Permitted Leasehold Mortgagee will participate in any proposed settlement regarding condemnation proceeds relating to the Property.

SECTION 14. ASSIGNMENT AND SUBLETTING.

14.1 Assignment and Subletting. Subject to the provisions of Section 9.1.10 and Section 8.3, Master Tenant hereby acknowledges that Master Landlord has entered into this Lease because of Master Tenant's financial strength, goodwill, ability and expertise and that, accordingly, this Lease is one which is personal to Master Tenant, and Master Tenant agrees for itself and its successors and assigns in interest hereunder that it will not, other than by the Mortgage, the Master Sublease or pursuant to Section 19.22 hereof (a) assign this Lease or any of its rights under this Lease as to all or any portion of the Premises, the Units, the rest of the Improvements, the Equipment or the Property generally, or (b) make or permit any voluntary or involuntary total or partial sale, lease, assignment, conveyance, mortgage, pledge, encumbrance or other transfer of any or all of the Premises, the Units, the rest of the Improvements, the Equipment or the Property or the occupancy or use thereof, other than in the ordinary course of business, or in accordance with LIHTC Requirements, and this Lease or pursuant to a foreclosure or deed-in-lieu thereof of a Permitted Leasehold Mortgagee (each of which is hereinafter referred to as a "**Transfer**"), without first obtaining Master Landlord's express written consent thereto (which consent will not be unreasonably withheld, delayed or conditioned). Further

notwithstanding anything to the contrary herein, during the term of this Lease, Master Landlord shall not transfer, encumber or otherwise dispose of the Premises or any interest therein without the prior written consent of Master Tenant, Subtenant (during the term of the Master Sublease), Investor Limited Partner, Guarantors (until the Guaranty Date) and Permitted Leasehold Mortgagee.

14.2 Permitted Transfers. Notwithstanding anything to the contrary set forth elsewhere in this Section 14, the following shall be permitted Transfers and shall not require Master Landlord's consent: (1) any transfer of a general partner or limited partner interest in Master Tenant in accordance with the terms of the Partnership Agreement, (2) any transfer, in whole or in part, of the Property or the Leasehold Estate in accordance with the Partnership Agreement, (3) any Permitted Leasehold Mortgage or any transfers permitted thereunder, (4) any LURA between TDHCA, and Master Tenant, (5) any transfer in the ordinary course of business including, without limitation, (i) any residential lease, (ii) any utility and access easement, and (iii) other normal and customary development agreements such as cable service agreements or laundry service leases, (6) any transfer required by LIHTC Requirements, and (7) any right of first refusal under Section 42(i)(7) of the Code or otherwise given to Master Landlord. Further, notwithstanding anything to the contrary herein, during the term of this Lease, Master Landlord shall not transfer, encumber, or otherwise dispose of the Premises or any interest therein without the consent of Master Tenant, Investor Limited Partner, Guarantors (prior to the Guaranty Date) and the Permitted Leasehold Mortgagee.

14.3 Effect on obligations. Except as set forth in Section 19.21, no such Transfer shall alter or impair the obligations hereunder of Master Tenant or any other Person constituting Master Tenant or holding any interest hereunder before any such Transfer.

14.4 Benefit and burden. Subject to the foregoing provisions of this Section, this Lease shall be binding on and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns in interest hereunder.

14.5 Termination of Master Landlord. If the Master Tenant is dissolved, the Fee Estate shall remain owned by the Master Landlord and it shall become the new landlord under the Master Sublease and Subtenant shall attorn to and recognize the Master Landlord as landlord under the Master Sublease, for the remainder of the term of the Master Sublease. Notwithstanding anything herein to the contrary, there shall not be a merger of Master Tenant's interests in this Lease, or the Leasehold Estate, with the Fee Estate, or any part thereof, by reason of the fact that the same person or entity may acquire, own or hold, directly or indirectly, both an interest in this Lease or any leasehold estate, and the fee estate, and no such merger shall occur unless and until all persons, including, without limitation, Master Landlord, Master Tenant (if Master Tenant has not been dissolved), Subtenant and each Permitted Leasehold Mortgagee, or any of their respective successors or assigns, shall join in a written instrument effecting such merger and shall duly record the same.

SECTION 15. DEFAULT.

15.1 Definition. As used in this Lease, each of the following events shall constitute an “Event of Default” after the expiration of all applicable notice, grace and cure periods have expired, including without limitation, those described in Section 15.2:

15.1.1 if Master Tenant fails (a) to pay any Rent or other sum which it is obligated to pay under this Lease, when and as it is due and payable hereunder and without demand therefor, or (b) to perform any of its obligations under this Lease, including, without limitation, an obligation to construct, or cause the construction of, the Improvements in the manner and within the time frame contemplated hereunder; or

15.1.2 if Master Tenant or Subtenant fails to abide by LIHTC Requirements.

15.2 Notice to Master Tenant; Grace Period. Anything in this Section to the contrary notwithstanding, if an Event of Default occurs Master Landlord shall not exercise any right or remedy on account thereof which it holds under this Lease or applicable law unless and until:

15.2.1 (a) Master Landlord shall so notify Master Tenant, Subtenant, Guarantors, Investor Limited Partner and all Permitted Leasehold Mortgagees in writing. Each shall have the right to cure such Event of Default, and (b) Master Landlord shall not terminate this Lease for Master Tenant’s default unless and until Master Landlord has given Subtenant, Guarantors, all Permitted Leasehold Mortgagees and Investor Limited Partner written notice of such Event of Default and 90 days in addition to any applicable cure period given Master Tenant in which to cure it. If it cannot be reasonably cured within 90 days, then Subtenant, Guarantors, each Permitted Leasehold Mortgagee and/or Investor Limited Partner shall have such additional time as it shall reasonably require, so long as Subtenant, Guarantors, the Permitted Leasehold Mortgagee and/or Investor Limited Partner is proceeding with reasonable diligence and so long as such additional time to cure does not exceed a maximum of an additional 60 days beyond the initial 90 day cure period. Notwithstanding the preceding sentence, for any Event of Default that cannot be cured without possession of the Premises, Master Landlord shall allow such additional time as Subtenant, Permitted Leasehold Mortgagee, a Guarantor, and/or Investor Limited Partner shall reasonably require to prosecute and complete a foreclosure, removal and replacement of the General Partner or equivalent proceeding and obtain such possession or removal and replacement of the General Partner including time to obtain relief from a bankruptcy stay in Master Tenant’s bankruptcy. If a Permitted Leasehold Mortgagee, any Guarantor and/or Investor Limited Partner completes a foreclosure of this Lease or otherwise diligently exercises its rights and remedies hereunder, then Master Landlord shall waive any Events of Default which cannot reasonably be cured by a Permitted Leasehold Mortgagee and/or Investor Limited Partner.

15.2.2 Master Tenant (or Subtenant, Guarantors or Investor Limited Partner - the curing of such default by Master Tenant, Subtenant, Guarantors or Investor Limited Partner being satisfactory to Master Landlord) fails to cure such default, (a) if such Event of Default consists of a failure to pay money within thirty (30) days after Master Landlord gives such written notice to Master Tenant, Subtenant, Guarantors, Permitted Leasehold Mortgagee and Investor Limited Partner, or (b) if such Event of Default consists of something other than a failure to pay money, within ninety (90) days (or such additional time as allowed under Section 15.2.1) after Master

Landlord gives such written notice to Master Tenant, Subtenant, Guarantors, Permitted Leasehold Mortgage and Investor Limited Partner or if involving the TDHCA and it allows longer, the period allowed by TDHCA, to cure such Event of Default, subject to extensions equal to any delays caused by Force Majeure.

15.2.3 Notwithstanding any provision of this Agreement to the contrary, Master Landlord shall take no action with respect to a particular Event of Default if (a) Master Landlord or any of its affiliates is the general partner of, or is related to or affiliated with the general partner of Subtenant, or (b) if Master Landlord or any of its affiliates solely and directly caused the Event of Default through its action or inaction.

15.3 Master Landlord's Rights on Event of Default.

15.3.1 If an Event of Default occurs and continues beyond applicable notice and cure periods, Master Landlord may (subject to the provisions of Section 15.2) take any or all of the following actions:

(a) re-enter and repossess any or all of the Premises and any or all Improvements thereon and additions thereto; and/or

(b) declare the entire balance of the Rent for the remainder of the Term to be due and payable immediately, and collect such balance in any manner not inconsistent with applicable law; provided that if Master Landlord elects to relet any or all of the Premises following such acceleration of Rent, the provisions of Section 15.3.1(d) shall be applicable to the rights of Master Landlord and Master Tenant. Accelerated payments payable hereunder shall not constitute a penalty or forfeiture or liquidated damages, but shall merely constitute payment of Rent in advance; provided, however, if, following a Permitted Leasehold Mortgagee's receipt of notice of such acceleration, a Permitted Leasehold Mortgagee commences foreclosure proceedings within forty-five (45) days and forecloses as soon as reasonably possible thereafter, Master Landlord, without the necessity of any reservation of rights against Master Tenant, agrees to waive such acceleration and this Lease shall be reinstated to the same extent as if no default had occurred hereunder; and/or

(c) subject to the standstill provisions herein, terminate this Lease by giving written notice of such termination to Master Tenant, which termination shall be effective as of the date of such notice or any later date therefor specified by Master Landlord therein (provided, that without limiting the generality of the foregoing provisions of this Section 15.3.1(c), Master Landlord shall not be deemed to have accepted any abandonment or surrender by Master Tenant of any or all of the Premises or Master Tenant's Leasehold Estate under this Lease unless Master Landlord has so advised Master Tenant expressly and in writing, regardless of whether Master Landlord has reentered or relet any or all of the Premises or exercised any or all of Master Landlord's other rights under this Section or applicable law); and, on the date specified in such notice, Master Tenant's right to possession of the Property will cease and the Leasehold Estate conveyed by this Lease upon Master Tenant shall revert in Master Landlord, provided, however, such reversion of the Leasehold Estate and the reentry by Master Landlord shall be subject to and limited by and shall not defeat, render invalid or limit in any way the lien of any Permitted Leasehold Mortgage or any provision of LIHTC Requirements; and/or

(d) in Master Landlord's own name (but either (i) as agent for Master Tenant, if this Lease has not then been terminated, or (ii) for the benefit of Master Tenant, if this Lease has then been terminated), relet any or all of the Premises, with or without any additional premises, for any or all of the remainder of the Term (or, if this Lease has then been terminated, for any or all of the period which would, but for such termination, have constituted the remainder of the Term) or for a period exceeding such remainder, on such terms and subject to such conditions as are acceptable to Master Landlord in its sole discretion (including but not limited to the alteration of any or all of the Premises in any manner which, in Master Landlord's judgment, is necessary or desirable as a condition to or otherwise in connection with such reletting, and the allowance of one or more concessions or "free-rent" or reduced-rent periods), and collect and receive the rents therefor. Anything in this Lease or applicable law to the contrary notwithstanding, (i) Master Landlord shall not have any duty or obligation to relet any or all of the Premises as the result of any Event of Default, or any liability to Master Tenant or any other Person for any failure to do so or to collect any rent or other sum due from any such reletting; (ii) Master Tenant shall have no right in or to any surplus which may be derived by Master Landlord from any such reletting, if the proceeds of such reletting exceed any Rent, installment thereof or other sum owed by Master Tenant to Landlord hereunder; and (iii) Master Tenant's liability hereunder shall not be diminished or affected by any such failure to relet or the giving of any such initial or other concessions or "free-rent" or reduced rent periods in the event of any such reletting. In the event of any such reletting, Master Tenant shall pay to Master Landlord, at the times and in the manner specified by Section 4 (unless Master Landlord has elected to accelerate Rent as provided in Section 15.3.1(b), in which event Master Tenant shall be obligated to pay such accelerated amount as provided in such Section), both (1) the installments of the Rent or Master Landlord Reimbursement accruing during such remainder (or, if this Lease has then been terminated, damages equaling the respective amounts of such installments of the Rent or Master Landlord Reimbursement which would have accrued during such remainder, had this Lease not been terminated), less any monies received by Master Landlord with respect to such remainder from such reletting of any or all of the Premises, plus (2) the cost to Master Landlord of any such reletting (including but not limited to any reasonable attorneys' fees, leasing or brokerage commissions, repair or improvement expenses and the expense of any other actions taken in connection with such reletting), plus (3) any other sums for which Master Tenant is liable under Section 15.3.4 (and Master Tenant hereby waives any and all rights which it may have under applicable law, the exercise of which would be inconsistent with this Section 15.3.1(d)); and/or

(e) enforce any one or more of the LIHTC Requirements;

(f) cure such Event of Default in any other manner;

(g) pursue any combination of such remedies and/or any other right or remedy available to Master Landlord on account of such Event of Default under this Lease and/or at law or in equity.

Nothing herein shall limit or prejudice Master Landlord's right to prove for and obtain as damages, by reason of such termination, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, such damages are to be proved.

15.3.2 No such expiration or termination of this Lease, or summary dispossession proceedings, abandonment, reletting, bankruptcy, re-entry by Master Landlord or vacancy, shall relieve Master Tenant of any of its liabilities and obligations under this Lease (whether or not any or all of the Premises are relet), and Master Tenant shall remain liable to Master Landlord for all actual damages resulting from any Event of Default, including but not limited to any expenses incurred by Master Landlord resulting from the breach by Master Tenant of any of its obligations under this Lease to pay Rent and any other sums which Master Tenant is obligated to pay hereunder.

15.3.3 If any or all of the Premises are relet by Master Landlord for any or all of the unexpired Term of this Lease, the amount of rent reserved upon such reletting shall be deemed to be the fair and reasonable rental value for the part or the whole of the Premises so relet during the term of the reletting.

15.3.4 If an Event of Default occurs, Master Tenant shall, immediately on its receipt of a written demand therefor from Master Landlord, reimburse Master Landlord for (a) all expenses (including but not limited to any and all reasonable repossession costs, management expenses, operating expenses, legal expenses and reasonable attorneys' fees) incurred by Master Landlord (i) in curing or seeking to cure any Event of Default and/or (ii) in exercising or seeking to exercise any of Master Landlord's rights and remedies under this Lease and/or at law or in equity on account of any Event of Default, and/or (iii) otherwise arising out of any Event of Default, plus (b) interest on all such expenses, at the lesser of Prime Rate plus 4% or the highest rate then permitted on account thereof by applicable law, all of which expenses and interest shall be Master Landlord Reimbursement and shall be payable by Master Tenant immediately on demand therefor by Master Landlord.

15.3.5 Notwithstanding anything contained in this Lease to the contrary, and in addition to the limitations set forth in Section 15.2, Master Landlord agrees that at any time during the period between the date hereof and the date that is the later of (i) the expiration of the Compliance Period or the Guaranty Date and (ii) the withdrawal from Subtenant, or its successors and/or assigns of the Investor Limited Partner of Subtenant, Master Landlord shall not exercise any of its rights or remedies under the Lease, other than to specifically enforce Master Tenant's obligation to comply with Section 5 and Section 7.5 hereof, and the Lease shall not be terminated without the prior written consent of Investor Limited Partner, Guarantors, and of the Class B Limited Partner.

15.3.6 Notwithstanding anything contained in this Lease to the contrary, and in addition to the limitations set forth in Section 15.2 and 15.3.5, Master Landlord agrees that at any time a Permitted Leasehold Mortgage(s) encumbers the Property, Master Landlord shall not exercise any of its remedies under this Lease other than to specifically enforce Master Tenant's obligation to comply with Section 5 and Section 7.5, and the Lease will not be terminated without the prior written consent of the applicable Permitted Leasehold Mortgagee(s).

15.3.7 Master Landlord shall not be permitted to exercise any right or remedy against Master Tenant, where the circumstance giving rise to each right or remedy resulted from an act or omission of Master Landlord or the General Partner or where the same would cause a

default under any of the Mortgage Loan Documents to which Master Tenant, Subtenant or the Property is subject or the Partnership Agreement.

15.4 Master Landlord Event of Default. Master Landlord shall be deemed in default of its obligations under this Lease if Master Landlord shall fail to materially perform, in a reasonably timely manner in accordance with the terms of this Lease, any obligation under this Lease required to be performed by Master Landlord, or if any Master Landlord representation made herein is false in any material respect, (each a “**Master Landlord Event of Default**”). If such Master Landlord Event of Default shall continue for thirty (30) days after written notice of such failure from Master Tenant or such additional period as may be reasonably required to cure such failure, if the same may not be reasonably cured within thirty (30) days so long as Master Landlord commences such cure within ten (10) days after notice thereof and thereafter diligently prosecutes the same to completion, but in any event such cure must be completed to Master Tenant’s reasonable satisfaction within ninety (90) days of Master Tenant’s notice to Master Landlord subject to the parties’ mutual agreement to extend such time period and subject to delays caused directly by Force Majeure, or acts of God, and matters outside the reasonable control of Master Landlord so long as Master Landlord has acted diligently, with dispatch, and in good faith to prevent or shorten any such delays. If Master Landlord fails to complete such cure as provided above, then subject to the provisions of any Permitted Leasehold Mortgage, Master Tenant shall thereupon be entitled to exercise any and all remedies available to Master Tenant for such default under this Lease or at law or in equity. Without waiving or limiting any other remedies available to Master Tenant, upon such default by Master Landlord (and subject to the notice and cure rights of Master Landlord), Master Tenant shall be entitled (but not obligated) to perform or cause such obligations to be so performed on behalf of Master Landlord, and Master Landlord shall reimburse Master Tenant for its reasonable third party out-of-pocket costs and expenses incurred by Master Tenant in doing so, which amount shall be due within thirty (30) days of Master Landlord’s receipt of a written statement of the costs and expenses so incurred by Master Tenant. In the event Master Landlord or a creditor thereof files a petition for relief naming Master Landlord as a debtor under Title 11 of the United States Bankruptcy Code, Master Landlord hereby acknowledges and agrees that Master Tenant’s possessory interest under this Lease and ownership of the Improvements are unique interests and cannot be converted into a cash claim under Section 363 of Title 11 of the United States Bankruptcy Code unless Master Tenant expressly consents to the same.

SECTION 16. ESTOPPEL CERTIFICATE; SHORT FORM.

16.1 Estoppel certificate. Each party hereto shall, at any time and from time to time within ten (10) days after being requested to do so by the other party and/or any Permitted Leasehold Mortgagee or the Investor Limited Partner in writing, execute, acknowledge, and address and deliver to the requesting party (or, at the latter’s request, to any existing or prospective Mortgagee, transferee or other assignee of the requesting party’s interest in the Property or under this Lease which acquires such interest in accordance with this Lease) a certificate in recordable form.

16.1.1 certifying (a) that this Lease is unmodified and in full force and effect (or, if there has been any modification thereof, that it is in full force and effect as so modified, stating therein the nature of such modification); (b) that Master Tenant has accepted possession of the Premises, and the Commencement Date; (c) as to the dates to which Rent and other charges arising

hereunder have been paid; (d) as to the amount of any prepaid Rent or any credit due to Master Tenant hereunder; (e) as to whether, to the best of such party's knowledge, information and belief, the requesting party is then in default in performing any of its obligations hereunder (and, if so, specifying the nature of each such default); and (f) as to any other fact or condition reasonably requested by the requesting party; and

16.1.2 acknowledging and agreeing that any statement contained in such certificate may be relied upon by the requesting party and any such other addressee.

16.2 Short form. A Memorandum of Lease shall be recorded in the Land Records for Tarrant County, Texas.

16.3 Estoppel Certificates (Permitted Leasehold Mortgagees). Master Landlord shall, upon request by any Permitted Leasehold Mortgagee or Investor Limited Partner, certify in writing that Master Landlord consents to the Permitted Leasehold Mortgage, that this Lease (and the terms contained herein and documents evidencing the leasehold estate created hereby) is in full force and effect, whether this Lease has been amended, that to Master Landlord's knowledge Master Tenant is not in default, and the date through which rent has been paid, or any other item reasonably requested.

SECTION 17. CONDITION OF TITLE AND PREMISES.

17.1 Limited Warranties. Master Tenant hereby acknowledges that it has examined the Premises, the title thereto, zoning which may be applicable thereto, if any, the municipal parking ordinance, the streets, sidewalks, parking areas, curbs and access ways adjoining them, any surface and subsurface conditions thereof, and the present uses and nonuses thereof, if any, and that it accepts each of them in its present condition or state, without restriction, representation, covenant or (except as is set forth in Section 17.2) warranty, express or implied, in fact or at law, by Master Landlord or any other Person, and without recourse to Master Landlord, as to any appurtenances thereto, the nature, condition or usability thereof, or the uses to which any or all of the Property may be put.

17.2 Quiet Enjoyment. Master Landlord hereby:

17.2.1 represents, warrants, covenants, and agrees that, at the time of the execution and delivery of this Lease by the parties hereto, it (a) is the owner of a fee simple estate in and to the Premises, subject to the operation and effect of and only of the Permitted Encumbrances, and that it has no knowledge of any claim or demand contesting or impairing its interests in the Fee Estate; (b) has the full right, power and authority to enter into this Lease and thereby to lease the Premises; and (c) has no actual knowledge of any action suit or notice or threat of any action or suit that could prevent Master Landlord's execution or performance of this Lease or prevent Master Tenant's or Subtenant's ability to construct, develop and operate the Project; and

17.2.2 warrants that Master Tenant will have quiet and peaceful possession of the Premises during the Term so long as all of Master Tenant's obligations hereunder are timely performed, except if and to the extent that such possession is terminated pursuant to Sections 11 or 12 or any other provision of this Lease.

17.3 Limitation on Liability. Nothing in this Lease shall be deemed to impose on Master Landlord any liability on account of any act or failure to act by any Person other than Master Landlord (or, where expressly so provided herein, Master Landlord's agents and employees). Notwithstanding anything to the contrary contained in this Lease, Master Tenant shall not be liable under this Lease except to the extent of its ownership interest in the Property.

SECTION 18. NOTICES.

Any notice, demand, consent, approval, request or other communication or document to be provided hereunder to Master Landlord or Master Tenant (a) shall be in writing, and (b) shall be deemed to have been provided on the earlier of (i) (1) five (5) business days after being sent as Certified Mail in the United States Postal Service mail, postage prepaid, return receipt requested, or (2) the next business day after having been deposited (in time for delivery by such service on such business day) with Federal Express or another national courier service, or (3) (if such party's receipt thereof is acknowledged in writing) upon having been sent by telefax or another means of immediate electronic communication, in each case to the address of such party as such party may designate from time to time by notice to each other party hereto, or (ii) (if such party's receipt thereof is acknowledged in writing) its having been given by hand or other actual delivery to such party.

Addresses for notice:

MASTER LANDLORD:

Tarrant County Hospital District Public Facility Corporation
1500 South Main Street
Fort Worth, Texas 76104
Telephone: [_____]
Attention: [_____]

With a copy to:

Bracewell LLP
300 Convent Street, Suite 2700
San Antonio, Texas 78205
Telephone: (210) 299-3530
Attention: James P. Plummer

MASTER TENANT:

Magnolia Lofts Ltd.
c/o Tarrant County Hospital District Public Facility Corporation
1500 South Main Street
Fort Worth, Texas 76104
Telephone: [_____]
Attention: [_____]

With copies to:

Telephone: _____

Fax: _____

Attention: _____

And to:

Telephone: _____

Fax: _____

Attention: _____

PERMITTED LEASEHOLD MORTGAGEE:

JPMorgan Chase Bank, N.A.
Community Development Banking
50 South Main Street, 3rd Floor
Mail Code OH2-5164
Akron, Ohio 44308-1828
Attention: Chet C. Shedloski, Vice President
Email Address: chet.shedloski@chase.com

With a copy to:

JPMorgan Chase Bank, N.A.
4 New York Plaza, 19th Floor
Mail Code NY1-E092
New York, New York 10004-2413
Attention: CDRE Counsel

and

Phillips Lytle LLP
1400 First Federal Plaza
Rochester, New York 14614
Attention: Thomas R. Burns, Esq.
Email Address: tburns@phillipslytle.com

INVESTOR LIMITED PARTNER:

c/o Red Stone Equity Manager, LLC
1100 Superior Avenue, Suite 1640
Cleveland, Ohio 44114
Attention: General Counsel

Any notice required or permitted to be given under this Lease shall be deemed given if provided in accordance with the foregoing Section of this Section 18; provided, however, that any party may change its address for notice purposes by timely notice to the other party.

No notice given by Master Landlord shall be effective against a Permitted Leasehold Mortgagee unless Master Landlord has given a copy of the notice to such Permitted Leasehold Mortgagee.

SECTION 19. GENERAL.

19.1 Effectiveness. This Lease shall become effective on and only on its execution and delivery by each party hereto.

19.2 Complete understanding. This Lease represents the complete understanding between the parties hereto as to the subject matter hereof, the Premises, the Units, the rest of the Improvements, the Equipment, or the rest of the Property, and the rights and obligations of the parties hereto as to the same, and supersedes all prior negotiations, representations, guaranties, warranties, promises, statements or agreements, either written or oral, between the parties hereto as to the same. No inducements, representations, understandings or agreements have been made or relied upon in the making of this Lease, except those specifically set forth in this Lease. Neither party hereto has any right to rely on any other prior or contemporaneous representation made by anyone concerning this Lease which is not set forth herein.

19.3 Amendment. This Lease may be amended by and only by an instrument executed and delivered by each party hereto, and only with the prior written consent of any Permitted Leasehold Mortgagee, the Investor Limited Partner and the Guarantors (until the Guaranty Date).

19.4 Waiver. No party hereto shall be deemed to have waived the exercise of any right which it holds hereunder unless such waiver is made expressly and in writing (and, without limiting the generality of the foregoing, no delay or omission by any party hereto in exercising any such right shall be deemed a waiver of its future exercise). No such waiver made in any instance involving the exercise of any such right shall be deemed a waiver as to any other such instance, or any other such right. Without limiting the generality of the foregoing, no action taken or not taken by Master Landlord under this Section or any other provision of this Lease (including but not limited to Master Landlord's acceptance of the payment of Rent after an Event of Default occurs) shall operate as a waiver of any right to be paid a late charge or of any other right or remedy which Master Landlord would otherwise have against Master Tenant on account of such Event of Default under this Lease or applicable law (Master Tenant hereby acknowledging that, in the interest of maintenance of good relations between Master Landlord and Master Tenant, there may be instances in which Master Landlord chooses not immediately to exercise some or all of its rights if an Event of Default occurs).

19.5 Applicable law. This Lease shall be given effect and construed by application of the law of the State of Texas, without regard to the State's choice and conflict of law principles, and any action or proceeding arising hereunder shall be brought in the courts of Tarrant County, Texas.

19.6 [reserved].

19.7 Time of essence. Time shall be of the essence of this Lease, except that, whenever the last day for the exercise of any right or the discharge of any obligation hereunder falls on a Saturday, Sunday or statutory holiday, the party having such right or obligation shall have until 5:00 p.m. on the next succeeding day which is not a Saturday, Sunday or statutory holiday to exercise such right or discharge such obligation.

19.8 Headings. The headings of the Sections, Sections, paragraphs and Sections hereof are provided herein for and only for convenience of reference, and shall not be considered in construing their contents.

19.9 Construction. As used herein, all references made (a) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, (b) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well, and (c) to any Section shall be deemed, unless otherwise expressly indicated, to have been made to such Section of this Lease. Master Landlord agrees that, when interpreting this Lease, there shall be no presumption against Master Tenant on account of the fact that Master Tenant is the party that caused the drafting of this Lease.

19.10 Exhibits. Each writing or plat referred to herein as being attached hereto as an exhibit or otherwise designated herein as an exhibit hereto is hereby made a part hereof.

19.11 Severability. No determination by any court, governmental or administrative body or agency or otherwise that any provision of this Lease or any amendment hereof is invalid or unenforceable in any instance shall affect the validity or enforceability of (a) any other such provision, or (b) such provision in any circumstance not controlled by such determination. Each such provision shall remain valid and enforceable to the fullest extent allowed by, and shall be construed wherever possible as being consistent with, applicable law.

19.12 Disclaimer of partnership status. Nothing in this Lease shall be deemed in any way to create between the parties hereto any relationship of partnership, joint venture or association, and the parties hereto hereby disclaim the existence of any such relationship.

19.13 Commissions. Each party hereto hereby represents and warrants to the other that, in connection with the leasing of the Premises hereunder, the party so representing and warranting has not dealt with any real estate broker, agent or finder, and there is no commission, charge or other compensation due on account thereof. Each party hereto shall defend, indemnify and hold harmless the other against and from any liability, claim of liability or expense arising out of any inaccuracy in such party's representation.

19.14 Prevailing Party. In the event either party hereunder initiates judicial action against the other in order to enforce the terms, covenants and provisions of this Lease, the non-prevailing

party in such judicial action shall reimburse the prevailing party in such judicial action for all reasonable expenses, fees, costs, including attorneys' fees incurred by the prevailing party in connection with such judicial action.

19.15 Intentionally Deleted.

19.16 Limited Third-Party Rights. Notwithstanding anything to the contrary set forth elsewhere in this Lease, the Investor Limited Partner, the Guarantors and each Permitted Leasehold Mortgagee shall be deemed a third-party beneficiary of the following provisions of the Lease: Section 8.4 (voluntary termination), Section 13.4 (termination upon partial taking), Section 14.2 (transfers), Section 15.2 (notice and cure rights) and Section 15.3 (standstill), Section 16 (estoppel), Section 18 (notices), Section 19.3 (amendment), Section 19.19 (preservation) and Section 19.20 (tenant's rights). The foregoing rights of the Investor Limited Partner and each Permitted Leasehold Mortgagee to be a third-party beneficiary under this Lease shall be the only right of Investor Limited Partner (express or implied) and each Permitted Leasehold Mortgagee, respectively, to be a third-party beneficiary under this Lease. Further, Guarantors and the Investor Limited Partner shall be a direct third-party beneficiary of the provisions of this Lease which benefit the Guarantors and the Investor Limited Partner, and the Guarantors and the Investor Limited Partner shall have full rights to enforce such terms.

19.17 New Lease. If this Lease terminates because of an Event of Default of Master Tenant, because Master Tenant rejects it in bankruptcy or similar proceedings or any other reason other than expiration of the Term, then Master Landlord shall upon request enter into a new lease with the most senior Permitted Leasehold Mortgagee or its nominee on the same terms and with the same priority as this Lease.

19.18 Subleases. Master Tenant may not, without Master Landlord's consent, which shall not be unreasonably delayed, withheld or conditioned, sublease the Premises, except pursuant to the Master Sublease or in the ordinary course of business. Master Landlord shall not disturb the possession, interest, or quiet enjoyment of any subtenant.

19.19 Preservation of Lease. This Lease may not be amended, modified, changed, cancelled, waived or terminated without the prior written consent of all Permitted Leasehold Mortgagees, Subtenant (during the term of the Master Sublease) and the Investor Limited Partner and the Guarantors which shall not be unreasonably delayed, withheld or conditioned. Master Landlord shall not accept a voluntary surrender of the Lease without consent by all Permitted Leasehold Mortgagees and Investor Limited Partner, which shall not unreasonably be withheld. Any such amendment, modification, change, cancellation, waiver or termination shall not bind Permitted Leasehold Mortgagees or the Investor Limited Partner or its or their successors and assigns unless made with such Permitted Leasehold Mortgagee's or Investor Limited Partner's consent.

19.20 Master Tenant's Rights, Generally. Upon and during the continuation of an Event of Default under, and subject to, any documents relating to the Property, any Permitted Leasehold Mortgagee or Investor Limited Partner may exercise all of Master Tenant's rights under this Lease, subject to the terms hereof.

19.21 No Personal Liability. No Permitted Leasehold Mortgagee shall have any liability under this Lease for acts prior to the date it becomes Master Tenant under this Lease. Any liability to Master Landlord or Master Landlord's successors and assigns shall be limited to the value of each Permitted Leasehold Mortgagee's respective interest in the leasehold interest created hereunder. If a Permitted Leasehold Mortgagee or its designee or affiliate shall succeed to the interest of Master Tenant under the Lease, whether as a purchaser at a foreclosure sale or by the acceptance of a deed-in-lieu of foreclosure, shall (a) not be liable for any act or omission of Master Tenant and (b) be released from all liability prior to the date such Permitted Leasehold Mortgagee or its designee or affiliate succeeds to the interest of Master Tenant.

19.22 [Purchase Option.

19.22.1 Grant of Purchase Option; Purchase Price. Master Tenant hereby grants Master Landlord the right (referred to herein as the "**Purchase Option**") to purchase all of the Property owned by Master Tenant at the time of purchase, including without limitation the Improvements and the Leasehold Estate (collectively, "**Master Tenant's Property**"), (a) on any date thirty (30) days after Master Landlord delivers written notice to Master Tenant, Investor Limited Partner and Guarantors (for so long as the Guarantors remain obligated under the applicable guaranty(s)) of Master Landlord's intent to exercise the Purchase Option (the "**Option Exercise Notice**"), and (b) upon Master Tenant's receipt of the Purchase Price (as defined below).

(a) The "Purchase Price" for Master Tenant's Property pursuant to the Purchase Option shall be the greater of the following:

(i) Debt, Taxes and Credit Adjusters. The sum of: (i) an amount sufficient to pay all debts (including but not limited to any amounts paid in connection with the Partnership as a result of Guarantor expenditures, partner loans and the debt secured by the Permitted Leasehold Mortgage, including without limitation any prepayment premium and/or penalty) and liabilities of Master Tenant upon its termination and liquidation as projected to occur immediately following the sale of Master Tenant's Property pursuant to the Purchase Option, (ii) an amount sufficient to ensure receipt by the Investor Limited Partner from the proceeds of the sale of Master Tenant's Property (when distributed pursuant to liquidation provisions in the Partnership Agreement) of an amount not less than an amount equal to any unpaid obligations owed to the Investor Limited Partner or its affiliates as entitled under the Partnership Agreement (including, but not limited to, an amount equal to the Assumed Limited Partner Tax Liability (as defined in the Partnership Agreement), any unpaid loans (and any accrued interest thereon) made to the Partnership by Investor Limited Partner (or its affiliates), any unpaid credit adjusters pursuant to Section 5.03 of the Partnership Agreement, and any accrued but unpaid Asset Management Fee (as defined in the Partnership Agreement)). The Purchase Price determined pursuant to this Section 19.22.1(a)(i) shall be subject to the consent of the Investor Limited Partner which will not be unreasonably withheld, conditioned or delayed; or

(ii) Fair Market Value. The fair market value of Master Tenant's Property, appraised as low income housing to the extent continuation of such use is required under the LURA, any such appraisal to be made by a licensed appraiser who is a member of the Master Appraiser Institute ("**MAI**") and who has experience in the geographic area in which Master Tenant's Property is located. The fair market value of Master Tenant's Property shall be determined by an

MAI appraiser selected by Master Tenant, with the prior consent of Master Landlord and the Investor Limited Partner. If Master Tenant and Master Landlord are unable to agree upon an MAI appraiser, the fair market value of Master Tenant's Property shall be determined by an MAI appraiser agreed upon by an MAI appraiser selected by Master Tenant (with the consent of the Investor Limited Partner) and an MAI appraiser selected by Master Landlord. Master Landlord and Master Tenant shall each pay one-half of the fees and expenses of the appraisal obtained pursuant to this Section 19.22.

(b) In addition, if the Purchase Option is exercised during the Property's compliance period as set forth in Section 42 of the Code (the "**Compliance Period**"), the Purchase Price calculated under Section 19.22 shall also include an amount equal to (a) the diminution of economic value to the Class B Limited Partner and Investor Limited Partner as a result of the purchase of Master Tenant's Property by Master Landlord during the Compliance Period (the "**Diminution**"), which shall include without limitation (i) all capital contributions of Master Tenant's partners under the Partnership Agreement that will not be returned by the partners or Master Tenant; (ii) the outstanding balance of all loans (and any accrued interest thereon) made to Master Tenant by Master Tenant's partners or their affiliates, that are subject to repayment under the terms of the Partnership Agreement and which will not be repaid at the time of the purchase; (iii) the amount of any Tax Credits (as defined in the Partnership Agreement), which, as a result of Master Landlord's purchase of Master Tenant's Property during the Compliance Period will not be available to the Investor Limited Partner and the amount of any Tax Credits (as defined in the Partnership Agreement) that will be recaptured as a result of the purchase; (iv) all costs, interest and penalties incurred by Master Tenant's partners with respect to the Tax Credits already received; (v) the present value of the anticipated Net Cash Flow payable to Master Tenant's partners over the Term using a discount rate equal to the Long-Term Applicable Federal Rate (AFR); (vi) all costs and expenses incurred by Master Tenant's partners with respect to (A) its admission to Master Tenant, (B) its activities with respect to Master Tenant prior to Master Landlord's purchase of Master Tenant's Property under this Purchase Option and (C) an amount to distribute to the Master Tenant's partners cash proceeds sufficient to enable the Partners to pay, on an after-tax basis after any and all taxes imposed on such distribution, the taxes projected to be imposed on the partners as a result of the sale pursuant to the Purchase Option; and (vii) unreimbursed amounts paid by Guarantors. The amount of the Diminution shall be determined by the Investor Limited Partner.

19.22.2 Contract and Closing. Upon determination of the Purchase Price, Master Tenant and Master Landlord shall enter into a written contract for the purchase and sale of Master Tenant's Property in accordance with the terms of this Section 19 and containing such other terms and conditions as are standard and customary for similar commercial transactions in the geographic area which Master Tenant's Property is located, providing for a closing not later than the date specified in the Option Exercise Notice or thirty (30) days after the Purchase Price has been determined under Section 19.22.1, whichever is later. In the absence of any such contract, this Lease shall be specifically enforceable upon the exercise of the Purchase Option. Master Tenant's right, title and interest in Master Tenant's Property shall be conveyed by an assignment of Lease ("**Lease Assignment**") and a blanket conveyance, bill of sale and assignment agreement (the "Bill of Sale" and together with the Lease Assignment, the "**Conveyance Documents**"). Upon closing, Master Tenant shall deliver to Master Landlord, along with the Conveyance Documents, a Texas form Owner's Policy of Title Insurance dated as of the close of escrow, in the amount of the

Purchase Price, subject to the liens, encumbrances and other exceptions then affecting the title. Master Landlord shall be responsible for all costs including without limitation, transfer taxes, title policy premiums and recording costs. Rents, insurance, taxes and debt service then due and payable and other costs and revenues then prepaid or accrued, as the case may be, shall be apportioned as of midnight of the day preceding the closing of title, except that rents shall be apportioned as of the date of actual collection thereof (which obligation shall survive the closing). In consideration of the Purchase Option granted hereunder at the price specified herein, Master Landlord hereby agrees that the Lease Assignment granting Master Tenant's Property to Master Landlord shall contain a covenant running with the land restricting the use of Master Tenant's Property to low-income housing to the extent required by any document recorded in the Land Records.

19.22.3 Affiliate Service as General Partner; No Defaults. Notwithstanding anything herein to the contrary, the following are conditions precedent to Master Landlord's exercise of the Purchase Option: (a) General Partner shall be serving as the general partner of Subtenant; and (b) there shall be no existing material default by General Partner or Master Landlord, or any [Affiliate (as defined in the Partnership Agreement)] of General Partner (each of the foregoing being a "General Partner Party" and collectively, the "**General Partner Parties**") under any other agreement (in each case beyond any applicable cure periods as set forth in the applicable document) between any General Partner Party and Master Tenant and/or Investor Limited Partner; provided however, that the foregoing conditions shall not apply if the General Partner is no longer serving as the general partner of the Partnership or if the basis for removal of the General Partner as general partner of the Partnership and/or the material default relates to a matter that is not within or subject to the control of the applicable General Partner Party.

19.22.4 Subordination to Permitted Leasehold Mortgage. Notwithstanding any term to the contrary contained herein, the Purchase Option granted in this Section 19.22 shall be subordinate, in all respects, to the Permitted Leasehold Mortgage held by the Permitted Leasehold Mortgagee.]

19.23 Permits; Easement; etc. Master Landlord agrees that within ten (10) days after receipt of written request from Master Tenant, it will join in any and all applications for permits, licenses or other authorizations required by any Governmental Authority in connection with any work which Master Tenant may do hereunder and will also join in any grants for easements for electric, telephone, telecommunications, cable, gas, water, sewer and such other public utilities and facilities as may be reasonably necessary in the operation of the Property or any of the Improvements; provided that the foregoing shall be at no expense to Master Landlord.

IN WITNESS WHEREOF, each party hereto has executed this Lease or caused it to be executed on its behalf by its duly authorized representatives, the day and year first above written.

TARRANT COUNTY HOSPITAL DISTRICT

By: _____
Name:
Title:

- Master Landlord -

State of Texas: COUNTY OF TARRANT: TO WIT:

I HEREBY CERTIFY that on or about this _____ day of _____, 2022, before me, a Notary Public for the state aforesaid, personally appeared [_____], known to me or satisfactorily proven to be the Person whose name is subscribed to the foregoing Lease, who acknowledged that she is the [_____] of the Tarrant County Hospital District organized under the laws of the State of Texas, that she has been duly authorized to execute, and has executed, such instrument on its behalf for the purposes therein set forth; and that the same is its act and deed.

IN WITNESS WHEREOF, I have set my hand and Notarial Seal, the day and year first above written.

Notary Public
My commission expires on _____

[SIGNATURES CONTINUED ON THE FOLLOWING PAGE]

**TARRANT COUNTY HOSPITAL DISTRICT
PUBLIC FACILITY CORPORATION**, a Texas
nonprofit public facility corporation,

By: _____
[_____] _____
Assistant Secretary

- Master Tenant -

State of Texas: COUNTY OF TARRANT: TO WIT:

I HEREBY CERTIFY that on or about this _____ day of _____, 2022, before me, a Notary Public for the state aforesaid, personally appeared [_____] known to me or satisfactorily proven to be the Person whose name is subscribed to the foregoing Lease, who acknowledged that he is the Assistant Secretary of Tarrant County Hospital District Public Facility Corporation, that he has been duly authorized to execute, and has executed, such instrument on its behalf for the purposes therein set forth; and that the same is its act and deed.

IN WITNESS WHEREOF, I have set my hand and Notarial Seal, the day and year first above written.

Notary Public

My commission expires on _____

LEASE

EXHIBIT A

Description of Land

LEASE

EXHIBIT B

Schedule of Permitted Encumbrances

As specified in Schedule B of the Policy of Title Insurance.

LEASE

EXHIBIT C

Insurance Requirements

As required per Permitted Leasehold Mortgages.

LEASE

EXHIBIT D

Final Plans and Specifications

As previously submitted to and approved by Landlord.