

Steve,

Good news. We are scheduled to close our financing for our Edcouch affordable housing development on or about November 27th.

Attached you will find:

1. Loan Agreement;
2. Promissory Note;
3. Deed of Trust;
4. Subordination Agreement; and
5. Declaration of Covenant.

The County loan is scheduled to be repaid (with interest) one year after we receive Certificates of Occupancy for all buildings. Please have four (4) copies of each Documents the Loan Agreement, Deed of Trust, and the Subordination Agreement.

I will send an executed copy of the Promissory Note on Monday (my notary is unavailable today).

Once we set the interest rate on our construction loan, there may be a slight change to the figures on pp 1 and 2 of the Subordination Agreement. I will send you the revised changes, and with your permission, replace the old pages with new ones, if necessary.

Your immediate attention is requested.
We will date the documents at closing.

Emilio J. Huerta, Esq.
Law Office of Emilio J. Huerta
P.O. Box 62
29700 Woodford-Tehachapi Road
Keene, CA 93531
Tel (661) 823-9300
Fax (661) 823-9399
ejhuerta@nfwsc.org

To ensure compliance with requirements imposed by the IRS, the Law Office of Emilio J. Huerta herein informs you that, if any advice concerning one or more U.S. Federal tax issues is contained in this communication (including any attachments), such advice is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein. This message contains information which may be from an attorney to a client and therefore confidential and privileged. Unless you are the addressee (or authorized to receive for the addressee), you may not use, copy or disclose to anyone the message or any information contained in the message. If you have received the message in error, please advise the sender by reply e-mail ejhuerta@nfwsc.org, and delete the message.

From: Emilio J. Huerta
Sent: Friday, November 16, 2007 12:55 PM
To: 'Kramer, Pamela L.'; Nash, Timothy C.
Cc: Snethen, Marie I.; Josh Evju; Monica Poss; Jean Coburn; Morrow, Richard D.; Joshua Levy; Katharine Connolly; Alexander Budney; Kreitman, Mark A.
Subject: RE: Edcouch LP - Hidalgo County HOME Loan Docs

Attached are final proposed Hidalgo County Loan documents for your review and approval.

Emilio J. Huerta, Esq.
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P.O. Box 62
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From: Kramer, Pamela L. [mailto:pamelakramer@paulhastings.com]

11/19/2007

Sent: Wednesday, November 14, 2007 6:38 PM
To: Emilio J. Huerta; Nash, Timothy C.
Cc: Snethen, Marie I.; Josh Evju; Monica Poss; Jean Coburn; Morrow, Richard D.; Joshua Levy; Katharine Connolly; Alexander Budney; Kreitman, Mark A.
Subject: RE: Edcouch LP - City of Edcouch Loan Docs

In the Promissory Note, Section 6, line 4, delete "the later to occur of (1)".

Regards,
Pamela

From: Emilio J. Huerta [mailto:ejhuerta@nfwsc.org]
Sent: Wednesday, November 14, 2007 6:08 PM
To: Kramer, Pamela L.; Nash, Timothy C.
Cc: Snethen, Marie I.; Josh Evju; Monica Poss; Jean Coburn; Morrow, Richard D.
Subject: RE: Edcouch LP - City of Edcouch Loan Docs

Folks,

Attached are proposed final loan agreements for the City of the Edcouch. The changes are reflected in the files identified as drafts (Pamela, I have included your comments of 11/5/07).

Emilio J. Huerta, Esq.
Law Office of Emilio J. Huerta
P.O. Box 62
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From: Kramer, Pamela L. [mailto:pamelakramer@paulhastings.com]
Sent: Tuesday, November 06, 2007 9:19 AM
To: Emilio J. Huerta; Nash, Timothy C.; Josh Evju
Cc: Jean Coburn; Monica Poss; Joshua Levy; kconnolly@centerline.com; Alexander Budney; Kreitman, Mark A.; McGrath, Casey
Subject: RE: Edcouch LP - City of Edcouch Loan Docs

Attached are our comments to the City of Edcouch loan documents. Once these are revised, please send blacklines showing the changes.

From: Emilio J. Huerta [mailto:ejhuerta@nfwsc.org]
Sent: Monday, November 05, 2007 12:16 PM
To: Kramer, Pamela L.; Nash, Timothy C.; Josh Evju
Cc: Jean Coburn
Subject: Edcouch LP - City of Edcouch Loan Docs

Folks,

The City of Edcouch docs are ready to be executed. I have contacted the City and they are good to go.

Please review for final comments and also advise as to the number of original documents that should be executed (less the Promissory Note).

Emilio

Emilio J. Huerta, Esq.

11/19/2007

Law Office of Emilio J. Huerta
P.O. Box 62
29700 Woodford-Tehachapi Road
Keene, CA 93531
Tel (661) 823-9300
Fax (661) 823-9399
ejhuerta@nfwsc.org

To ensure compliance with requirements imposed by the IRS, the Law Office of Emilio J. Huerta herein informs you that, if any advice concerning one or more U.S. Federal tax issues is contained in this communication (including any attachments), such advice is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein. This message contains information which may be from an attorney to a client and therefore confidential and privileged. Unless you are the addressee (or authorized to receive for the addressee), you may not use, copy or disclose to anyone the message or any information contained in the message. If you have received the message in error, please advise the sender by reply e-mail ejhuerta@nfwsc.org, and delete the message.

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For additional information, please visit our website at www.paulhastings.com.

AFTER RECORDING RETURN TO:

Hidalgo County, Texas
1916 Tesoro Blvd.
Pharr, TX 78577
Attention: Diana R. Serna, Director

**DECLARATION OF RESTRICTIVE COVENANT
OF AFFORDABILITY**

The Edcouch Housing Development, L.P., a Texas limited partnership ("Borrower"), makes this declaration of restrictive covenants ("Declaration") to be effective as of November ____, 2007, to ensure the long-term use of the real property described below to provide decent and affordable residences for low to moderate income residents, as defined in the HOME Investment Partnerships Program, Final Rule, 24 CFR Part 92.203 (the "Final Rule").

1. Borrower is the record owner of the real property located in the County of Hidalgo, Edcouch Texas, and as more particularly described on the attached Exhibit A (the "Property"); and

2. Pursuant to a HOME Loan Agreement with the Hidalgo County, Texas, acting through its Urban County Program, a Texas governmental entity ("County") of even date herewith, County has made a One Hundred Fifty Thousand Dollar (\$150,000.00) loan ("Loan") to Borrower for the purpose of constructing upon the Property two (2) three-bedroom floating units which will be set aside and will at all times hereunder meet the rent and occupancy requirements of the regulations adopted pursuant to the Final Rule for low and moderate income families (the "HOME-Assisted Units"). The HOME-Assisted Units will be made available as follows:

One (1) three-bedroom unit will be set aside for low to moderate income individuals and families; and

One (1) three-bedroom unit will be set aside for very-low-income individuals and families.

In addition, at least one (1) of the two (2) HOME-Assisted Units shall be made available for occupancy by Special Needs individuals or Special Needs families which shall include wheelchair Accessible Housing.

3. For the benefit of itself, the County, Borrower, and future residents of the Property, the Borrower, its successors and assigns, do hereby adopt and impose upon the Property the following conditions, covenants, and restrictions; such conditions, covenants, and restrictions shall be a covenant running with the land and shall be binding upon any purchaser, grantee, owner or lessee of any land or building on the Property, and their respective heirs, executors, administrators, devisees, successors, and assigns:

(a) For a continuous period of twenty (20) years from the date of the completion of the construction of Property, anticipated to be December 1, 2008, the HOME-Assisted Units shall be used only to provide housing for eligible residents, as set forth in Section 2 above and in accordance with all applicable federal housing guidelines.

(b) For purposes of this covenant, "persons of very low income" means individuals or families whose incomes do not exceed fifty percent (50%) of the Hidalgo area median income, adjusted for household size, as determined by the Secretary of Housing and Urban Development.

(c) For purposes of this covenant, "persons of low to moderate income" means individuals or families whose incomes do not exceed sixty percent (60%) of the Hidalgo area median income, adjusted for household size, as determined by the Secretary of Housing and Urban Development.

4. Every person who now or hereafter owns or acquires any rights, title, or interest in or to any portion of the Property is and shall be conclusively deemed to have consented and agreed to every restrictive covenant, whether or not any reference to this declaration is contained in the instrument by which the Property was conveyed to such person.

5. Rental amounts for the HOME-Assisted Units are based on Section 8 Existing Housing Fair Market Rent for existing housing as established by HUD for the unit size. Each family's rent will be its proportionate share of the total unit rent. Rent includes utilities, but does not include the cost of food or any supported services provided. All rental amounts charged are subject to the maximum rental amounts allowed under the HOME Investment Partnerships Program, and any rental increases shall not exceed the limitations set forth in 24 C.F.R. Section 92.252.

6. Notwithstanding anything contained herein, or implied hereby to the contrary, a temporary non-compliance with the foregoing covenants and restrictions due to increases in tenant income or due to noncompliance of incomes of tenants occupying a HOME-Assisted Unit shall not be considered a breach of this Declaration if all vacancies are being filled in accordance with these requirements until the non-compliance is corrected.

7. Notwithstanding anything contained herein or implied hereby to the contrary, the foregoing covenants and restrictions shall cease to apply to the Property in the event of a foreclosure of a first mortgage on the Property or any transfer in lieu of foreclosure on the Property, provided said foreclosure or transfer in lieu of foreclosure is not for the purpose of avoiding low income affordability requirements.

8. This Declaration shall be binding upon the undersigned party and all successive owners of the Property or any part thereof. Whenever in this Declaration a reference is made to a party, such reference shall be deemed to include a reference to the heirs, executors, legal representatives, successors and assigns of such party.

[Signatures begin on the following page]

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

Borrower:

Edcouch Housing Development, L.P.
a Texas limited partnership

By: Aguila Village Housing GP LLC
a Texas limited liability company
Its General Partner

By: Rufino Contreras Affordable Housing Corporation, Inc.,
a Texas non-profit corporation
Its Sole Managing Member

By: _____
Emilio J. Huerta, Secretary

County:

Hidalgo County, Texas,
acting through its Urban County Program, a Texas governmental entity

By: _____
Name: Diana R. Serna, Director

Attachment: Exhibit A – Description of Real Property

EXHIBIT A

DESCRIPTION OF REAL PROPERTY

Tract 2

A 8.324 acre tract of land out of Farm Tract 554, West Tract Subdivision, Hidalgo County, Texas, as per map recorded in Volume 2, Pages 34-37 Map Records of Hidalgo County, Texas, said 8.324 acre tract of land being out of the same land described in a Warranty Deed with Vendor's Lien recorded in Document No. 880936, Official Records of Hidalgo County, Texas, and is also being more particularly described by metes and bounds as follows:

Commencing at a ½" rod found at the Southwest corner of Farm Tract 554 for the Southwest corner of this tract of land and the POINT OF BEGINNING, said Southwest corner being within Mile 16 road right-of-way;

THENCE North, with the West line of said Farm Tract 554 being within a drainage ditch, at 20.0' pass the North right-of-way line of said Mile 16 Road, at 617.89' in all to the Northwest corner of this tract of land;

THENCE East, at 25.00 feet pass a ½" rod set for reference, at 680.60' in all to a ½" iron rod set for the Northeast corner of this tract of land;

THENCE South, a distance of 115.02' to a ½" rod set at the Western boundary of the Elvira Lynch Tract (Doc # 880936 O.R) for corner of this tract of land;

THENCE South 37°55'00" West, a distance of 124.34 feet to a ½" rod set for a corner of this tract of land;

THENCE S 19°49'00" W, continuing with said Western boundary a distance of 62.30' to a corner of this tract of land;

THENCE S 16°44'27" W continuing with said Western boundary, a distance of 221.25' to a ½" rod set for a corner of this tract of land;

THENCE South, at 114.30' pass a ½" rod set at the North right-of-way line of said Mile 16 Road, at 134.30' in all to a nail set at the South boundary line of said Farm Tract 554 for the Southeast corner of this tract of land;

THENCE West, with the South line of said Farm Tract 554, a distance of 519.63' to the POINT OF BEGINNING, containing 8.324 acres of land more or less.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
) ss.
COUNTY OF KERN)

On November ___, 2007, before me, Melinda I. Llamas, a Notary Public, personally appeared Emilio J. Huerta, Secretary of the Rufino Contreras Affordable Housing Corporation, Inc., a Texas non-profit corporation, the sole member of Aguila Village Housing GP, LLC, a Texas limited liability company, the general partner of the Edcouch Housing Development, L.P., a Texas limited partnership.

personally known to me – OR – " proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature of Notary Public

THE STATE OF TEXAS

COUNTY OF HIDALGO

BEFORE ME, the undersigned, a Notary Public, on this day personally appeared Diana R. Serna, known to me to be the person and Officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was to act as the Director of the Hidalgo County Urban County Program, a Texas municipal corporation, and that she has executed the same as the Director of such corporation for the purpose and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, _____ day of November ___, 2007.

(SEAL)

Notary Public, State of Texas

My commission expires the _____ day of _____, 20_____.

HIDALGO COUNTY, TEXAS
PROMISSORY NOTE

Effective Date: November ____, 2007

Borrower: Edcouch Housing Development, L.P., a Texas limited partnership

Borrower's Mailing Address:

Edcouch Housing Development, L.P.
P.O. Box 62
29700 Woodford-Tehachapi Road
Keene, CA 93531
Fax (661) 823-9399
Attn: Paul F. Chavez, President

With a Copy to (which will not constitute Notice):

Rufino Contreras Affordable Housing Corporation, Inc.
908 E. 5th Street, #201
Austin, TX 78702
Fax: (512) 474.5010
Attention: Monica Poss, Senior Project Manager

Emilio J. Huerta, Esq.
Law Office of Emilio J. Huerta
P.O. Box 62
29700 Woodford-Tehachapi Road
Keene, CA 93531
Fax (661) 823-9399

Property Owner: Edcouch Housing Development, L.P., a Texas limited partnership

Lender: Hidalgo County, Texas, acting through its Urban County Program, a Texas governmental entity.

Lender's Mailing Address:

Hidalgo County
1916 Tesoro Blvd.
Pharr, TX 78577
Fax (956) 787-5291
Attention: Diana R. Serna, Director

THE TERMS LISTED ABOVE ARE DEFINED TERMS THAT ARE REFERRED TO THROUGHOUT THIS PROMISSORY NOTE ("Note").

With a Copy to (which will not constitute Notice):

Stephen L. Crain, Esq.
Atlas & Hall, L.L.P.
818 Pecan Boulevard
McAllen, Texas 78501
Fax: 956-686-6109

1. **Place for Payment:**

Hidalgo County
1916 Tesoro Blvd.
Pharr, TX 78577
Attention: Diana R. Serna, Director

or any other place that Lender may designate in writing in accordance with the terms of the Loan Agreement (hereinafter defined). Borrower promises to pay to the order of Lender at the Place for Payment and according to the terms of payment below stated principal amount plus interest. All unpaid amounts shall be due by the Maturity Date.

2. **Principal Amount:** One Hundred Fifty Thousand and No/100 Dollars (\$150,000.00). Lender shall not be required to advance any funds under this Note until such time as Borrower has expended no less than twenty-five percent (25%) of its total construction budget.

3. **Maturity Date:** One year after Borrower's receipt of the last Certificate of Occupancy for the Apartment Complex.

4. **Terms of Payment:** Beginning with each date that Lender advances Borrower funds under this Note, interest shall accrue at an annual fixed rate of six-percent (6%) per annum on the total amount of outstanding principal balance, with all outstanding principal and interest hereunder becoming fully due and payable on the Maturity Date. Notwithstanding the foregoing, if an Event of Default has occurred and is continuing, interest on the unpaid principal shall thereafter (a) accrue at the highest non-usurious rate allowed by law until such Event of Default has been cured, and (b) be immediately payable in addition to the entire remaining principal amount then due and owing.

5. **Annual Interest Rate Upon Maturity, Unpaid Amounts:** A maximum rate no greater than the highest non-usurious rate allowed by law.

6. **Default:** If Borrower defaults in the performance of any of its obligations set forth in (a) this Note, (b) that HOME Loan Agreement (the "Loan Agreement") executed by Borrower and Lender of even date herewith, and/or (c) that Declaration of Restrictive Covenant of Affordability (the "Declaration"), executed by Borrower (collectively, the "Loan Documents"), and the default continues after Lender gives Borrower written notice of the default and after the time within which to cure such default has expired, as may be required by law or by written agreement, then Lender may declare the entire unpaid principal balance and accrued interest immediately due. Borrower waives all demands for payment, presentations for payment,

notices of intention to accelerate maturity, notices of acceleration of maturity, protests and notices of protest, to the extent permitted by law.

(a) Notwithstanding anything in the Loan Documents to the contrary, the liability of the Borrower hereunder will be non-recourse to Borrower, any principle, partner, employee or agent of Borrower and their assignees, and such persons shall not have any personal liability under this Note or any of the Loan Documents.

(b) If this Note, or any of the other Loan Documents is given to an attorney for collection or enforcement, or if suit is brought for collection or enforcement, or if it is collected or enforced through probate, bankruptcy, or other judicial proceeding, then Borrower shall pay Lender all costs of collection and enforcement, including reasonable attorneys' fees and court costs, in addition to other amounts due.

7. **Maximum Amount of Interest Rate:** Interest on the debt evidenced by this Note shall not exceed the maximum amount of non-usurious interest that may be contracted for, taken, reserved, charged, or received under law; any interest in excess of the maximum amount shall be credited on the principal of the debt or, if that has been paid, refunded. On any acceleration or required or permitted prepayment, any such excess shall be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the debt or, if the principal of the debt has been paid, refunded. This provision overrides other provisions in this and all other instruments concerning the debt.

8. **Acceleration of Note:** In addition to rights of Lender as contained herein, Lender shall have the further right to accelerate the maturity of this Note and declare any unpaid amount immediately due upon occurrence of one of the following (each, an "Event of Default"):

(a) Subject to those matters to be recorded in the real property records of Hidalgo County, Texas, which affect all portions of the property located at 401 Mile 16 N., Edcouch, TX 78538 ("Property"), ad valorem taxes and other amounts due or to become due on any portion of the Property, and any senior financing and related loan documents (the "Permitted Exceptions"), the leases of the residents occupying any portion of the Property and the terms of the other Loan Documents, and except any items replaced in the ordinary course of business, the Borrower fully or partially sells, conveys, disposes of, alienates, hypothecates, assigns, mortgages, pledges, transfers or encumbers all or any part of the Property or any interest therein, the rents therefrom, the income therefrom, or any other item of collateral, whether lawfully or unlawfully, or voluntarily or involuntarily without the prior written consent of Lender;

(b) Borrower converts any of the HOME-Assisted Units (as defined in the Loan Agreement) to a form of condominium, cooperative ownership or other non-residential use other than that specific use agreed to in writing by Lender and Borrower;

(c) Borrower (a) files (as debtor) or has filed against it, a petition for the appointment of a receiver or for bankruptcy or insolvency, (b) becomes or is adjudicated insolvent or bankrupt or admits in writing the inability to pay debts as they mature, petitions or applies to any tribunal for or consents to or does not contest to the appointment of a receiver, trustee, custodian or similar officer for Borrower or for any principal or general partner of Borrower or for a substantial part of the assets of Borrower, or (c) commences any case, proceeding or other action under bankruptcy,

reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect. In an involuntary proceeding Borrower shall notify Lender in writing promptly upon receipt of notification of any involuntary proceeding against it and upon Lender's receipt of such notification Borrower shall have ninety (90) calendar days to have such matter dismissed or bonded to Lender's reasonable satisfaction;

(d) The Property or any material part thereof is taken on execution or other process of law in any action against Borrower;

(e) Borrower abandons the Property or a material portion thereof, in which event such abandonment shall constitute an assignment to Lender, at Lender's option, of Borrower's interest in any lease or contract then affecting the abandoned Property;

(f) Any representation or warranty made herein or in the Loan Documents, such representation or warranty having been made by Borrower, any principal, general partner in Borrower, any person authorized by Borrower to execute any of the aforesaid documents on behalf of Borrower or by any indemnitor under any indemnity executed in connection with the Loan, is determined to have been false or misleading in any material respect at the time made and such continues thirty (30) business days after written notice from Lender to Borrower thereof;

(g) Borrower or its assignee at any time fails to remain in compliance with each and every material term and condition of or in the Loan Documents and such non-compliance continues thirty (30) business days after written notice from Lender to Borrower thereof; or

(h) Borrower (a) initiates any material changes in the Property without Lender's written approval or (b) fails to provide to Lender documentation acceptable to Lender of the actual quoted costs incurred in connection with the Property.

9. Notwithstanding anything to the contrary contained herein, the following transactions are hereby deemed to be expressly permitted hereunder:

(a) A change in the beneficial ownership of the Property or the Borrower's limited partners, so long as such entity remains controlled by an affiliate of Borrower or Borrower's limited partners;

(b) The pledge and encumbrance of the interests of the Property or the Borrower for the benefit of any financial institution which enables one or more low income housing tax credit investors to make a capital contribution to the Borrower;

(c) The transfer by the Borrower's limited partner or special limited partner of their interest in the Borrower; and

(d) The removal of any general partner of the Borrower by the Borrower's special limited partner pursuant to the terms of the Amended and Restated Agreement of Limited Partnership of Borrower and the replacement of such general partner.

10. **Borrower as a Limited Partnership:** Upon the occurrence of an Event of Default, Lender shall give Borrower's limited partner notice of such Event of Default at the following address:

Centerline Investor LP LLC
c/o Centerline Capital Group, Inc.
625 Madison Avenue
New York, NY 10022
Attn: Andrew J. Weil

Any limited partner of Borrower may, but shall not be obligated to, cure any Event of Default by Borrower hereunder and for the purposes hereof such curative actions shall be considered the actions of the Borrower.

11. **Nouns:** When the context requires, singular nouns and pronouns include the plural.

12. **Rule of Construction:** This note shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Hidalgo County, Texas.

Borrower:

Edcouch Housing Development, L.P.
a Texas limited partnership

By: Aguila Village Housing GP LLC
a Texas limited liability company
Its General Partner

By: Rufino Contreras Affordable Housing Corporation, Inc.,
a Texas non-profit corporation
Its Sole Managing Member

By: _____
Emilio J. Huerta
Secretary

Dated: November ____, 2007

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

)

COUNTY OF KERN

) ss.

)

On October____, 2007, before me, Melinda I. Llamas, a Notary Public, personally appeared Emilio J. Huerta, Secretary of the Rufino Contreras Affordable Housing Corporation, Inc., a Texas non-profit corporation, the sole member of Aguila Village Housing GP, LLC, a Texas limited liability company, the general partner of the Edcouch Housing Development, L.P., a Texas limited partnership.

personally known to me – OR – “ proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature of Notary Public

APNs: _____

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:
U.S. BANK NATIONAL ASSOCIATION
Commercial Real Estate/Community Lending
1331 North California Boulevard, Suite 350
Walnut Creek, California 94596
Attention: Josh Evju

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT

This Subordination Agreement ("Agreement") is made and entered into as of November 15, 2007, by and among **EDCOUCH HOUSING DEVELOPMENT, L.P.**, a Texas limited partnership ("Borrower"), **HIDALGO COUNTY, TEXAS**, acting through its Urban County Program, a Texas governmental entity ("Subordinated Lender"), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association ("U.S. Bank" and "Senior Lender"). Capitalized terms not defined herein shall have the meanings ascribed to such terms in the below-defined Loan Agreement.

WHEREAS, the Subordinated Lender has agreed to make a loan under the U.S. Department of Housing and Urban Development ("HUD") under Title II of the National Affordable Housing Act of 1990 (P.L. 101-625) for utilization in connection with its HOME Investment Partnership Program (hereinafter referred to as the "HOME Loan") to Borrower in an aggregate principal amount of One Hundred Fifty Thousand Dollars and No Cents (\$150,000.00) pursuant to a Hidalgo County, Texas HOME Loan Agreement, dated as of November __, 2007, between Subordinated Lender and Borrower ("HOME Loan Agreement") and evidenced by a Hidalgo County, Texas Promissory Note dated November __, 2007 made by Borrower in favor of Subordinated Lender ("HOME Loan Note"), and pursuant to that Declaration of Restrictive Covenant of Affordability ("Declaration") executed by Borrower ("Subordinated Indebtedness");

WHEREAS, the Subordinated Indebtedness will be secured by a Deed of Trust Security Agreement and Financing Statement dated as of November __, 2007, from Borrower in favor of Subordinated Lender encumbering the real property located in the County of Hidalgo ("County"), State of Texas, described in Exhibit A hereto ("Property"), recorded in the official records of the County ("Hidalgo County, Texas - Deed of Trust");

WHEREAS, Borrower has requested that Senior Lender make a construction loan in the aggregate principal amount of \$1,900,000 and, subject to satisfaction of certain conditions, a permanent loan in the aggregate amount of \$1,900,000 (collectively, the "Loans") to Borrower to enable Borrower to pay a portion of the costs incurred by Borrower in connection with the

multifamily affordable housing apartment project (“Project”) to be constructed upon the Property;

WHEREAS, Senior Lender and Borrower entered into that certain Loan Agreement (“Loan Agreement”) dated as of November __, 2007, pursuant to which Senior Lender has made the Loans to the Borrower;

WHEREAS, the repayment obligations of Borrower under the Loans are evidenced by two promissory notes (collectively, “Notes”), each dated November __, 2007, by the Borrower, in the aggregate principal amount of \$1,900,000;

WHEREAS, Borrower’s obligations under the Loan Agreement and the Notes are secured by, among other things, (i) that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (“Deed of Trust”), dated as of even date herewith, made by Borrower for the benefit of Senior Lender, and (ii) all of the “Security Documents,” as that term is defined in the Loan Agreement;

WHEREAS, the Deed of Trust is being recorded against the Property concurrently herewith in the official records of the County;

WHEREAS, it is a condition precedent to the execution and delivery of the Loan Agreement that the Deed of Trust shall be and remain a lien upon the Property prior to the lien of the Subordinated Indebtedness.

In consideration of the foregoing, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Subordinated Lender, Borrower and Senior Lender hereby agree as hereinafter provided.

1. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

1.1 “Senior Indebtedness” means all obligations of any type or nature secured by the Deed of Trust, presently or hereafter due from Borrower, its successors and assigns, to Senior Lender, or its successors, assigns or participants, including without limitation, those obligations under the Loan Agreement and the Notes, along with all respective modifications to any or all of the foregoing, and all other principal, interest, charges, and expenses under or incidental to any indebtedness secured by the Senior Liens.

1.2 “Senior Liens” means all liens, mortgages, deed of trusts, security interests, and collateral assignments of any type or nature, previously given or hereafter granted by Borrower to Senior Lender, including without limitation, those liens, assignments and security interests granted in the Deed of Trust and the Loan Documents.

1.3 “Subordinated Indebtedness” means all obligations of any type or nature secured by the Subordinated Liens or any of them, presently or hereafter due from Borrower to Subordinated Lender, including without limitation, those obligations contained in the HOME

Loan Agreement and HOME Loan Note, with all interest and other charges or expenses incidental to any of the foregoing whether relating to the HOME Loan or otherwise.

1.4 "Subordinated Liens" means all liens, mortgages, and security interests of any type or nature, previously or hereafter granted by Borrower to Subordinated Lender, including without limitation, liens and security interests granted, if any, in the Hidalgo County, Texas Deed of Trust.

2. Consent of Subordinated Lender; Modification or Refinancing of Senior Indebtedness.

2.1 Notwithstanding any of the respective terms of the documents and instruments creating the Subordinated Indebtedness to the contrary, and despite the order in which any lien documents are filed, Subordinated Lender hereby consents to the creation, now or hereafter, of the Senior Indebtedness and the Senior Liens and to the execution and delivery by Borrower of any and all documents and instruments in connection therewith, including without limitation, the Deed of Trust, and to the performance by Borrower of any and all of its obligations under or in connection therewith or resulting therefrom. Subordinated Lender agrees that no such action shall constitute an event of default or an event, which with the passage of time, or giving of notice, or both, would become an event of default under any document or instrument relating to the Subordinated Indebtedness or Subordinated Liens.

2.2 Subordinated Lender consents to any agreement or arrangement in which the Senior Lender waives, postpones, extends, reduces or modifies any provisions of the documents relating to the Senior Liens and/or the Senior Indebtedness, including any provision requiring the payment of money but not including any increase to the principal amount of the Senior Indebtedness subject, in each instance, to Section 11.2 hereof. Subordinated Lender further agrees that its agreement to subordinate hereunder shall extend to any new debt which is for the purpose of refinancing all or any part of the Senior Indebtedness (including reasonable and necessary costs associated with the closing and/or the refinancing) provided the total principal amount of the Senior Indebtedness is not increased; and that all the terms and covenants of this Agreement shall inure to the benefit of any holder of any such refinanced debt, provided that the holder of any such refinanced debt shall first have agreed in writing to be bound by the terms of this Agreement; and that all references to the Senior Indebtedness, Senior Liens and Senior Lender shall mean, respectively, the refinance loan, the refinance note, the deed of trust securing the refinance note and all documents evidencing securing or otherwise pertaining to the refinance note and the holder of the refinance note.

3. Subordination of Subordinated Liens; Subrogation Rights.

3.1 In consideration of (among other actions) Senior Lender making the Loans, the Subordinated Liens, are hereby subordinated to the Senior Liens and the Senior Liens shall at all times be first, prior, and superior to the Subordinated Liens in all respects. The terms and provisions of any document creating or relating to a Subordinated Lien are hereby amended to provide that so long as any of the Senior Liens remain unpaid, the Subordinated Liens therein granted are subordinate to the Senior Liens and that none of the terms and provisions of such

documents or instruments evidencing the Subordinated Liens shall affect or limit in any way the rights or remedies provided to the holder of the Senior Indebtedness under the Senior Liens.

3.2 Subordinated Lender agrees that if, by reason of its payment of real estate taxes or other monetary obligations of the Borrower, or by reason of its exercise of any other right or remedy under the Subordinated Liens (or any of them) or otherwise in respect of any of the Subordinated Indebtedness, it acquires by right of subrogation or otherwise a lien on the Property which (but for this subsection) would be senior to the lien of the Senior Liens, then, in that event, such lien shall be subject and subordinate to the lien of the Senior Liens.

3.3 Senior Lender's consent to the Subordinated Indebtedness and the Subordinated Liens is subject to the condition that each of the following representations and warranties made by Borrower and Subordinated Lender is true and correct. If any of the representations and warranties made by Borrower or Subordinated Lender herein is not true and correct, the provisions of the documents evidencing the Senior Indebtedness applicable to unpermitted liens on the Property shall apply. Borrower and Subordinated Lender make the following representations and warranties to Senior Lender:

(a) The respective documents evidencing the Subordinated Indebtedness to which Subordinated Lender is a party permit the Senior Indebtedness, the Senior Liens and the subordination of the Subordinated Indebtedness and the Subordinated Liens to the Senior Indebtedness and the Senior Liens.

(b) The executed documents creating or otherwise evidencing the Subordinated Indebtedness and the Subordinated Liens are substantially in the same forms as those submitted to, and approved by, Senior Lender prior to the date of this Agreement.

(c) The subordinate loan documents described in the opening recitals of this Agreement shall be the only documents, agreements and understandings with respect to the HOME Loan, other than the usual and customary Uniform Commercial Code financing statements which Senior Lender and its counsel shall (at the cost of Borrower) have been given an opportunity to review and approve.

(d) For all purposes of this Agreement, the appropriate documents relating to the HOME Loan shall be considered to be part of the Subordinated Indebtedness and the Subordinated Liens.

4. Subordination of Subordinated Indebtedness; Distributions and Payments of Net Cash Flow; Payment of Subordinated Indebtedness at Maturity.

4.1 In consideration of (among other actions) Senior Lender making the Loans, the Subordinated Indebtedness is hereby subordinated to the Senior Indebtedness and the Senior Indebtedness shall at all times be first, prior, and superior to the Subordinated Indebtedness in all respects. The terms and provisions of any document creating or relating to the Subordinated Indebtedness are hereby amended to provide that so long as any of the Senior Indebtedness remains unpaid, the Subordinated Indebtedness is subordinate to the Senior

Indebtedness and that none of the terms and provisions of such documents or instruments evidencing or creating the Subordinated Indebtedness shall effect or limit in any way the rights or remedies provided to the Senior Lender in respect of the Senior Indebtedness.

4.2 Provided that in each instance amounts then due and payable in respect of the Senior Indebtedness (including, without limitation, funding of required reserves) have been paid in full and there exists no default or event of default under the documents evidencing or creating the Senior Indebtedness or securing the Senior Indebtedness pursuant to the Senior Liens (including without limitation the Loan Documents), Net Cash Flow (as defined in the Notes) shall be utilized to the extent available, after payment of debt service and satisfying required reserves in respect of the Senior Indebtedness, to pay the Subordinated Indebtedness, including without limitation, repayment of the Subordinated Indebtedness in full on its maturity date; and provided further that Subordinated Lender shall, promptly upon such payment, release, terminate and reconvey (as the case may be) the Subordinated Liens.

Notwithstanding the foregoing, nothing in this Section 4.2 shall affect or otherwise modify the subordination of (i) the Subordinated Indebtedness to the Senior Indebtedness, or (ii) the Subordinated Liens to the Senior Liens, pursuant to and in accordance with the terms of this Agreement.

5. Insolvency Proceedings Against Borrower. The insolvency or bankruptcy of Borrower shall not affect this Agreement, and the same shall remain in full force and effect. In any insolvency or bankruptcy proceeding for the complete liquidation of Borrower or any of its general partners. Senior Lender is hereby assigned the right to collect the Subordinated Indebtedness and apply it to the Senior Indebtedness and Subordinated Lender shall not receive any distribution from the bankruptcy estate of Borrower or its general partners (as the case may be) unless and until the Senior Indebtedness has been satisfied in full. Subordinated Lender agrees that during the term of this Agreement it will not commence, or join with any other creditor in commencing any bankruptcy reorganization, arrangement, insolvency or liquidation proceedings with respect to the Borrower, without the Senior Lender's prior, written consent.

6. Assignment; Encumbrances and Transfers; No Modifications.

6.1 Subordinated Lender represents and warrants that no part of the Subordinated Indebtedness or Subordinated Liens of which it is the party in interest has been sold, assigned, encumbered, endorsed or transferred to or for the benefit of others. Subordinated Lender agrees not to sell, assign, transfer, or endorse or otherwise encumber the Subordinated Indebtedness of which it is the party in interest, no matter how evidenced, to any party except with the prior, written consent of the Senior Lender and provided that the terms of this Agreement shall bind all such successors, assigns, transferees, and endorsees of Subordinated Lender and all subsequent interest holders (beneficial or otherwise) of the affected Subordinated Liens.

6.2 Subordinated Lender agrees that, until the principal of, interest on and all other amounts payable under the documents relating to the Senior Indebtedness and the Senior Liens have been paid in full, it will not, without the prior written consent of the Senior Lender in

each instance, increase the amount of the Subordinated Indebtedness, increase the required payments due under the Subordinated Indebtedness, decrease the term of the Subordinated Indebtedness, increase the interest rate on the Subordinated Indebtedness, or otherwise amend the terms of the Subordinated Indebtedness in a manner that creates an adverse effect upon the Senior Lender. Any amendment of the documents relating to the Subordinated Indebtedness that requires Senior Lender's consent under the preceding sentence, or any assignment of a Subordinated Lender's interest in the Subordinated Indebtedness that is made, in each case, without the Senior Lender's consent, shall be void ab initio and of no effect whatsoever.

7. Additional Documentation; Cooperation. Subordinated Lender agrees to execute and deliver to Senior Lender such other instruments as may reasonably be requested by Senior Lender in order to enable Senior Lender to enforce its rights hereunder, subject to Subordinated Lender's proper exercise of its legislative authority. Subordinated Lender further agrees to cooperate with Senior Lender from time to time and to take such other actions (to the extent permitted by law) as may reasonably be requested by Senior Lender in order to enable Senior Lender to enforce its rights under this Agreement or the documents and other instruments creating the Senior Liens or evidencing the Senior Indebtedness, as the case may be. Subordinated Lender and Borrower agree to provide copies of any agreements, documents and instruments relating, directly or indirectly, to the Subordinated Indebtedness or the Subordinated Liens (and any amendments or supplements to any or all of the foregoing) prior to the execution and delivery thereof. Subordinated Lender shall not, without the prior written consent of Senior Lender in each instance, take any action that has the effect of increasing any portion of the Subordinated Indebtedness.

8. No Liability. The parties hereto agree that Senior Lender shall not be liable for any action or failure to act under or in connection with any of the documents or instruments creating the Senior Liens or the Senior Indebtedness, it being understood that the decision of whether and when to act and the manner of proceeding under such instruments and documents shall not be affected in any manner by the existence of the Subordinated Indebtedness and the Subordinated Liens. It is further agreed that such obligations as may be imposed under the documents and instruments creating the Senior Liens or under applicable laws shall run exclusively to the benefit of Senior Lender and may be enforced or waived only by Senior Lender and not by Subordinated Lender or the holders of interest in any or all of the Subordinated Liens or Subordinated Indebtedness.

9. Insurance and Condemnation. In the event of: (i) a taking or threatened taking by condemnation or other exercise of eminent domain of all or a portion of the Property (collectively, a "Taking") or (ii) the occurrence of a fire or other casualty resulting in damage to all or a portion of the Property (collectively, a "Casualty") at any time or times when the Senior Liens remain on the Property, all proceeds received or to be received on account of a Taking or a Casualty, or both, shall be applied (either to payment of the costs and expenses of repair and restoration or to payment of the Senior Indebtedness) in the manner determined by Senior Lender in its sole discretion; provided, however, that if Senior Lender elects to apply such proceeds to payment of the principal of, interest on and other amounts payable under the Senior Indebtedness, any proceeds remaining after the satisfaction in full of the principal of, interest on

and other amounts payable under the Senior Indebtedness shall be paid and applied as set forth in Section 4.2 hereof and then in accordance with the applicable provisions of the documents creating the Subordinated Indebtedness and then the Borrower's limited partnership agreement.

10. Irrevocability of Agreement. Subordinated Lender agrees that, without notice to or further assent by Subordinated Lender but subject, in each instance, to the terms and provisions of the agreements creating the Senior Indebtedness and Senior Liens (a) the liability of Borrower in respect of the Senior Indebtedness may, in whole or in part, be renewed, extended, modified, or released by Senior Lender and the documents and instruments creating or evidencing the Senior Indebtedness or the Senior Liens may be amended or supplemented, as Senior Lender may deem advisable (other than amendments increasing interest rates on the Senior Indebtedness or shortening the maturity date of any portion of the Senior Indebtedness), (b) any collateral and/or security interests in respect of the Senior Indebtedness may, from time to time, in whole or in part, be assigned, transferred, exchanged, sold, encumbered or surrendered by Senior Lender, and (c) any deposit balance or balances to the credit of Borrower may, from time to time, in whole or in part, be surrendered or released by Senior Lender to Borrower, all without impairing or in any way affecting the subordination contained in this Agreement; nor shall the subordination herein contained be impaired or affected in any way by any other action, inaction, or omission in respect of the Senior Indebtedness, the Senior Liens or this Agreement. Subordinated Lender further agrees that it will not consent to any amendment or modification of or supplement to, the Subordinated Liens or the Subordinated Indebtedness of which it is the party in interest or any other documents executed or delivered in connection therewith without prior notice to and, if Senior Lender reasonably determines that any such amendment, modification or supplement may adversely affect the interests of Senior Lender, obtaining the prior, written consent of the Senior Lender. Any unauthorized amendment of such documents related to the Subordinated Liens or the Subordinated Indebtedness shall be void ab initio and of no effect whatsoever.

11. Default and Remedies.

11.1 Upon the occurrence of any event which permits, or with the passage of time or giving of notice, or both, would permit, Subordinated Lender to exercise remedies in respect of any portion of the Subordinated Indebtedness (including without limitation by way of any cross default provision), Subordinated Lender shall, in all instances, have received the prior, written consent of Senior Lender before pursuing any such remedy, including without limitation, any acceleration of maturity of any of the Subordinated Indebtedness or foreclosure of the deed of trust of which it is a beneficiary, whether in whole or in part.

11.2 Senior Lender shall have the right, but not the obligation, to cure any default with respect to the Subordinated Indebtedness or any portion thereof within sixty (60) days following the date of receipt of notice of such default; provided, however, that Subordinated Lender shall be entitled, during such sixty (60) day period, to continue to pursue its rights and remedies under the documents relating to the Subordinated Indebtedness of which it is the party in interest, provided that Senior Lender's prior, written consent shall have been obtained as set forth in Section 11.1 above. All amounts paid by the Senior Lender to cure a default with respect to the Subordinated Indebtedness or any portion thereof shall be deemed to have been advanced

by the Senior Lender pursuant to, and shall be secured by the lien of, the related Senior Liens, including without limitation, the Deed of Trust; provided that, notwithstanding the language of Sections 2.2 and 9 of this Agreement, Subordinated Lender hereby understands, acknowledges and agrees that amounts so advanced by Senior Lender or other similar protection advances made by Senior Lender with respect to the Property and the improvements thereon shall not constitute increases in the principal amount of the Senior Indebtedness for purposes of obtaining the consent of Subordinated Lender.

11.3 Subordinated Lender shall have the right, but not the obligation, to cure any non-monetary default with respect to the Senior Liens within sixty (60) days following the date notice of a non-monetary default is given or such longer period as may be provided for under Texas law with respect to cure rights of junior lienholders; provided, however, that the Senior Lender shall be entitled during such sixty (60) day period to continue to pursue all of its remedies in respect of the Senior Liens and the Senior Indebtedness. It is understood and agreed that Senior Lender may exercise during such sixty (60) day period all available rights and remedies to protect and preserve the Property and the rents, revenues, and other proceeds from the Property. All amounts paid by Subordinated Lender to the Senior Lender to cure a non-monetary default shall be deemed to have been advanced by Subordinated Lender pursuant to, and shall be secured by the lien of, the related Subordinated Liens.

11.4 Subordinated Lender consents to any agreement or arrangement in which the Senior Lender waives, postpones, extends, reduces or modifies any provisions of the Senior Liens or the Senior Indebtedness, including any provision requiring the payment of money.

11.5 Borrower and Subordinated Lender agree that a default under the Subordinated Indebtedness (or any portion thereof) shall constitute a default under the Senior Indebtedness.

11.6 Subordinated Lender agrees that, notwithstanding any contrary provision contained in any documents related to the Subordinated Indebtedness (or any portion thereof), a default under the Senior Indebtedness shall not constitute a default under the Subordinated Indebtedness (or any portion thereof) or any document related thereto if no other default occurred under such Subordinated Indebtedness documents. If at any time Borrower cures any default under the Senior Indebtedness to the satisfaction of Senior Lender, as evidenced by written notice from Senior Lender to Subordinated Lender, any default under the Subordinated Indebtedness arising from such default under the Senior Indebtedness shall be deemed cured and the Subordinated Liens shall be retroactively reinstated as if such default under the Senior Indebtedness had never occurred.

12. Miscellaneous.

12.1 This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, including any party substituted as a beneficiary under the Deed of Trust. This Agreement shall be construed and enforced in accordance with the laws of the State of Texas, without regard to the choice of law provisions

thereof; provided that, if Senior Lender has greater rights or remedies under federal law, then such rights and/or remedies shall also be available to Senior Lender.

12.2 If any of the provisions or terms of this Agreement shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other of the terms hereof, and this Agreement shall be construed as if such unenforceable term had never been contained herein.

12.3 All notices and other communications hereunder shall be deemed to have been duly given, made, or served, if in writing and delivered personally or mailed by first class mail, postage prepaid, to the respective parties to this Agreement as follows:

(a) If to Borrower:

Edcouch Housing Development L.P.
P.O. Box 62
29700 Woodford-Tehachapi Road
Keene, CA 93531
Fax (661) 823-9399
Attention: Paul F. Chavez, President of General Partner

(b) With a copy to:

Emilio J. Huerta, Esq.
Law Office Emilio J. Huerta
P.O. Box 62
29700 Woodford-Tehachapi Road
Keene, CA 93531
Fax (661) 823-9399

and

Rufino Contreras Affordable Housing Corp.
908 East 5th Street, Suite 201
Austin, TX 78702

(c) If to Subordinated Lender:

Hidalgo County, Texas
1916 Tesoro Blvd.
Pharr, TX 78577
Attention: Diana R. Serna, Director

(c) If to Senior Lender:

U.S. Bank National Association
Commercial Real Estate/Community Lending
1331 North California Boulevard, Suite 350
Walnut Creek, California 94596
Attention: Josh Evju

(d) With a copy to:

Kutak Rock
8601 North Scottsdale Road, Suite 300
Scottsdale, Arizona 85253
Attention: Public Finance Department

The designation of the person to be so notified or the address of such person for the purposes of such notice may be changed from time to time by similar notice in writing, except that any communication with respect to a change of address shall be deemed to be given and made when received by the party to whom such communication was sent. No other method of notice is precluded by this Section 12.3.

12.4 This Agreement represents the entire agreement between the parties hereto on the subject matter hereof and, except as expressly provided herein, shall not be affected by reference to any other documents. Neither this Agreement nor any provision hereof may be changed, waived, discharged, or terminated orally, but such may be accomplished only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge, or termination is sought.

12.5 In the event any action is filed to enforce or construe the terms of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees. Attorneys' fees shall include services rendered at both the trial and appellate levels, as well as services rendered in any bankruptcy proceeding or arbitration proceeding.

12.6 The parties hereto each agrees that, in the event of any conflict or inconsistency between the terms of the Senior Liens, the Senior Indebtedness, the Subordinated Liens or the Subordinated Indebtedness (as the case may be) and the terms of this Agreement, the terms of this Agreement shall govern and control as to: (a) the relative priority of interests between the Senior Lender and Subordinated Lender; (b) the timing of the exercise of remedies by the Senior Lender and Subordinated Lender under the Senior Liens and the Subordinated Liens, respectively; and (c) solely as between the Senior Lender and Subordinated Lender, the notice requirements, and the other rights and obligations which the Senior Lender and Subordinated Lender have agreed to as expressly provided in this Agreement. Borrower acknowledges that the terms and provisions of this Agreement shall not, and shall not be deemed to: extend Borrower's time to cure any default in respect of the Senior Indebtedness or the Subordinated Indebtedness, as the case may be; give the Borrower the right to notice of any

default in respect of the Senior Indebtedness or the Subordinated Indebtedness, as the case may be other than that, if any, provided, respectively under the documents evidencing the Senior Indebtedness or the Subordinated Indebtedness; or create any other right or benefit for Borrower as against Senior Lender or Subordinated Lender or any of them.

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties have caused this Subordination Agreement to be duly executed as of the date and year first above written.

EDCOUCH HOUSING DEVELOPMENT, L.P.,
a Texas limited partnership

By: Aguila Village Housing GP LLC
a Texas limited liability company
Its General Partner

By: Rufino Contreras Affordable Housing
Corporation, Inc.
a Texas non-profit corporation
Its Sole Managing Member

By: _____
Emilio J. Huerta, Secretary

HIDALGO COUNTY, TEXAS
acting through its Urban Program,
a Texas governmental entity

By: _____
Name: Diane R. Serna, Director

STATE OF TEXAS)
) ss.
COUNTY OF HIDALGO)

BEFORE ME, the undersigned, a Notary Public, on this day personally appeared Diana R. Serna, known to me to be the person and Officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was to act as the Director of the Hidalgo County Urban County Program, a Texas municipal corporation, and that she has executed the same as the Director of such corporation for the purpose and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, _____ day of November, 2007.

(SEAL)

Notary Public, State of Texas

My commission expires the _____ day of _____, 20____.

U.S. BANK NATIONAL ASSOCIATION,
a national banking association,
as Senior Lender

By: _____
Name: Josh Evju
Title: Assistant Vice President

ALL-PURPOSE ACKNOWLEDGMENT

State of _____

County of _____

On _____ before me, _____ a Notary Public in and for said
 DATE NAME OF NOTARY

County and State, personally appeared _____
 NAME(S) OF SIGNER(S)

Personally known to me OR proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledge to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

 SIGNATURE OF NOTARY

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNED	DESCRIPTION OF ATTACHED DOCUMENT
<input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> CORPORATE OFFICER _____ TITLE(S)	_____ TITLE OR TYPE OF DOCUMENT
<input type="checkbox"/> PARTNER(S) <input type="checkbox"/> LIMITED <input type="checkbox"/> GENERAL	_____ NUMBER OF PAGES
<input type="checkbox"/> ATTORNEY-IN-FACT <input type="checkbox"/> TRUSTEE(S) <input type="checkbox"/> GUARDIAN/CONSERVATOR	_____ DATE OF DOCUMENT
<input type="checkbox"/> OTHER: _____	_____ SIGNER(S) OTHER THAN NAMED ABOVE
SIGNER IS REPRESENTING:	

EXHIBIT A
LEGAL DESCRIPTION

HIDALGO COUNTY, TEXAS
HOME LOAN AGREEMENT

This HOME Loan Agreement ("Loan Agreement") is executed to be effective November ____, 2007, and is entered into by and between the Hidalgo County, Texas, acting through its Urban County Program, a Texas governmental entity ("Lender"), and the Edcouch Housing Development, L.P., a Texas limited partnership ("Borrower"), with respect to the following:

A. WHEREAS, Lender has received certain funds from the U.S. Department of Housing and Urban Development ("HUD") under Title II of the National Affordable Housing Act of 1990, (P.L. 101-625) for utilization in connection with its HOME Investment Partnership Program (hereinafter referred to as "HOME");

B. WHEREAS, Lender has adopted a budget for such funds and has included therein the expenditure of funds in the form of a loan (the "Loan") to Borrower for the construction of a seventy six (76) unit rental housing development (the "Apartment Complex"), with two (2) of the units meeting the requirements necessary to qualify as affordable housing to be occupied by low and moderate income families under the regulations adopted by HUD for implementation of the HOME Investment Partnership Act (the "HOME-Assisted Units");

C. WHEREAS, Rufino Contreras Affordable Housing Corporation, Inc., a Texas non-profit corporation and one of the non-profit co-developers of the Apartment Complex, will participate in the ownership structure of Borrower as the sole member of Aguila Village Housing GP, LLC, a Texas limited liability company, the general partner of Borrower ("General Partner");

D. WHEREAS, the Borrower will own the Property and the Apartment Complex;

E. WHEREAS, Lender has agreed to make the proceeds of the Loan in the amount of One Hundred Fifty Thousand Dollars and No Cents (\$150,000.00) available to Borrower pursuant to the terms hereof for the construction and operation of the HOME-Assisted Units (the "Work");

F. WHEREAS, the Borrower will construct and operate the Apartment Complex and the HOME-Assisted Units on the real property described in **Exhibit A**, attached hereto and made a part hereof (such real property and any and all improvements located or to be located thereon are hereinafter referred to as the "Property"); and

G. WHEREAS, U.S. National Bank ("Senior Lender"), has or will make a loan to the Partnership against the Property (the "Senior Lender Loan") evidenced by a promissory note in the proposed stated principal amount of One Million Five Hundred Thousand Dollars and No Cents (\$1,500,000.00), dated as of even date herewith (as may be amended, the "Senior Lender Note"), and secured by, among other documents, a deed of trust dated as of even date herewith (as may be amended, the "Senior Lender Mortgage"). The Senior Lender Note, the Senior Lender Mortgage and all other documents governing, securing or evidencing the Senior Lender

Note and/or the Senior Lender Loan are collectively referred to as the "Senior Lender Loan Documents".

NOW THEREFORE, Borrower and Lender severally and collectively agree, and by the execution hereof are bound, to the mutual obligations herein contained and to the performance and accomplishment of the tasks hereinafter described.

I. DEFINITIONS

1.1 For purposes of this Loan Agreement, in addition to the definitions and references set forth throughout this Loan Agreement, the following terms shall have the meanings indicated:

- (A) "Business Day" shall mean every day of the week, except all Saturdays, Sundays and those scheduled holidays officially adopted and approved by Lender for its employees.
- (B) "Environmental Law" shall mean any federal, state or local law, statute, ordinance or regulation pertaining to health, industrial hygiene or the environmental conditions on, under or about the Property including, without limitation, (i) the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendments of 1984, as now or hereafter amended (42 U.S.C. §6901, et. seq.); (ii) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, as now or hereafter amended (42 U.S.C. §9601, et. seq.); (iii) the Clean Water Act, as now or hereafter amended (33 U.S.C. §1251, et. seq.); (iv) the Toxic Substances Control Act, as now or hereafter amended (15 U.S.C. §2601, et. seq.); (v) the Clean Air Act, as now or hereafter amended (42 U.S.C. §7401, et. seq.), Texas Solid Waste Disposal Act (V.T.C.A. Health and Safety Code §361.001, et. seq.) and the Texas Water Code (V.T.C.A. Water Code §26.001-26.407); (vi) all regulations promulgated under any of the foregoing; (vii) any local, state or federal law, statute, regulation or ordinance analogous to any of the foregoing; and (viii) any other federal, state or local law (including any common law), statute, regulation or ordinance regulating, prohibiting or otherwise restricting the placement, discharge, release, threatened release, generation, treatment or disposal upon or into any environmental media of any substance, pollutant or waste which is now or hereafter classified or considered to be hazardous or toxic to human health or the environment.
- (C) "Environmental Report" shall mean a report prepared by a reputable engineer or other party satisfactory to Lender in such detail as Lender may require, indicating that no part of the Property is contaminated with Hazardous Materials or is subject to undue risk of contamination by Hazardous Materials.
- (D) "Governmental Authority" shall mean any and all courts, boards, agencies, commissions, offices or authorities of any nature whatsoever for any governmental unit (federal, state, county, district, municipal or otherwise), whether now or hereafter in existence.

- (E) "Hazardous Materials" shall mean any flammables, explosives, radioactive materials, asbestos, petroleum products or other hazardous waste, including, without limitation, substances defined as "hazardous substances," "hazardous materials" or "toxic substances" in any Environmental Law.
- (F) "HOME Investment Partnership Act" shall mean the HOME Investment Partnership Act, Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, 42 U.S.C. Section 1201 et seq., and the Regulations thereunder at 24 C.F.R. Part 92.
- (G) "Legal Requirements" shall mean (i) any and all present and future judicial decisions, statutes, rulings, rules, regulations, permits, certificates or ordinances of any Governmental Authority in any way applicable to Borrower, including, without limitation, the ownership, use, construction, rehabilitation, development, occupancy, possession, operation, maintenance, alteration, repair or reconstruction thereof, (ii) any and all covenants, conditions and restrictions contained in any deed or other form of conveyance or in any other instrument of any nature that relate in any way or are applicable to the Property or the ownership, use, construction, occupancy, possession, operation, maintenance, alteration, repair or reconstruction thereof, (iii) Borrower's presently or subsequently effective bylaws and articles of incorporation or partnership, limited partnership, joint venture, trust or other form of business association agreement, (iv) any and all leases related to the Property, (v) other contracts, whether written or oral, of any nature that relate in any way to the Property or the Work and to which Borrower may be bound.
- (H) "Loan Documents" shall mean (i) this Loan Agreement, (ii) that Promissory Note (the "Note"), of even date herewith, executed by Borrower, evidencing its obligation for payment to Lender in connection with the Loan, and (iii) that Declaration of Restrictive Covenant of Affordability (the "Declaration") of even date herewith, executed by Borrower in connection with the Property.
- (I) "Material" shall mean (i) as to monetary matters, any amount in excess of \$50,000.00 or (ii) as to all other matters, any fact or circumstance without which Lender, in its reasonable opinion, would not have made the Loan.
- (J) "Plans" shall mean any and all contracts and agreements, written or oral, between Borrower's architect (the "Architect") for the Property (as such term is defined herein) and Borrower, together with the final plans, specifications, shop drawings and other technical descriptions prepared for the construction done in connection with the Property, and all amendments and modifications thereof.

II. TERM

2.1 Except as otherwise provided for pursuant to the provisions hereof, this Loan Agreement shall commence immediately upon its execution and shall terminate at the end of the Note term, unless otherwise provided for herein.

2.2 Notwithstanding the provisions of paragraph 2.1 hereof, the completion date for construction of Property shall be no later than fourteen (14) months.

III. RESPONSIBILITIES

3.1 Borrower hereby accepts responsibility for the performance, in a satisfactory and efficient manner as reasonably determined by Lender, of all services and activities set forth in this Loan Agreement.

3.2 Unless written notification by Borrower to the contrary is received and approved by Lender (not to be unreasonably withheld), the authorized officers of Borrower's General Partner or such other individual as determined by Borrower's General Partner, shall be Borrower's designated representative responsible for the management of all contractual matters pertaining to this Loan Agreement.

3.3 Lender's General Manager, or his/her designee, shall be Lender's representative responsible for the administration of this Loan Agreement.

3.4 Communications between Lender and Borrower shall be directed to the parties designated in the notice provision of this Agreement.

3.5 At all times during the Work, Borrower shall (i) permit Lender, the General Contractor or any other contractor, engineer, agent, consultant or other inspector representing or selected to perform services by Lender in connection with the Work, or their representatives, to enter upon the Property, to inspect the same and all materials to be used in the Work and to examine the Plans, (ii) subject to the rights of Senior Lender, deliver to Lender, within five (5) days of Lender's request copies of any and all contracts related in any manner to the Work, bills of sale, statements, conveyances, receipted vouchers or agreements of any nature under which Borrower claims title to any materials or supplies used or to be used in the Work, (iii) upon request of Lender, erect and maintain, or cause the erection and maintenance, on the Property, in a reasonable size and location, a sign satisfactory to Lender stating that a portion of the financing for the Work has been furnished by Lender's HOME Investment Partnerships Act (HOME) funds, (vi) use all advances made to it by Lender for, and only for, payment of the costs related to the construction of the improvements comprising the Property and under no circumstances use, directly or indirectly, any portion of such advances for any other purpose, (vii) upon demand of Lender if not otherwise obligated, require Borrower to furnish Lender with a current list of original contractors, subcontractors, materialmen, vendors, artisans and laborers performing the Work or any portion thereof, and (viii) upon demand of Lender, require Borrower to correct any material structural defect in the Property or any material major departure from the Plans with net cost increase of \$50,000, not previously approved in writing by Lender, it being understood and agreed that the advance of any loan proceeds shall not constitute a waiver of Lender's right to require compliance with this paragraph with respect to

any such defects or departures. Within ten (10) days after completion of the construction of all of the improvements comprising the Property, Borrower and General Contractor shall execute and file an Affidavit of Completion in accordance with Section 53.106 of the Texas Property Code and promptly upon such filing, provide Lender a file-stamped copy thereof.

3.6 Borrower shall give Lender prompt, written notice of the occurrence of any casualty affecting or the institution of any proceedings for eminent domain or for the condemnation of the Property or any portion thereof.

3.7 Additionally, Borrower shall be solely responsible for all aspects of Borrower's business and conduct in connection with the Property and the Senior Lender Loan, including without limitation:

- (A) The quality and suitability of the Plans;
- (B) Supervision of construction in connection with the Work;
- (C) The qualifications, financial condition and performance of all architects, engineers, contractors, subcontractors and material suppliers, consultants and property managers;
- (D) Conformance of construction done in connection with the Plans, to all Legal Requirements and to the requirements of this Agreement and the other Loan Documents;
- (E) The quality and suitability of all materials and workmanship; and
- (F) The accuracy of all requests for the disbursement of the proceeds of the Loan and the proper application of disbursed proceeds of the Loan.

IV. COMPLIANCE WITH FEDERAL, STATE AND LOCAL LAWS

4.1 Borrower understands that funds provided to it pursuant to this Loan Agreement are funds which have been made available to Lender by the federal government under the HOME Investment Partnership Program (Final Rule) and in accordance with Lender's HUD-approved Grant Application and with other specific assurances made and executed by Lender. Borrower, therefore, represents and warrants that it will comply with the requirements of the HOME Investment Partnership Program (Final Rule) and with all regulations promulgated thereunder, codified at Title 24 of the Code of Federal Regulations. Borrower understands, however, that the HOME Investment Partnership Program (Final Rule) in no way is meant to constitute a complete compilation of all duties imposed upon Borrower by law or administrative ruling, or to narrow the standards which Borrower must follow. Accordingly, Borrower understands that if the regulations and issuances promulgated pursuant to the HOME Investment Partnership Program (Final Rule) are amended or revised, it shall comply with them or otherwise promptly notify Lender pursuant to the provisions of Article XLV of this Loan Agreement.

4.2 Intentionally Deleted.

4.3 Borrower shall ensure that the general contractor ("General Contractor") and all other contractors and subcontractors receiving funds in connection with the Work are familiar with, and shall comply with, any and all applicable Legal Requirements to which the Work is subject, and Borrower shall include a statement of this requirement as part of every contract awarded in connection with the Work.

4.4 Borrower shall observe and comply with all Legal Requirements.

V. BORROWER'S WARRANTIES AND REPRESENTATIONS

5.1 Borrower hereby unconditionally warrants, represents and guarantees unto Lender the following:

- (A) Borrower possesses the legal authority, pursuant to any proper, appropriate and official motion, resolution or action passed or taken, to enter into this Loan Agreement and the other Loan Documents and to perform the responsibilities herein required, and each such document constitutes a legal and binding obligation of, and is valid and enforceable against, Borrower and the Property (as the case may be) in accordance with the terms thereof.
- (B) The individual signing this Loan Agreement on behalf of Borrower has full legal authority to execute this Loan Agreement on behalf of Borrower and to bind Borrower to all terms, performances and provisions herein contained.
- (C) Any and all information, reports, papers and other data (including, without limitation, any and all balance sheets, statements of income or loss, reconciliation of surplus and financial data of any other kind) heretofore furnished or to be furnished Lender by or on behalf of Borrower are, or when delivered will be, true and correct in all material respects; all financial data has been, or when delivered will have been, prepared in accordance with generally accepted accounting principals consistently applied, and fully and accurately present, or will present, the financial condition of the subjects thereof as of the dates thereof; and, with respect to the financial data heretofore furnished, no materially adverse change has occurred in the financial condition reflected therein, since the dates thereof.
- (D) Except as may be otherwise set forth on any exhibit attached hereto, there are no actions, suits or proceedings of a material nature pending or, to the knowledge of Borrower, threatened against or affecting Borrower or the Property; and no event has occurred (including specifically Borrower's execution of the security documents related to the Loan and Borrower's consummation of the Loan) which will violate, be in conflict with, result in the breach of or constitute (with due notice, if applicable, or lapse of time, or both) a default under any Legal Requirement.

- (E) Borrower has (or prior to commencement of the construction referred to herein will have) (i) received all requisite building permits and approvals in connection with the Property, (ii) filed and/or recorded all requisite plats and other instruments and (iii) complied with all Legal Requirements required to be met prior to commencement of construction work done in connection with the Property.
- (F) All streets, easements, utilities and related services necessary for the construction done in connection with the Property and the operation thereof for their intended purpose are (or within thirty (30) days prior to completion of the construction work done in connection with the Property, will be) available to the boundaries of the Property, including, without limitation, potable water, storm and sanitary sewer, gas, electric and telephone facilities and garbage removal.
- (G) To the best of Borrower's actual knowledge, the Property has not been the site of any activity that would violate any past or present Legal Requirement, including, without limitation, any Environmental Law. Specifically, without limitation and to the best of Borrower's knowledge (i) no solid waste, as that term is defined in the Texas Solid Waste Disposal Act, and no petroleum or petroleum products have been handled on such that they may have leaked or spilled onto the Property or contaminated the Property, (ii) there is no on-site contamination resulting from activities on the Property or adjacent tracts, (iii) there is no off-site contamination resulting from activities on the Property, (iv) the Property contains no Hazardous Materials and (v) there are no underground storage tanks located in, on or under the Property, and that it has obtained specific written assurance to such effect.
- (H) Borrower has delivered to Lender duly executed documentation creating and lawfully establishing Borrower including evidence of any required filing with the Texas Secretary of State.

5.2 In the event that a dispute arises as to the legal authority to enter into this Loan Agreement of either Borrower or the person signing on behalf of Borrower, and the same is not remedied or dismissed within thirty (30) calendar days of Borrower's receipt of notice thereof, Lender shall have the right, at its option, to either temporarily suspend or permanently terminate this Loan Agreement. Should Lender suspend or permanently terminate this Loan Agreement pursuant to this paragraph, however, Borrower shall be liable to Lender for any money it has received from Lender for performance of any of the provisions hereof.

VI. MAINTENANCE OF EFFORT

6.1 Borrower agrees that the funds and resources provided to it under the terms of this Loan Agreement shall in no way be substituted for funds and resources provided from other sources, nor shall such funds and resources in any way serve to reduce the funds, resources, services, or other benefits which would have been available to, or provided through, Borrower had this Loan Agreement not been executed.

VII. PERFORMANCE BY BORROWER

7.1 Borrower, in accordance and compliance with the terms, provisions and requirements of this Loan Agreement, shall arrange for the management, performance and provision of all of the activities and services necessary to complete the Work, as set forth in the Description of Work attached hereto and incorporated for all purposes as **Exhibit B**, to Lender's satisfaction. The funds available for utilization hereunder shall be as described in the "Project Budget", which is attached hereto as **Exhibit C**.

VIII. DRAW REQUESTS

8.1 In consideration of Borrower's performance, in a satisfactory and efficient manner as reasonably determined by Lender, of all services and activities set forth in this Loan Agreement, Lender agrees to reimburse to Borrower for all eligible expenses incurred hereunder. Such reimbursement, however, shall be in accordance with the Project Budget and shall be subject to any and all limitations and provisions set forth in this Article and in Article X hereof. Borrower may make draw requests using the form attached as **Exhibit D** (AIA Form G702).

8.2 Notwithstanding any other provision of this Loan Agreement, or of any of the other Loan Documents, the total of all of the payments described in Section 8.1 above shall not exceed the sum of \$150,000.00, evidenced by the Note.

8.3 It is expressly understood by Lender and Borrower that this Agreement in no way obligates Lender's general fund monies or any other monies or credits of Lender.

8.4 Lender shall not be liable for any Borrower cost, or portion thereof, which:

- (A) Has been paid, reimbursed or is subject to payment or reimbursement from another source;
- (B) Is not in strict accordance with the terms of this Loan Agreement or of the other Loan Documents, including all exhibits attached;
- (C) Has not been billed to Lender in accordance with the terms of this Loan Agreement within sixty (60) calendar days following billing to Borrower, or termination of this Loan Agreement, whichever is earlier; or
- (D) Is not an allowable cost as defined by Article X of this Loan Agreement or by the Project Budget.

8.5 Lender shall not be liable for any Borrower cost, or portion thereof, which is or was incurred in connection with an activity of Borrower where:

- (A) Prior written authorization from Lender is required for the activity and such authorization was not first procured; or

- (B) Lender has requested that Borrower furnish data concerning an activity prior to proceeding further therewith and Borrower nonetheless proceeds without first submitting the data and receiving Lender approval thereof (not to be unreasonably withheld).

8.6 Except as otherwise provided in the Loan Documents, Lender shall not be obligated or liable under this Loan Agreement to any party other than the Borrower, for payment of any monies or provision of any goods or services.

8.7 In addition to any other requirements or restrictions herein or in any of the Loan Documents, Lender shall not be obligated to advance funds under this Article to Borrower unless and until:

- (A) Upon written request from Lender providing Borrower a reasonable opportunity to respond, Borrower shall deliver to Lender true, legible and correct copies of the following:
 - (i) the Plans and the final draft of all contracts for any work to be done in connection with the Property;
 - (ii) a certificate from the Architect stating that the Plans have been approved by the Architect and that the contracts for work executed or to be executed in connection with the Property are acceptable to the Architect and satisfactorily provide for the construction contemplated herein in connection with the Work and the Property;
 - (iii) all authorizations and permits which are then procurable and required by any Legal Requirement for the construction and proposed use contemplated herein in connection with the Work and the Property;
 - (iv) an original current survey of the Property showing the perimeter of the Property by courses and distances, all plotable easements and rights-of-way, the boundary lines of the streets abutting the Property and the width thereof, any encroachments and the extent thereof in feet and inches, the relation of the proposed improvements to the Property by distances to the perimeter of the Property and the proposed building lines;
 - (v) Intentionally Deleted;
 - (vi) if required by Lender, a payment and performance bond or bonds from the Contractor's subcontractors performing work in excess of \$500,000 satisfactory to Lender, which bond or bonds shall name Lender as an additional obligee;
 - (vii) a soils investigation report from a soils engineer satisfactory to Lender, in Lender's reasonable discretion;
 - (viii) Intentionally Deleted;

- (ix) a complete Project Budget in form and substance satisfactory to Lender, in Lender's reasonable discretion;
 - (x) a copy of the form of tenant lease satisfactory to Lender (in its reasonable determination) to be used by Borrower in connection with the use of the Property upon completion of construction set forth herein;
 - (xi) the Environmental Report; and
 - (xii) any other documents and information as Lender may reasonably require.
- (B) The Loan Documents have been duly authorized, executed and recorded or filed in accordance with applicable Legal Requirements and original counterparts thereof delivered to Lender.
 - (C) Intentionally Deleted.
 - (D) Borrower pays to Lender, or any other person or party entitled thereto, all fees and costs then due and payable in connection with this Loan Agreement or any of the other Loan Documents.
 - (E) Borrower has complied with each and every provision of this Loan Agreement and other Loan Documents requiring such compliance prior to the disbursement or reimbursement by Lender of Loan funds, unless Lender has waived any such requirement in writing.

8.8 To the extent there are disbursements of proceeds of the Loan, in order to ensure that the disbursement procedure operates in the most efficient manner, the parties agree to use their best efforts to adhere to the following procedures and timetable in requesting disbursements of the proceeds of the Loan:

- (A) Borrower shall notify Lender in writing or by telephone on or about the twenty fifth (25th) day of each month of its intention to schedule an on-site inspection (a "Field Progress Meeting") by all necessary parties prior to the end of that month.
- (B) Borrower, Borrower's General Contractor, HUD's representative, and at Lender's option, Lender's representative and/or, at Senior Lender's option, Senior Lender's representative, and all necessary subcontractors (as determined by General Contractor and Architect) shall attend the Field Progress Meeting and shall review the percentage and dollar amount of work completed and in place, and the amount of stored and insured materials on-site and off-site. Borrower shall be responsible for notifying all of the above of the time and date of the meeting far enough in advance so that all parties may attend. Unless required by HUD, no variation of percentage of work will be allowed from that agreed to at the Field Progress Meeting. During each Field Progress Meeting, Lender shall be provided an opportunity to review and comment on General Contractor's requisition (Form AIA G702).

- (C) Borrower shall submit a requisition for each disbursement of Loan proceeds under this Agreement (each a "Requisition") hereunder, together with copies of all back up materials related to such Requisition. Lender shall have ten (10) business days to review the Requisition and related back-up materials. Lender agrees to advise Borrower of Lender's comments, concerns or objections, if any, within such ten (10) business day period. If Lender fails to so advise Borrower within such ten (10) business day period, Borrower may assume that Lender has no comments, concerns or objections. Lender understands that Senior Lender's disbursements shall be made under the Senior Lender Loan Documents, without regard to Lender's comments and concerns regarding any request for disbursement.

IX. RECEIPT, DISBURSEMENT AND ACCOUNT OF FUNDS BY BORROWER

9.1 Intentionally Deleted.

9.2 Within ten (10) business days of Lender's written request therefore, Borrower shall refund to Lender any sum of money paid by Lender to Borrower later determined to:

- (A) Have resulted in overpayment to Borrower;
- (B) Have not been spent by Borrower strictly in accordance with the terms of this Loan Agreement; or
- (C) Not supported by adequate documentation to fully justify the expenditure.

9.3 Upon termination of this Loan Agreement, should any expense or charge for which payment has been made be subsequently disallowed or disapproved as a result of any auditing or monitoring by Lender, HUD, or any other federal agency, Borrower shall refund such amount to Lender within twenty (20) calendar days of Lender's written request therefore wherein the amount disallowed or disapproved shall be specified. Refunds of disallowed or disapproved costs, however, shall not be made from funds received pursuant to this Loan Agreement or from funds received from or through the federal government or Lender.

9.4 Within thirty (30) calendar days following the completion date for the construction work for the Property, upon Lender's request, and utilizing the format provided by Lender, Borrower shall provide Lender with such information as Lender shall require to complete Lender's Performance Measurement System in accordance with HUD requirements.

9.5 Upon termination of this Loan Agreement all unclaimed (i.e., 30 calendar days or older) monies must be returned to Lender in the following format:

- (A) A cashier's check for the net aggregate amount payable to the "Hidalgo County, Texas, Urban County Program".
- (B) If applicable, a listing showing each person's social security number, full name, last known complete address and amount owing to such person.

X. ALLOWABLE COSTS

10.1 Costs shall be considered allowable only if approved by Lender in writing (not to be unreasonably withheld) and incurred directly and specifically in the performance of and in compliance with this Loan Agreement and with all Legal Requirements.

10.2 Approval of the Project Budget, however, shall not constitute prior written approval of the items included therein, which require Lender's prior written authorization in order to be considered allowable costs. For example, Lender's prior written authorization shall be required in order for the following to be considered allowable costs:

- (A) Encumbrance or expenditure during any one month period falling within the term of this Loan Agreement which exceeds one-twelfth (1/12) of any budgeted line items for personnel costs as specified in the Project Budget;
- (B) Sub-contracts, to-wit, Lender shall not be obligated to any third parties (including any sub-contractors of Borrower) nor shall Lender funds be used to pay for contract services extending beyond the expiration of this Loan Agreement;

10.3 Written requests for prior approval shall be Borrower's responsibility and shall be made within sufficient time to permit a thorough review by Lender.

XI. FURTHER REPRESENTATIONS, WARRANTIES AND COVENANTS

11.1 Borrower further represents and warrants that:

- (A) All information, data or reports heretofore or hereafter provided to Lender is, shall be and shall remain complete and accurate in all material respects as of the date shown on the information, data or report, and that since said date shown, shall not have undergone any significant adverse change without prior, written notice to Lender;
- (B) Any supporting financial statements heretofore or hereafter provided to Lender are, shall be and shall remain, in all material respects, complete, accurate and fairly reflective of the financial condition of Borrower on the date shown on said statements and during the period covered thereby, and that since said date shown, except as provided by written notice to Lender, there has been no material change, adverse or otherwise, in the financial condition of Borrower;
- (C) No litigation or proceedings are presently pending or, to Borrower's knowledge threatened against Borrower or involving the Property;
- (D) None of the provisions contained herein contravene or in any way conflict with the authority under which Borrower is doing business or with the provisions of any existing indenture or agreement of Borrower;
- (E) Borrower has the legal authority to enter into this Loan Agreement and accept payments hereunder, and has taken all necessary measures to authorize such

execution of contract and acceptance of payments pursuant to the terms and conditions hereof; and

- (F) None of the assets of the Borrower are currently and for the duration of this Loan Agreement subject to any lien or encumbrance of any character, except for current taxes not delinquent and except as shown in the financial statements provided by Borrower to Lender and except as described in the other Loan Documents.

11.2 Each of the foregoing representations, warranties and covenants shall be continuing and deemed repeated each time Borrower submits a new request for payment in accordance with the terms, provisions and requirements of this Loan Agreement.

XII. MAINTENANCE OF RECORDS

12.1 Borrower agrees to maintain records that will provide accurate, current, separate, and complete disclosure of the status of any funds received pursuant to this Loan Agreement. The Borrower further agrees:

- (A) That maintenance of said records shall be in compliance with all terms, provisions and requirements of this Loan Agreement and with all applicable federal and state regulations establishing standards for financial management; and
- (B) The Borrower's record system shall contain sufficient documentation to provide in detail full support and justification for each expenditure.

12.2 The Borrower agrees to retain, for a period of three (3) years and under the conditions specified by Lender, all books, records, documents, reports, and written accounting policies and procedures pertaining to the operation of programs and expenditures of funds under this Loan Agreement.

12.3 The Borrower agrees to include the substance of this Article in all of its sub-contracts.

12.4 Nothing in this Article shall be construed to relieve the Borrower of:

- (A) Responsibility for retaining accurate and current records which clearly reflect the level and benefit of services provided under this Loan Agreement; and
- (B) Fiscal accountability and liability pursuant to this Loan Agreement and any Legal Requirements.

XIII. PROGRAM INCOME

13.1 For purposes of this Agreement, "program income" shall mean earnings of the Borrower, if any, derived from the HOME-Assisted Units and realized from activities resulting from this Agreement or from Borrower's management of funding provided or received hereunder. Such earnings shall include, but shall not be limited to, interest income; usage or rental/lease fees; income produced from contract-supported services of individuals or employees or from the use of equipment or facilities of the Borrower provided as a result of this Agreement; and

payments from clients or third parties for services rendered by the Borrower pursuant to this Agreement.

13.2 Records of the receipt and disposition of program income shall be maintained by the Borrower. The Borrower agrees to submit a quarterly report to Lender of all program income received during the preceding quarter. Alternative arrangements to this requirement may be made only upon written request to and written approval by Lender (not to be unreasonably withheld).

13.3 The Borrower shall include this Article, in its entirety, in all of its subcontracts involving income-producing services or activities.

13.4 It shall be the Borrower's responsibility to obtain from Lender a prior determination as to whether or not income arising directly or indirectly from this Agreement, or from the performance thereof, constitutes program income, and unless otherwise approved in writing by Lender (not to be unreasonably withheld), the Borrower shall be responsible to Lender for the repayment of any and all amounts determined by Lender to be program income.

XIV. ACCESSIBILITY OF RECORDS

14.1 Upon providing written request no less than fourteen (14) days in advance, Borrower shall make all of its records available to Lender or HUD or any of their authorized representatives, and shall permit Lender, HUD, or any of their authorized representatives to audit, examine, and make excerpts and/or copies of same. The Borrower's records shall include, but shall not be limited to, the following: payroll, personnel and employment records, contracts, and invoices.

XV. PERFORMANCE RECORDS AND REPORTS

15.1 As often and in such form as Lender may require, the Borrower will furnish Lender such performance records and reports related to the Property deemed by Lender as pertinent to matters covered by this Loan Agreement. (Refer to Exhibit D – Performance Reports with Performance Measures form.)

15.2 Intentionally Deleted.

15.3 As of the commencement date of this Loan Agreement, Borrower agrees to gather, retain and make available to Lender information and data relative to all program and financial reporting.

XVI. MONITORING AND EVALUATION

16.1 Lender, at Lender's option, may perform on-site monitoring of the Borrower's performance pursuant to the terms of this Loan Agreement.

16.2 Borrower agrees that Lender may, at Lender's sole and reasonable discretion, carry out monitoring and evaluation activities so as to ensure compliance by Borrower with this Loan

Agreement, the program assurances and certifications executed by Lender, and all other Legal Requirements.

16.3 Borrower agrees to cooperate fully with Lender in the development, implementation and maintenance of record-keeping systems and to provide Lender with any data determined by Lender to be necessary for its effective fulfillment of its monitoring and evaluation responsibilities.

16.4 Borrower agrees that it will cooperate with Lender in such a way so as not to obstruct or delay Lender in its monitoring of Borrower's performance and that it will designate one of its staff to coordinate the monitoring process as requested by Lender staff.

16.5 After each official monitoring visit, Lender shall provide Borrower with a written report of monitoring findings.

16.6 Upon Lender's request, copies of any fiscal, management, or audit reports by any of Borrower's funding or regulatory bodies shall be submitted by Borrower to Lender within five (5) business days of receipt thereof by Borrower.

XVII. INSURANCE

17.1 Borrower shall observe sound business practices with respect to providing such insurance as would provide adequate coverage for the Property and activities under this Loan Agreement.

17.2 Upon request of Lender, Borrower shall provide Lender with: (1) proof of timely payment (i.e. before past due and incurring penalties) in full of all taxes assessed against the Property and (2) evidence of Borrower's current payment status on all loans in connection with the Property.

17.3 Premiums chargeable for any and all insurance related to the Property shall be paid by Borrower or its designate, at its own expense, unless otherwise authorized in writing by Lender, and such insurance shall be kept in force during and throughout the term of this Loan Agreement.

17.4 Upon Lender's request, Borrower must provide to Lender certificates evidencing renewals or replacements of the policies of said insurance at least thirty (30) calendar days prior to the expiration or cancellation of any such policies. Additionally, the Borrower shall provide Lender evidence of the payment of all premiums therefore.

17.5 Actual losses not covered by insurance as required by this Article shall not be allowable costs under this Loan Agreement, and shall therefore remain the sole responsibility of the Borrower.

17.6 Should Borrower, either directly or indirectly, engage in any construction, rehabilitation, or renovation type activities utilizing funds provided pursuant to this Loan Agreement, then the current and specific bonding and compliance provisions required at that time shall prevail.

XVIII. INDEMNIFICATION

18.1 Borrower covenants and agrees to FULLY INDEMNIFY and HOLD HARMLESS, Lender and the elected officials, employees, officers, directors, volunteers and representatives of Lender, individually or collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal or bodily injury, death and property damage, made upon Lender, directly or indirectly arising out of, resulting from or related to Borrower's activities under this Loan Agreement, including any acts or omissions of Borrower, any agent, officer, director, representative, employee, consultant, contractor or subcontractor of Borrower, and their respective officers, agents, employees, directors and representatives while in the exercise or performance of the rights or duties under this Loan Agreement, all without, however, waiving any governmental immunity available to Lender under Texas law and without waiving any defenses of the parties under Texas law. IT IS FURTHER COVENANTED AND AGREED THAT SUCH INDEMNITY SHALL NOT APPLY WHERE SUCH COSTS, CLAIMS, LIENS, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY AND/OR SUITS ARISE IN PART OR IN WHOLE FROM THE NEGLIGENCE OR ACTS OF OMISSION OF LENDER, THE ELECTED OFFICIALS, EMPLOYEES, OFFICERS, DIRECTORS AND REPRESENTATIVES OF LENDER. The provisions of this INDEMNIFICATION are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity. Borrower shall promptly advise Lender in writing of any claim or demand against Lender or Borrower known to Borrower related to or arising out of Borrower's activities under this Loan Agreement and shall see to the investigation and defense of such claim or demand at Borrower's cost. The Lender shall have the right, at its option and at its own expense, to participate in such defense without relieving Borrower of any of its obligations under this paragraph.

18.2 It is expressly understood and agreed that Borrower is and shall be deemed to be an independent contractor and operator responsible to all parties for its respective acts or omissions and that Lender shall in no way be responsible therefore.

XIX. EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION

19.1 Borrower shall comply with all applicable Legal Requirements.

19.2 So that Lender can investigate compliance with local, state and federal equal employment opportunity and affirmative action rules, regulations and laws, Borrower shall furnish to Lender any and all information and reports requested by Lender, and shall permit access by Lender of any and all of its books, records and accounts.

19.3 In the event of non-compliance by Borrower (or Borrower's sub-contractors) with any Legal Requirements, and following the expiration of the notice and cure period as described in Section 33.1 hereinafter, this Loan Agreement may be canceled, terminated, or suspended by Lender, in whole or in part, and Borrower may be barred from further contracts with Lender.

XX. NONDISCRIMINATION

20.1 Borrower covenants that it, or agents, employees or anyone under its control, will not discriminate against any individual or group on account of race, color, sex, age, religion, national origin, handicap or familial status, in employment practices or in the use of or admission to the Property, which said discrimination Borrower acknowledges is prohibited.

XXI. CONFLICT OF INTEREST

21.1 Borrower covenants that neither it nor any member of its governing body or of its staff presently has any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Loan Agreement. Borrower further covenants that in the performance of this Loan Agreement, no persons having such interest shall be employed or appointed as a member of its governing body or of its staff.

21.2 Borrower further covenants that no member of its governing body or of its staff shall possess any interest in, or use their position for, a purpose that is or gives the appearance of being motivated by desire for private gain for themselves or others, particularly those with which they have family, business, or other ties.

21.3 No member of Borrower's governing body or of its staff who exercises any function or responsibility in the review or approval of the undertaking or carrying out of this Loan Agreement shall:

- (A) Participate in any decision relating to this Loan Agreement which may affect his or her personal interest or the interest of any corporation, partnership, or association in which he or she has a direct or indirect interest; or
- (B) Have any direct or indirect interest in this Loan Agreement or the proceeds thereof.

XXII. RESERVED

22.1 Reserved.

XXIII. POLITICAL ACTIVITY

23.1 None of the performance rendered hereunder shall involve, and no portion of the funds received hereunder shall be used, either directly or indirectly, for any political activity including, but not limited to, an activity to further the election or defeat of any candidate for public office or for any activity undertaken to influence the passage, defeat or final content of local, state or federal legislation.

XXIV. SECTARIAN ACTIVITY

24.1 None of the performance rendered hereunder shall involve, and no portion of the funds received hereunder shall be used, directly or indirectly, for the construction, operation, maintenance or administration of any sectarian or religious facility or activity, nor shall said

performance rendered or funds received be utilized so as to benefit, directly or indirectly, any such sectarian or religious facility or activity.

XXV. DIRECTORS' MEETINGS

25.1 Borrower understands and agrees that Lender representatives shall be afforded access to all Board of Directors' meetings.

XXVI. PUBLICITY

26.1 When appropriate, as determined by and upon written approval of Lender (not to be unreasonably withheld), Borrower shall publicize the activities conducted by Borrower pursuant to the terms of this Loan Agreement. In any news release, sign, brochure, or other advertising medium disseminating information prepared or distributed by or for Borrower, however, mention shall be made of HUD funded Lender participation having made the Work possible.

XXVII. PUBLICATIONS

27.1 All published materials and written reports submitted pursuant to this Loan Agreement shall be originally developed unless otherwise specifically provided for herein. If material not originally developed is included in a report, however, said material shall have its source identified, either in the body of the report or by footnote, regardless of whether the material is in a verbatim or extensive paraphrase format.

27.2 All published materials describing the various funding sources for construction of the Property shall include the following reference:

"This document was prepared in accordance with the County of Hidalgo's HOME Investment Partnerships Program, with funding received from the United States Department of Housing and Urban Development."

XXVIII. RIGHTS TO PROPOSAL AND CONTRACT MATERIAL

28.1 Reserved.

XXIX. FUNDING APPLICATIONS

29.1 Reserved.

XXX. CERTIFICATION REGARDING DEBARMENT, SUSPENSION, PROPOSED DEBARMENT, AND OTHER RESPONSIBILITY MATTERS

30.1 Borrower certifies, and Lender relies thereon in execution of this Loan Agreement, that neither Borrower nor its Principals are presently debarred, suspended, proposed for debarment, or declared ineligible, or voluntarily excluded for the award, proposed for debarment, or

declared ineligible, or voluntarily excluded for the award of contracts by any Federal governmental agency or department.

30.2 "Principals," for the purposes of this certification means officers, directors, owners, partners, and persons having primary management or supervisory responsibilities within a business entity (e.g., general manager, plant manager, head of subsidiary, division, or business segment, and similar positions).

30.3 Borrower shall promptly provide written notice to Lender, in accordance with Article XLV, if at any time during the term of this Loan Agreement, including any renewals hereof, Borrower learns that its certification was erroneous when made or has become erroneous by reason of changed circumstances.

30.4 Borrower's certification is a material representation of fact upon which Lender has relied in entering into this Loan Agreement. Should Lender determine, at any time during this Loan Agreement, including any renewals hereof, that this certification is false, or should it become false due to changed circumstances, Lender may, subject to the notice and cure period set forth in Section 33.1 hereof, terminate this Loan Agreement in accordance with Article XXXIV Termination.

XXXI. SUB-CONTRACTING

31.1 Work or services approved for sub-contracting of any of the Work shall be sub-contracted only by written contract or agreement and, unless specific waiver is granted in writing by Lender, shall be subject by its terms to each and every applicable provision of this Loan Agreement. Compliance by the Borrower's sub-contractors with this Loan Agreement shall be the responsibility of Borrower.

31.2 The Borrower agrees that no sub-contract approved pursuant to this Loan Agreement shall provide for payment on a "cost plus a percentage of cost" basis.

31.3 Despite Lender approval of a sub-contract, Lender shall in no event be obligated to any third party, including Borrower or any sub-contractor of Borrower, for performance of work or services, nor shall Lender funds ever be used for payment of work or services performed prior to the date of Loan Agreement execution or extending beyond the date of Loan Agreement expiration.

XXXII. CHANGES AND AMENDMENTS

32.1 Except when the terms of this Loan Agreement expressly provide otherwise, any alterations, additions, or deletions to the terms hereof shall be by amendment in writing executed by both Lender and Borrower.

32.2 Prior to the funding of the Loan, whenever and as often as deemed necessary by Lender, Lender may request and require changes to the Work; such changes as requested or required by Lender, however, must be by written amendment hereto and may incorporate therein increases or decreases in the total monetary obligation of Lender to Borrower as provided for pursuant to

the terms, provisions and conditions of this Loan Agreement, subject to approval of HUD and Senior Lender.

32.3 Intentionally Deleted.

32.4 In the event that the level of funding for Borrower or for the Work described herein is altered, Borrower shall submit, promptly upon request by Lender, revised Project Budget and Work information so as to enable re-evaluation by Lender of the original funding levels set forth in the Project Budget.

32.5 It is understood and agreed by the parties hereto that changes in any Legal Requirement may occur during the term of this Loan Agreement and that any such changes shall be automatically incorporated into this Loan Agreement without written amendment hereto, and shall become a part hereof as of the effective date of the rule, regulation or law.

32.6 Borrower further agrees to notify Lender of any changes of Borrower's designated representative for purposes of this Loan Agreement, such notice to be provided within five (5) business days of the change.

XXXIII. NOTICE AND CURE

33.1 Notwithstanding anything to the contrary set forth herein or in any of the other Loan Documents, where it is determined that Borrower has failed to comply with any of the terms and/or conditions of this Loan Agreement and/or any of the terms of any of the other Loan Documents, Lender shall notify Borrower in writing of such determination and shall grant Borrower ten (10) calendar days subsequent to the receipt of such notice to complete corrective monetary defaults and thirty (30) calendar days to complete corrective non-monetary defaults or such amount of time reasonably necessary if such non-monetary default cannot be cured in thirty calendar days, prior to enforcing any of its remedies set forth herein or in any of the other Loan Documents. Any and all references to "default" or "event of default" hereunder, shall require expiration of all applicable notice and cure periods. Upon the occurrence of any such default, Lender shall give Borrower's limited partner notice of default and any limited partner shall be afforded the same opportunity to cure such default as the Borrower.

XXXIV. SUSPENSION OF FUNDING

34.1 Upon determination by Lender of Borrower's failure to timely and properly perform pursuant to the provisions of this Loan Agreement beyond any applicable notice and cure period, or of any of the other Loan Documents beyond any applicable notice and cure period, Lender, without limiting or waiving any rights it may otherwise have, may, at its discretion, withhold any, all and further payments to Borrower.

34.2 The period of funding suspension shall be of such duration as Lender deems appropriate to accomplish corrective action, but in no event shall it exceed thirty (30) calendar days. Upon expiration of the suspension period:

- (A) Should Lender determine that the default or deficiency has been cured, Borrower shall be restored to full compliance status and paid all eligible funds withheld during the suspension period; or
- (B) Should Lender determine continued non-compliance, the provisions of Article XXXV hereunder may be effectuated.

XXXV. TERMINATION

35.1 "Termination" of this Loan Agreement shall mean termination by expiration of the Loan Agreement term, payment in full of the Note, or earlier termination pursuant to any of the provisions hereof.

35.2 Upon providing written notice thirty (30) days in advance of the intended date of termination and subsequent to the expiration of the applicable notice and cure periods as set forth in Section 33.1 hereof, Lender may terminate this Loan Agreement for any of the following reasons:

- (A) Neglect or failure by Borrower to perform or observe any of the terms, conditions, covenants or guarantees of (1) this Loan Agreement, (2) any of the other Loan Documents, or (3) any other valid, written contract or amendment between Lender and Borrower;
- (B) Termination or reduction of funding of the Work by HUD;
- (C) Failure by Borrower to timely cure any default or deficiency basis for suspension of funding hereunder, within the applicable notice and cure period set out in Article XXXIII;
- (D) Finding by Lender that Borrower:
 - (1) is in such unsatisfactory financial condition as to endanger performance under this Loan Agreement, including, but not limited to:
 - (a) the apparent inability of Borrower to meet its financial obligations; and
 - (b) items that reflect detrimentally on the credit worthiness of Borrower, including, but not limited to, liens, encumbrances, etc. on the assets of Borrower;
 - (2) has allocated inventory to this Loan Agreement materially exceeding reasonable requirements; or
 - (3) is delinquent, in the ordinary course of business, in the payment of taxes or in the payment of costs of performance of or related to this Loan Agreement or the Property;

- (E) Reserved.
- (F) The entry by a court of competent jurisdiction of a final order providing for the modification or alteration of the rights of Borrower's creditors;
- (G) Inability by Borrower to conform to changes in any Legal Requirement; and
- (H) Violation by Borrower of any rule, regulation or law to which Borrower is bound or shall be bound under the terms of this Loan Agreement.

35.3 Upon providing written notice thirty (30) days in advance of the intended date of termination, Borrower may terminate this Loan Agreement for any of the following reasons:

- (A) Cessation of outside funding upon which Borrower depends for performance hereunder; Borrower may opt, however, within the limitations of this Loan Agreement and with the written approval of Lender (not to be unreasonably withheld), to seek an alternative funding source, provided that the termination of funding by the initial outside source was not occasioned by a breach of the terms of an agreement evidencing such funding; or
- (B) Upon the dissolution of Borrower organization, provided such dissolution was not occasioned by a breach of this Loan Agreement.

35.4 Upon a decision to terminate by either Lender or Borrower, written notice of such, and the effective date thereof, shall be promptly provided to the other party.

35.5 Upon receipt of notice to terminate, Borrower shall cancel, withdraw, or otherwise terminate any and all outstanding orders and subcontracts, which relate to the performance of this Loan Agreement and the Work. To this effect, Lender shall not be liable to Borrower or Borrower's creditors for any expense, encumbrances or obligations whatsoever incurred after the date of termination or which was not canceled, withdrawn or otherwise terminated by Borrower in accordance with the provisions of this paragraph.

35.6 Upon receipt of notice to terminate, Borrower shall provide Lender a copy of all finished or unfinished documents, data, studies, surveys, charts, drawings, maps, models, photographs, designs, plans, schedules, or other appended documentation to any proposal or contract, prepared by or on behalf of Borrower under this Loan Agreement.

35.7 Within thirty (30) calendar days after receipt of notice to terminate, Borrower shall submit a statement to Lender, indicating in detail the services performed under this Loan Agreement prior to the effective date of termination.

35.8 Any termination of this Loan Agreement as herein provided shall not relieve Borrower from the payment of any sum(s) that shall then be due and payable or become due and payable to Lender hereunder or as provided for at law or in equity, or any claim for damages then or theretofore accruing against Borrower hereunder or by law or in equity, and any such termination shall not prevent Lender from enforcing the payment of any such sum(s) or claim for damages from Borrower. Instead, all rights, options, and remedies of Lender contained in

this Loan Agreement shall be construed and held to be cumulative and not one of them shall be exclusive of the other, and Lender shall have the right to pursue any one or all of such remedies or any such other remedy or relief which may be provided by law or in equity whether or not stated in this Loan Agreement.

35.9 Should this Loan Agreement be terminated by either party hereto for any reason, if the work required hereunder of Borrower is not fully completed or caused to be fully completed to the reasonable satisfaction of Lender in accordance with the terms of this Loan Agreement, Borrower shall refund any and all sums of money paid by Lender to Borrower within ten (10) business days of Lender's written request therefore.

35.10 Upon termination of this Loan Agreement by Lender under Paragraph 34.2(A) hereof, Borrower may be barred from future contracts with Lender.

XXXVI. NOTIFICATION OF ACTION BROUGHT

36.1 In the event that any claim, demand, suit, proceeding, cause of action or other action hereinafter collectively referred to as "claim" is made or brought against Borrower, Borrower shall give written notice thereof to Lender within five (5) business days after itself being notified. Borrower's notice to Lender shall state the date and hour of notification to Borrower of the claim; the names and addresses of those instituting or threatening to institute the claim, the basis of the claim; and the name(s) of any others against whom the claim is being made or threatened. Written notice pursuant to this Article shall be delivered either personally or by mail in accordance with Article XLIV of this Loan Agreement.

XXXVII. ASSIGNMENTS

37.1 Except for the permitted partnership transactions described in paragraph 9 of the Note, Borrower shall not transfer, pledge or otherwise assign this Loan Agreement, any interest in and to same, or any claim arising thereunder, without first procuring Lender's written approval (not to be unreasonably withheld). Any attempt at transfer, pledge or other assignment shall be void ab initio and shall confer no rights upon any third person.

XXXVIII. NO WAIVER OF PROVISIONS OR COMPLIANCE

38.1 Any failure by Lender to insist, or any election by Lender not to insist, upon the strict performance by Borrower of any of the terms, provisions or conditions of the Loan Documents shall not be deemed to be a waiver of same or of any other term, provision or condition thereof, and Lender shall have the right at any time thereafter to insist upon strict performance by Borrower of any and all of same. Additionally, no advance by Lender of any Loan proceeds shall in any way preclude Lender from thereafter declaring a failure by Borrower to comply with any of the terms, provisions or conditions of the Loan Documents an event of default or, as applicable, a reason for termination in accordance with Article XXXV hereof.

XXXIX. SEVERABILITY OF PROVISIONS

39.1 If any clause or provision of this Loan Agreement is held invalid, illegal or unenforceable under present or future Legal Requirement(s), including ordinances of the County of Hidalgo,

Texas, then and in that event it is the intention of the parties hereto that such invalidity, illegality or unenforceability shall not affect any other clause or provision hereof and that the remainder of this Loan Agreement shall be construed as if such invalid, illegal or unenforceable clause or provision was never contained herein; it is also the intention of the parties hereto that in lieu of each clause or provision of this Loan Agreement that is invalid, illegal, or unenforceable, there be added as a part of the Loan Agreement a clause or provision as similar in terms to such invalid, illegal or unenforceable clause or provision as may be possible, legal, valid and enforceable.

XL. RENEWAL NOT AUTOMATIC

40.1 Funding under this Loan Agreement and any amendments or waivers that may be made or granted hereunder shall not be automatically renewed on the anniversary date of this Loan Agreement. To the contrary, funding of any project requiring contract execution shall be achieved only pursuant Lender's approval (not to be unreasonably withheld).

XLI. NON-WAIVER OF PERFORMANCE

41.1 No waiver by Lender of a breach of any of the terms, conditions, covenants or guarantees of this Loan Agreement shall be construed or held to be a waiver of any succeeding or preceding breach of the same or any other term, condition, covenant or guarantee herein contained. Further, any failure of Lender to insist in any one or more cases upon the strict performance of any of the covenants of this Loan Agreement, or to exercise any option herein contained, shall in no event be construed as a waiver or relinquishment for the future of such covenant or option. In fact, no waiver, change, modification or discharge by either party hereto of any provision of this Loan Agreement shall be deemed to have been made or shall be effective unless expressed in writing and signed by the party to be charged.

41.2 No act or omission of Lender and or Borrower shall in any manner impair or prejudice any right, power, privilege, or remedy available to Lender and or Borrower hereunder or by law or in equity, such rights, powers, privileges, or remedies to be always specifically preserved hereby.

41.3 No representative or agent of Lender may waive the effect of the provisions of this Article.

XLII. SPECIAL CONDITIONS

42.1 Borrower shall require to market one (1) HOME-Assisted unit to a resident whose annual gross income does not exceed fifty percent (50%) of the Hidalgo County area median income, adjusted for household size, and one (1) HOME-Assisted unit to a resident whose annual gross income does not exceed sixty percent (60%) of the County of Hidalgo area median income, adjusted for household size, in accordance with HUD Section 8 Income Guidelines. The current "2007 Adjusted HOME Income Limits" approved by HUD for the County of Hidalgo, TX MSA is as follows:

	1	2	3	4	5	6	7	8
	Person	Persons	Persons	Persons	Persons	Persons	Persons	Persons

30% Limits	9050	10350	11650	12950	14000	15000	16050	17100
Very Low Income	15100	17250	19400	21550	23250	25000	26700	28450
60% Limits	18120	20700	23280	25860	27900	30000	32040	34140
Low Income	24150	27600	31050	34500	37250	40000	42800	45550

The current limits can also be found in HUD's website: www.hud.gov.

42.2 Borrower shall execute the Declaration providing that the HOME-Assisted Units shall be used to provide housing for eligible very low to low income tenants, under all applicable federal guidelines on the Property, for a period of twenty (20) years. The Declaration shall be required by Borrower on the date of execution hereof, and record the Declaration in the Real Property Records of Hidalgo County, Texas, and shall be a covenant running with the land.

42.3 Intentionally Deleted.

42.4 Upon Lender's request, Borrower shall prepare, or cause to be prepared, accurate and complete monthly performance measures reports and submit to Lender on or before the tenth (10th) day of each month, with each report reflecting the previous month. Each such report shall contain details of all inputs (i.e., resources) and outputs (i.e., utilization of resources) in conjunction with efficiency and effectiveness measures regarding the HOME-Assisted Units. The form of each report must meet Lender's approval (in Lender's reasonable discretion), and Borrower agrees to make any and all changes to such form as Lender may reasonably recommend as well as provide additional information in connection with such reports as may be reasonably requested by Lender.

42.5 Intentional Deleted.

42.6 Notwithstanding anything to the contrary in the provisions of Article VIII hereof, Borrower shall submit to Lender all requests for funding within sixty (60) days following the purchase of goods or services for which such request is to be requested. All such requests shall be aggregated prior to submission to Lender and submitted to Lender when such amount equals or exceeds \$500.00. All walk through inspections requested by Lender in connection with such requests shall be coordinated with Lender for representation at said walk throughs.

42.7 Borrower shall ensure that all funds disbursed to Borrower by Lender under this Loan Agreement shall be expended only for "allowable costs," as such term is defined herein under Article X, within fifteen (15) days of receipt of said funds by Lender from HUD, in accordance with 24 CFR 92.502(c)(2).

42.8 Borrower understands and acknowledges that Lender shall not be liable for any cost, or portion thereof, which is or was incurred in connection with an activity of Borrower where prior written authorization from Lender is required for the activity and such authorization was not first procured, or Lender has requested that Borrower furnish data concerning an activity

prior to proceeding further therewith and Borrower nonetheless proceeds without first submitting the data and receiving approval thereof (not to be unreasonably withheld).

42.9 Borrower understands and agrees that upon completion of the Work, Borrower shall provide Lender with accurate tenant data, which shall include but not be limited to rent rolls and tenant income verification, and shall forward said data to Lender within thirty (30) business days following completion of construction. Lender shall be responsible for completing a Rental Set Up and Completion Form (Revised 8/06), also known as a Project Completion Report (HUD form 40096); containing said tenant data and any other information as required by Lender to complete said report.

42.10 Reserved.

42.11 Borrower agrees to complete and have completed, a Phase I Environmental Review Record, and warrants that such activity shall be performed by a Certified Environmental entity on or before the closing date set forth herein. Borrower understands and agrees that Lender shall complete a Generic Environmental Review Record in accordance with 24 CFR Part 58, prior to the execution of this Loan Agreement.

42.12 Intentionally Deleted.

42.13 Intentionally Deleted.

42.14 Borrower shall comply with the HOME Program Rent Limits for the applicable fiscal year at the time of lease up. Borrower shall annually provide Lender with documentation on rents and occupancy of HOME Assisted units to demonstrate compliance. The current "2007 HOME Program Rents" that HUD has published for the County of Hidalgo, TX MSA are as follows:

2007 HOME Program Rents / County of Hidalgo, TX MSA							
	Efficiency	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
Low HOME Rent Limit	377	404	485	560	625	689	754
High HOME Rent Limit	470	505	608	694	755	814	874
Fair Market Rent (FMR)	490	538	635	761	875	1006	1138
50% Rent Limit	377	404	485	560	625	689	754
65% Rent Limit	470	505	608	694	755	814	874

The current HOME Program Rents can also be found in HUD's website at www.hud.gov.

42.15 Borrower shall ensure that all activities supported with Loan Agreement funds are in compliance with all applicable HUD laws, policies, and regulations, and, in accordance therewith, they shall benefit low and moderate-income persons and to that end, Borrower agrees to provide documentation to Lender to verify the eligibility of all persons assisted.

42.16 Borrower shall retain Property and client records for five years beyond the date of Property completion.

42.17 Intentionally Omitted.

42.18 Intentionally Omitted.

42.19 Intentionally Omitted.

42.20 Intentionally Omitted.

42.21 Intentionally Omitted.

42.22 Notwithstanding anything in this Loan Agreement to the contrary, the liability of Borrower hereunder and under the other Loan Documents will be "non-recourse", and no partner, employee or agent of Borrower will have any personal liability under this Loan Agreement or any of the other Loan Documents.

XLIII. ENTIRE AGREEMENT

43.1 This Loan Agreement, along with the other Loan Documents, constitutes the final and entire agreement between the parties hereto and contains all of the terms and conditions agreed upon. No other agreements, oral or otherwise, regarding the subject matter of this Loan Agreement shall be deemed to exist or to bind the parties hereto unless it is in writing, dated subsequent to the date hereof, and duly executed by the parties.

XLIV. INTERPRETATION

44.1 In the event any disagreement or dispute should arise between the parties hereto pertaining to the interpretation or meaning of any part of this Loan Agreement or its governing rules, regulations, laws, codes or ordinances, Lender, as the party ultimately responsible to HUD for matters of compliance, shall have the final authority to render or secure an interpretation.

XLV. NOTICES

45.1 All notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of the same in person to the intended addressee, or by depositing the same with Federal Express or another reputable private courier service for next business day delivery to the intended addressee at its address set forth below or at such other address as may be designated by such party as herein provided, or by depositing the same in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed to the intended addressee at its address set forth below or at such other address as may be designated by such party as herein provided. All notices, demands and requests shall be effective upon such personal delivery, or one (1) business day after being deposited with the private courier service, or three (3) business days after being deposited in the United States

mail as required above. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given as herein required shall be deemed to be receipt of the notice, demand or request sent. Service of any notice required by Texas Property Code Section 51.002, as the same may be amended, shall be effective when the requirements to that statute are met. The following are the addresses of Lender and Borrower for all purposes in connection herewith:

Lender:

Hidalgo County, Texas
1916 Tesoro, Blvd.
Pharr, TX 78577
Attention: Diana R. Serma, Director
Fax: 956.787.5291

With a Copy to (which will not constitute Notice):

Stephen L. Crain, Esq.
Atlas & Hall, L.L.P.
818 Pecan Boulevard
McAllen, Texas 78501
Fax: 956-686-6109

Borrower:

Edcouch Housing Development, L.P.
P.O. Box 62
29700 Woodford-Tehachapi Road
Keene, CA 93531
Tel. (661) 823-9300
Fax (661) 823-9399
Attn: Paul F. Chavez

With a Copy to (which will not constitute Notice):

Edcouch Housing Development, L.P.
908 E. 5th Street, #201
Austin, TX 78702
Attention: Monica Poss, Senior Project Manager
Fax: 512.474.5010

Emilio J. Huerta, Esq.
Law Office of Emilio J. Huerta
P.O. Box 62
29700 Woodford-Tehachapi Road
Keene, CA 93531
Fax (661) 823-9399

Limited Partner:

Centerline Investor LLC LP
c/o Centerline Capital Group, Inc.
625 Madison Avenue
New York, NY 10022
Attn: Andrew J.Weil

By giving to the other party hereto at least ten (10) days' prior, written notice thereof in accordance with the provisions hereof, the parties hereto shall have the right from time to time to change their respective addresses and each shall have the right to specify as its address any other address.

XLVI. LEGAL EXPENSES

46.1 Under no circumstances will the funds received under this Loan Agreement be used, either directly or indirectly, to pay costs or attorney fees incurred in any adversarial proceeding against Lender or any other public entity.

46.2 During the term of this Loan Agreement, if Borrower files and/or pursues an adversarial proceeding against Lender then, at Lender's option, this Loan Agreement and all access to the funding provided for hereunder may terminate if Borrower is in violation of paragraph 46.1.

46.3 Borrower, at Lender's option, could be ineligible for consideration to receive any future funding while any adversarial proceeding against Lender remains unresolved.

46.4 For purposes of this Article, "adversarial proceeding" includes any cause of action filed by Borrower in a state or federal court, as well as any state or federal administrative hearing, but does not include Alternative Dispute Resolution proceedings.

XLVII. PARTIES BOUND

47.1 This Loan Agreement shall be binding on and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns, except as otherwise expressly provided herein.

XLVIII. GENDER

48.1 Words of gender used in this Loan Agreement shall be held and construed to include the other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires.

XLIX. RELATIONSHIP OF PARTIES

49.1 Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent, partners, joint venturers or any other similar such relationship between the parties hereto.

49.2 It is expressly understood and agreed that Borrower is and shall be deemed to be an independent contractor and operator responsible to all parties for its respective acts or omissions and that Lender shall in no way be responsible therefore.

L. TEXAS LAW TO APPLY

50.1 THIS LOAN AGREEMENT SHALL BE CONSTRUED UNDER AND IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, AND ALL OBLIGATIONS OF THE PARTIES CREATED HEREUNDER ARE PERFORMABLE IN HIDALGO COUNTY, TEXAS.

LI. CAPTIONS

51.1 The captions contained in this Loan Agreement are for convenience of reference only, and in no way limit or enlarge the terms and/or conditions of this Loan Agreement.

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

Borrower:

Edcouch Housing Development, L.P.
a Texas limited partnership

By: Aguila Village Housing GP LLC
a Texas limited liability company
Its General Partner

By: Rufino Contreras Affordable Housing Corporation, Inc.,
a Texas non-profit corporation
Its Sole Managing Member

By: _____
Emilio J. Huerta, Secretary

Lender:

Hidalgo County, Texas,
acting through its Urban County Program,
a Texas governmental entity.

By: _____
Diana R. Serna, Director

Attachments:

- Exhibit A – Description of Property
- Exhibit B – Description of Work
- Exhibit C – Budget Package with Budget Summary, Detail and Agency Funding Source
- Exhibit D – Draw Request and Performance Measurement Form

Exhibit A

Description of Property

The real property located at 401 Mile 16 N., Edcouch, TX 78538 and any improvements thereon, as more particularly described as:

Tract 2

A 8.324 acre tract of land out of Farm Tract 554, West Tract Subdivision, Hidalgo County, Texas, as per map recorded in Volume 2, Pages 34-37 Map Records of Hidalgo County, Texas, said 8.324 acre tract of land being out of the same land described in a Warranty Deed with Vendor's Lien recorded in Document No. 880936, Official Records of Hidalgo County, Texas, and is also being more particularly described by metes and bounds as follows:

Commencing at a ½" rod found at the Southwest corner of Farm Tract 554 for the Southwest corner of this tract of land and the POINT OF BEGINNING, said Southwest corner being within Mile 16 road right-of-way;

THENCE North, with the West line of said Farm Tract 554 being within a drainage ditch, at 20.0' pass the North right-of-way line of said Mile 16 Road, at 617.89' in all to the Northwest corner of this tract of land;

THENCE East, at 25.00 feet pass a ½" rod set for reference, at 680.60' in all to a ½" iron rod set for the Northeast corner of this tract of land;

THENCE South, a distance of 115.02' to a ½" rod set at the Western boundary of the Elvira Lynch Tract (Doc # 880936 O.R) for corner of this tract of land;

THENCE South 37°55'00" West, a distance of 124.34 feet to a ½" rod set for a corner of this tract of land;

THENCE S 19°49'00" W, continuing with said Western boundary a distance of 62.30' to a corner of this tract of land;

THENCE S 16°44'27" W continuing with said Western boundary, a distance of 221.25' to a ½" rod set for a corner of this tract of land;

THENCE South, at 114.30' pass a ½" rod set at the North right-of-way line of said Mile 16 Road, at 134.30' in all to a nail set at the South boundary line of said Farm Tract 554 for the Southeast corner of this tract of land;

THENCE West, with the South line of said Farm Tract 554, a distance of 519.63' to the POINT OF BEGINNING, containing 8.324 acres of land more or less.

Exhibit B

Description of Work

Construction upon the Property of two (2) units within the Apartment Complex which shall meet the requirements necessary to qualify such units as HOME-Assisted Units.

Exhibit C

Budget

Exhibit D

Draw Request and Performance Measurement Form

Trustee's Address: 5847 San Felipe
Suite 1753
Houston, Texas 77057

Lender: Hidalgo County, Texas,
acting through its Urban County Program,
a Texas governmental entity

Lender's Address: 1916 Tesoro Blvd.
Pharr, TX 78577
Fax (956) 787-5291
Attention: Diana R. Serna, Director

For value received and to secure payment of the Note (as hereinafter defined) and the Indebtedness (as hereinafter defined), Borrower hereby conveys the Property (as hereinafter defined) to Trustee in trust. Borrower warrants and agrees to defend the title to the Property. If Borrower performs all the covenants of this Deed of Trust, Security Agreement and Financing Statement (this "Deed of Trust") and pays the Note and the Indebtedness according to the terms of the Note, this Deed of Trust shall have no further effect, and Lender shall release it at Borrower's expense.

A. Indebtedness Secured: This conveyance is made, IN TRUST, to secure and enforce the payment of the following:

1. The Note. That Promissory Note dated of even date herewith in the original principal amount of One Hundred Fifty Thousand Dollars and No Cents (\$150,000.00), executed by Borrower and payable to the order of Lender with a final maturity date as therein set forth (the "Note").

2. Renewals and Extensions. Any and all renewals and extensions of the Note, whether or not such renewals and extensions are evidenced in writing, and the liens under this Deed of Trust are cumulative of all other liens and security of any and every other kind or character whatsoever securing the Note.

3. Use. The proceeds of the Note shall be used for the construction of the improvement on the Property. The word "Indebtedness" shall mean the Note and all present and future debts, obligations and liabilities secured by this Deed of Trust.

B. Property:

As used in the Deed of Trust, the term "Property" shall mean all of Borrower's right, title and interest in and to the following:

1. Land. The fee estate in and to the real property more particularly described in Exhibit A, attached hereto and made a part hereof, together with all and singular the rights, titles,

interests, servitudes, hereditaments, prescriptions, profits, and advantages thereto in anywise belonging (all of the foregoing hereinafter collectively referred to as the "Land").

2. Improvements. Any and all buildings, structures, sidewalks, parking areas, fences, fixtures and other improvements, and any and all additions, alterations or appurtenances thereto now or hereafter placed or constructed upon the Land or any part thereof (collectively, the "Improvements").

3. Personal Property. All personal property of any kind (other than fixtures), as defined in Chapter 9 of the Texas Business and Commerce Code ("UCC"), now or hereafter located upon, within or about the Land and/or the Improvements, which are, or are intended to be, incorporated into the Improvements (collectively, the "Personalty").

4. Leases. All leases, subleases, licenses, concessions, contracts or other agreements, whether written or oral, now or hereafter in effect, which grant a possessory interest in and to or the right to use any portion of the Property, and all other agreements, such as utility contracts, maintenance agreements and service contracts, which in any way relate to the use, occupancy, development, operation, maintenance, enjoyment or ownership of the Property (collectively, the "Leases").

5. Rents. All consideration, whether money or otherwise, paid or payable by parties to the Leases (other than Borrower) for using, occupying, leasing, licensing, possessing, operating from, selling or otherwise enjoying the Property, and all rents, issues, income, profits, insurance proceeds, benefits and advantages of every nature whatsoever that arise, accrue or are derived from the Property pursuant to the Leases or any renewals thereof (collectively, the "Rents").

6. Additions. Additions, substitutions, replacements and revisions of and to and proceeds of any of the above-described property and all remainders therein.

C. Other Exceptions to Conveyance and Warranty: This conveyance is made and accepted subject to (i) taxes and other assessments, not yet due and payable, (ii) all matters evidenced by documents recorded in the Real Property Records of Hidalgo County, Texas, as of the date hereof, which affect the Property, (iii) and all matters that affect the Property that would be shown by a current survey of the Property ("Permitted Encumbrances").

D. Security Agreement:

1. Collateral. This Deed of Trust shall also constitute a security agreement under Chapter 9 of the UCC, subject only to the Permitted Encumbrances, with respect to the Personalty, the Leases and the Rents (all of the foregoing being hereinafter at times referred to as the "Collateral"), to the extent such Chapter 9 is applicable to any such Collateral. To this end, without limiting any of the provisions of this Deed of Trust, Borrower, as debtor, has granted, bargained, conveyed, assigned, transferred and set over, and by these presents does grant, bargain, convey, assign, transfer and set over unto Lender, as secured party, a security interest in all of Borrower's right, title and interest in and to the Collateral to secure the full and timely

payment of the Indebtedness.

2. Perfection. Borrower agrees to execute and deliver to Lender in the form and substance satisfactory to Lender such financing statements and such further assurances as Lender may from time to time consider necessary to create, perfect and preserve the security interest granted herein and Borrower shall cause such statements and assurances to be recorded and filed at such times and places as may be required or permitted by law to create, perfect and preserve such security interest.

3. Secured Party. Trustee, on Lender's behalf, as well as Lender, shall have all rights, remedies and recourses with respect to the Collateral afforded a "secured party" by Chapter 9 of the UCC in addition and not in limitation of the other rights, remedies and recourses afforded Lender and/or Trustee by this Deed of Trust.

4. Party in Possession. The security interest herein granted shall not be deemed or construed to constitute Trustee or Lender as a party in possession of the Property or to obligate Trustee or Lender to lease the Property, or to take any action, incur any expense, or perform any obligation whatsoever under any of the Leases or otherwise.

5. Remedies. During the existence of an Event of Default (as hereinafter defined):

(a) Trustee or Lender shall have, with regard to the Collateral, the remedies provided in this Deed of Trust and in the UCC. No such remedy granted by the UCC is or shall be deemed to be accepted, modified or waived in any manner by this Deed of Trust.

(b) Trustee and Lender shall be entitled to apply the proceeds of any disposition of any of the Collateral in the order set forth in the UCC, or, if allowed by the UCC, in the order set forth in this Deed of Trust. If the proceeds are not sufficient to pay the Indebtedness in full, Borrower shall remain liable for any deficiency.

(c) Notwithstanding anything herein to the contrary, Lender or Trustee (acting on Lender's behalf) may, to the extent permitted by applicable law and in lieu of proceeding under the UCC, dispose of the Collateral and other items of personal property covered by this Deed of Trust in accordance with Lender's rights and remedies under this Deed of Trust.

E. Borrower's Obligations: Borrower agrees to:

1. Good Repair. Keep the Property in good repair and condition;

2. Taxes. Pay all taxes and assessments on the property before past due and incurring penalty; provided, however, that Borrower shall not be required to pay and discharge or to cause to be paid and discharged any such tax and/or assessment so long as the validity thereof shall be contested in good faith by appropriate proceedings;

3. Priority. Preserve the lien's priority as it is established in this Deed of Trust until such time as the lien of this Deed of Trust is released or this Deed of Trust is amended and restated; and

4. Insurance. Maintain insurance policies in a form acceptable to Lender in Lender's reasonable determination.

Lender's Rights:

5. Appoint Trustee. Lender may appoint in writing a substitute or successor trustee, succeeding to all rights and responsibilities of Trustee.

6. Application of Proceeds. Unless an Event of Default then exists, Lender shall apply any proceeds received by Lender or Borrower under any insurance policy to repair or replace damaged or destroyed improvements covered by the applicable policy, and then the balance to reduce the amount outstanding on the Note.

7. Failure to Perform. If Borrower fails to perform any of Borrower's obligations hereunder and an Event of Default then exists, Lender may perform such obligations and be reimbursed by Borrower on demand at the place where the Note is payable for any reasonable sums paid, including reasonable attorney's fees, plus interest on those sums from the dates of payment at the rate stated in the Note for matured, unpaid amounts. The sum to be reimbursed shall be secured by this Deed of Trust.

8. Upon an Event of Default. If an Event of Default exists hereunder, Lender may:

(a) Declare the unpaid principal balance and earned interest on the Note immediately due and payable;

(b) Request Trustee to foreclose the lien evidenced by this Deed of Trust, in which case Lender or Lender's agent shall give notice of the foreclosure sale as provided by the Texas Property Code, as then amended; and

(c) Purchase the Property at any foreclosure sale by offering the highest bid and then have the bid credited on the Note.

F. Trustee's Duties: If requested by Lender to foreclose the lien evidenced by this Deed of Trust, Trustee shall:

1. Notice. Either personally or by agent give notice of the foreclosure sale as required by the Texas Property Code, as then amended;

2. Sale of Property. Sell and convey all or part of the Property to the highest bidder for cash with a general warranty binding Borrower, subject to prior liens and to other exceptions to conveyance and warranty; and

3. Pay. From the proceeds of the sale, pay, in this order:
 - (a) Reasonable expenses of foreclosure;
 - (b) To Lender, the full amount of principal, interest, reasonable attorneys' fees, and other charges due and unpaid;
 - (c) Any amounts required by law to be paid before payment to Borrower; and
 - (d) To Borrower, any balance.

G. Event of Default: As used herein, the term "Event of Default" shall include the following:

1. Monetary. Any failure in the payment of any installment of the Indebtedness in accordance with the terms hereof, the Note, and/or any other document evidencing, governing or securing the Note (collectively, the "Loan Documents"), and such failure shall continue for a period of ten (10) days after the date due.

2. Non-Monetary. Any (i) failure to perform or breach of any of the covenants or obligations herein contained or contained in any of the other Loan Documents, and such continues thirty (30) business days after written notice thereof is delivered by Lender to Borrower; or (ii) any representation or warranty set forth herein or in any of the other Loan Documents is untrue or misleading in any material and detrimental way, and such continues thirty (30) business days after written notice thereof is delivered by Lender to Borrower.

3. Sale or Encumbrance. Borrower sells, conveys or transfers the Property without the prior written consent of Lender.

All notices delivered to Borrower shall be simultaneously delivered by Lender to Borrower's limited partner and Borrower's limited partner shall have the same opportunity to cure any defaults and/or Events of Defaults as afforded Borrower under this Deed of Trust and the other Loan Documents.

H. Representations, Warranties and Covenants: Borrower makes the following representations, warranties and covenants:

1. Organization and Powers. Borrower is duly organized and validly existing under the laws of the State of Texas. Borrower has the power and the authority to own the Property, to carry out its activities as now conducted by it and to execute, deliver and perform the Loan Documents.

2. Litigation. There is no action, suit or proceeding pending or, to the best of Borrower's knowledge, threatened before any court or governmental or administrative body or agency which may reasonably be expected to result in a material adverse change in the activities, operations, assets or properties, or in the condition, financial or otherwise, of Borrower, or

impair the ability of Borrower to perform its obligations under the Loan Documents. Borrower is not in default with respect to any judgment, writ, injunction, decree, rule or regulation of any court or any governmental or administrative body or agency.

3. Existence and Properties. Borrower shall do or cause to be done all things necessary to preserve, renew and keep its existence in full force and effect, and comply in all material respects with all laws and regulations applicable to it.

4. Payment of Indebtedness. Borrower shall pay all of the Indebtedness when and as the same shall become due and payable.

5. Compliance with Laws. Borrower shall comply in all material respects with all laws, rules or regulations of any court, governmental or regulatory body applicable to Borrower or its properties.

6. Other Information. With reasonable promptness, Borrower shall provide Lender with such other information respecting the business, operations, properties, programs, projects or condition (financial or otherwise) of Borrower or the use of the proceeds of the Note as Lender may reasonably request, including the inspection of Borrower's property, books and records.

I. General Provisions:

1. Surrender Possession. If any of the Property is sold under this Deed of Trust, Borrower shall promptly surrender possession to the purchaser. If Borrower fails to do so, Borrower shall become a tenant at sufferance of the purchaser, subject to an action for forcible detainer.

2. Election of Remedies. Proceeding under this Deed of Trust, filing suit for foreclosure, or pursuing any other remedy will not constitute an election of remedies.

3. Inability to Secure. If this Deed of Trust cannot lawfully secure any portion of the Note, payments shall be applied first to discharge the unsecured portion.

4. Assignment of Rents and Leases. Borrower assigns to Lender absolutely, not only as collateral, all present and future rent and other income and receipts from the Property. Leases are not assigned. Borrower may as Lender's licensee collect rent and other income and receipts as long as no Event of Default exists. If an Event of Default exists, Lender may terminate Borrower's license to collect and then as Borrower's agent may rent the Property if it is vacant and collect all rent and other income and receipts. Lender neither has nor assumes any obligations as lessor or landlord with respect to any occupant of the Property. Lender may exercise Lender's rights and remedies under this paragraph without taking possession of the Property. Lender shall apply all rent and other income and receipts collected under this paragraph first to expenses incurred in exercising Lender's rights and remedies and then to Borrower's obligations under the Note and this Deed of Trust in the order determined by Lender. Lender is not required to act under this paragraph, and acting under this paragraph does not waive any of Lender's other rights or remedies. If Borrower becomes a voluntary or involuntary

bankrupt, Lender's filing a proof of claim in bankruptcy will be tantamount to the appointment of a receiver under Texas law.

5. Savings Clause. Interest on the Indebtedness shall not exceed the Maximum Rate (as such term is defined in the Note); any interest in excess of the Maximum Rate shall be credited on the principal of the Indebtedness or, if that has been paid, refunded. On any acceleration or required or permitted prepayment, any such excess shall be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the Indebtedness or, if the principal of the Indebtedness has been paid, refunded. All interest paid or agreed to be paid to Lender shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full stated term (including any renewal or extension) of the Indebtedness so that the amount of interest on account of the Indebtedness does not exceed the Maximum Rate. This provision overrides conflicting provisions in this Deed of Trust and/or the other Loan Documents.

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

7. Successors and Assigns. This Deed of Trust and the other Loan Documents shall bind, inure to the benefit of, and be exercised by successors in interest of all parties.

8. No Oral Agreements. THIS WRITTEN DEED OF TRUST REPRESENTS THE FINAL AGREEMENT BETWEEN BORROWER AND LENDER AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN BORROWER AND LENDER.

9. Applicable Law. BORROWER AND LENDER HEREBY AGREE THAT (a) THIS DEED OF TRUST AND THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND THE LAWS OF THE UNITED STATES APPLICABLE TO TRANSACTIONS IN TEXAS; AND (b) VENUE AND JURISDICTION FOR ANY JUDICIAL PROCEEDINGS WITH RESPECT TO THIS DEED OF TRUST AND THE OTHER LOAN DOCUMENTS SHALL LIE IN HIDALGO COUNTY, TEXAS.

10. Notice. Except as otherwise specified herein, any notice, consent, request or other communication required or permitted to be given hereunder and/or under any of the other Loan Documents shall be in writing, addressed to the other party as set forth on the first page of this Deed of Trust (or to such other address or person as either party or person entitled to notice may by notice to the other party specify), and shall be: (a) personally delivered; (b) delivered by Federal Express or other comparable overnight delivery service; or (c) transmitted by United States certified mail, return receipt requested with postage prepaid. Unless otherwise specified, all notices and other communications shall be deemed to have been duly given on the first to occur of actual receipt of the same or: (i) the date of delivery if personally delivered; (ii) one (1) business day after depositing the same with the delivery service if by overnight delivery service;

and (iii) three (3) business days following posting if transmitted by mail. If notice is sent to Borrower, a copy shall be simultaneously sent to Locke Lord Bissell & Liddell LLP, 100 Congress Avenue, Suite 300, Austin, Texas 78701, Attention: Richard D. Morrow, Esq., and to Borrower's limited partner Centerline Investor LP LLC, its successors and/or assigns c/o Centerline Capital Group Inc., 625 Madison Avenue, New York, New York 10022, Attention: Andrew J. Weil.

11. The lien created by this Deed of Trust, and the terms and provisions of this Deed of Trust and all other documents governing, securing or evidencing the Note, are subordinate to the lien and the documents securing the payment of that certain Promissory Note in the stated principal amount of One Million Nine Hundred Thousand Dollars and No Cents (\$1,900,000.00) and a permanent mortgage loan for One Million Five Hundred Thousand Dollars and No Cents (\$1,500,000.00) dated November __, 2007, executed by Borrower for the benefit of U.S. BANK NATIONAL ASSOCIATION, a national banking association ("U.S. Bank" and "Senior Lender"), and recorded in the Real Property Records of Hidalgo County, Texas.

This is a "Construction Mortgage" within the meaning of Sections 9.105(a)(10) and 9.313(a)(3) of the "Uniform Commercial Code-Secured Transactions" of the State of Texas. This instrument secures an obligation for the construction of an improvement of land including the acquisition of the land.

This Deed of Trust is executed to be effective as of the date first set forth above.

Borrower:

Edcouch Housing Development, L.P.
a Texas limited partnership

By: Aguila Village Housing GP LLC
a Texas limited liability company
Its General Partner

By: Rufino Contreras Affordable Housing Corporation, Inc.,
a Texas non-profit corporation
Its Sole Managing Member

By: _____
Emilio J. Huerta, Secretary

EXHIBIT A

LEGAL DESCRIPTION

Tract 2

A 8.324 acre tract of land out of Farm Tract 554, West Tract Subdivision, Hidalgo County, Texas, as per map recorded in Volume 2, Pages 34-37 Map Records of Hidalgo County, Texas, said 8.324 acre tract of land being out of the same land described in a Warranty Deed with Vendor's Lien recorded in Document No. 880936, Official Records of Hidalgo County, Texas, and is also being more particularly described by metes and bounds as follows:

Commencing at a ½" rod found at the Southwest corner of Farm Tract 554 for the Southwest corner of this tract of land and the POINT OF BEGINNING, said Southwest corner being within Mile 16 road right-of-way;

THENCE North, with the West line of said Farm Tract 554 being within a drainage ditch, at 20.0' pass the North right-of-way line of said Mile 16 Road, at 617.89' in all to the Northwest corner of this tract of land;

THENCE East, at 25.00 feet pass a ½" rod set for reference, at 680.60' in all to a ½" iron rod set for the Northeast corner of this tract of land;

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THENCE S 16°44'27" W continuing with said Western boundary, a distance of 221.25' to a ½" rod set for a corner of this tract of land;

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