

**RENTAL HOUSING DEVELOPMENT ASSISTANCE (RHDA)  
Application for Rental Development Financing**

**PLEASE NOTE: AHFC Reserves the right to fund projects at a lower amount than requested, and the right to deny applications that do not coincide with the City's FY 2012-13 Action Plan goals and policy direction from the Austin City Council.**

**Project Name:** Cross Creek Apartments

City of Austin

**Project Address:** 1124 Rutland Drive **Zip Code** 78758

FEB 21 2014

**Total # units in project/property:** 200

NHCD / AHFC

**Total # units to be assisted with RHDA Funding:** 200

**Project type:**  Acquisition  Rehabilitation  New construction  Refinance  Rent Buy-Down

**Amount of funds requested:** \$2,000,000 **Terms Requested:** 1% payable from cash flow

**Role of applicant in Project (check all that apply):**  Owner  Developer  Sponsor

**1. Applicant Information** (If applicant is not acting as the developer, please provide all of the information below for the developer as well as for the applicant. If the developer involves multiple entities, is a partnership or joint venture, please provide duplicative information for each, and identify the entity that will serve as the "lead" organization).

TMG-TX Austin II, L.P.  
**Name**

14107 20<sup>th</sup> Avenue, Suite 507  
**Street Address**

Whitestone,  
**City**

NY 11357  
**State, Zip**

212/661-5015  
**Telephone #**

Royce Mulholland  
**Contact Person**

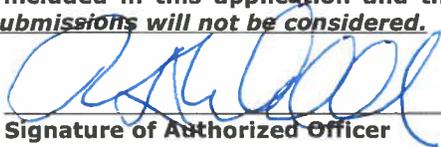
212/661-5015  
**Contact Telephone #**

rmulholland@tmg-housing.com  
**E-mail address**

**Federal Tax ID Number or SS#** [REDACTED] (for The Mulholland Group, LLC).

**The applicant/developer certifies that the data included in this application and the exhibits attached hereto are true and correct. Unsigned/undated submissions will not be considered.**

The Mulholland Group, LLC  
**Legal Name of Developer/Entity**

  
**Signature of Authorized Officer**

**Date**

2/14/2014

President/CEO  
**Title**

**2. A. Non-profit applicants/developers, attached copies of the following:**

1. A "certificate of status" issued by the Texas Secretary of State.
2. Federal IRS certification granting non-profit tax-exempt status.
3. Certified financial audit for most recent year which include the auditor's opinion and management letters.
4. Board resolution approving the proposed project and authorizing the request for funding

**B. For-profit applicants/developers, attach copies of the following:**

1. For Corporations, Limited Partnerships, and Limited Liability Companies, a copy of a "certificate of status" issued by the Texas Secretary of State.
2. A current financial statement
3. Proof of sufficient reserves or a line of credit available, if necessary, in order to complete the proposed project.

The Mulholland Group, LLC is the developer of the project and has site control. A certificate of Status for The Mulholland Group, LLC is attached. The project will be sold into a partnership, which is a to be formed entity. Royce Mulholland will be the managing member of the GP entity. A current financial statement for Mr. Mulholland is attached. Item 3 does not apply.



## Office of the Secretary of State

### Certificate of Fact

The undersigned, as Secretary of State of Texas, does hereby certify that the document, Application for Registration for The Mulholland Group, LLC (file number 801090950), a DELAWARE, USA, Foreign Limited Liability Company (LLC), was filed in this office on February 25, 2009.

It is further certified that the entity status in Texas is in existence.

In testimony whereof, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in Austin, Texas on January 29, 2014.



*NANDITA BERRY*

Nandita Berry  
Secretary of State

3. **Project Type (Please check any that apply.)** This project is considered:

**Traditional Rental Housing** (serving low-income households, and resident services may or may not be provided)

**Transitional Housing** (case management services provided and residency limited to a certain length of time, usually no more than 24 months)

**Permanent Supportive Housing** (Considered long-term rental housing for very low-income families and individuals who are among the hardest to serve and who are most vulnerable to homelessness. This type of housing provides case management services to residents as needed).

**If you checked Permanent Supportive Housing, please complete the information below.**

**A. Types of proposed PSH Units:** Multi-family  Single-family

**B. Numbers of proposed PSH Units:**

200 Total Number of Units in project

200 Total Number of RHDA-assisted Units Proposed (include PSH units and non-PSH units)

10 Total Number of Permanent Supportive Housing (PSH) Units Proposed

**C. Check the population or sub-population(s) proposed to be served and indicate the number of units dedicated to that population or sub-population.**

Individuals or families headed by individuals that are:

1.  **Chronically homeless** as established in the HEARTH Act (Homeless Emergency and Rapid Transition to Housing Act of 2009) found at 24 CFR Part 577.  
NUMBER OF UNITS 10

2.  Households that would otherwise meet the HUD definition of chronically homeless per the HEARTH Act, but **have been in an institution for over 90 days**, including a jail, prison, substance abuse facility, mental health treatment facility, hospital or other similar facility.  
NUMBER OF UNITS \_\_\_\_\_

3.  Unaccompanied youth or families with children **defined as homeless under other federal statutes** who:  
a. have experienced a long-term period without living independently in permanent housing;  
b. have experienced persistent instability as measured by frequent moves over such period; and  
c. can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse, the presence of a child or youth with a disability, or multiple barriers to employment.  
NUMBER OF UNITS \_\_\_\_\_

4.  A single adult or household led by an adult **'aging out' of state custody of the foster care or juvenile probation system**, where the head of household is homeless or at-risk of homelessness.  
NUMBER OF UNITS \_\_\_\_\_

5.  Any other population **not defined above** but who would otherwise be eligible for or need permanent supportive housing services.  
NUMBER OF UNITS \_\_\_\_\_

**NOTE: APPLICANTS CHECKING C.1, C.2, C.3, or C.4 ABOVE MUST COLLECT AND REPORT INFORMATION INTO THE HOMELESS MANAGEMENT INFORMATION SERVICE (HMIS)**

**4. Project Description.** Provide a brief project description that addresses items "A" through "L" below.

- a. Describe the tenant population, income levels, and services, if any, to be provided to or made available to residents.
- b. Include the type of structure (multi-family or single-family), number and size of units in square feet.
- c. Indicate whether the property is occupied at the time this application is being submitted.
- d. Indicate whether the project meets the requirements of the City's Vertical Mixed-Use (VMU) Ordinance, or is in a Planned-Unit Development (PUD) or Transit Oriented Development (TOD).
- e. Indicate whether the project will preserve existing affordable rental units.
- f. If there are existing structures, provide documentation from the taxing authority or another third-party source indicating the year the structure was built.
- g. Indicate the number of units reserved for Housing Choice Voucher holders (Section 8).
- h. Indicate the number of units that are or will be made accessible and adaptable for persons with mobility, sight or hearing disabilities.
- i. Demonstrate the Project's compatibility with current Neighborhood Plan (if applicable).
- j. Summarize the key financials of the project, clearly indicating the total project cost, the amount and intended use of AHFC funds being requested, and the amount(s) and provider(s) of other funding and the stage of those funding commitments.

**Please attach the following to the description of the above items:**

- k. A map (8 1/2" x 11") indicating the property location and the distance to the nearest Capital Metro Transit Stop to which residents will have access. ATTACHED.
- l. Locate on the "Opportunity Map of Austin" the census tract in which the property lies. The map is attached to the Program Guidelines. ATTACHED.

#### 4. Project Description

Cross Creek is a 200-unit multifamily acquisition and rehabilitation project located on Rutland Drive in North Austin. Built in 1979 (see attached verification from TCAD), the proposed project will be affordable to households earning 60% or less of Austin's median income, scaled by family size. Of the 200 units, 10 will be operated as Permanent Supportive Housing by Front Steps, a local nonprofit that serves chronically homeless individuals and operates the ARCH – downtown's homeless shelter. Front Steps is our current partner at The Palms on Lamar. A full array of supportive services will be provided to those tenants in the PSH program. These are described in detail later in this application. Ten additional units will be set aside for tenants earning 30% or less of the median income and who hold PHA or other tenant-based rental vouchers.

The project's 200 units are scattered throughout 18 buildings. The project contains 160 one bedroom and 40 two bedroom units. Of the 160 one bedrooms, 40 are loft units with a bedroom on a second floor. Unit sizes range from 575 square feet to 1008 square feet, with an average size of 790 square feet. A unit mix is attached to this application as well as preliminary renderings showing "before and after" depictions of the buildings.

As of December 31, 2013, the project was 95% occupied.

The project is not located in any VMU, PUD or TOD districts. However, it is centrally located and very near public transit and significant amenities including, a city park, a new YMCA and a full service HEB Grocery store.

Cross Creek is not currently subsidized. The units are "de facto" affordable housing. The proposed project would bring this housing up to standard and add 200 units to Austin's long-term affordable housing stock.

Cross Creek will accept Housing Choice Vouchers in any of its units but ten will be specifically reserved for voucher holders (in addition to those occupied by PSH participants).

Ten percent, or 20 units will be made accessible for persons with mobility impairments and another 2 units or two percent will be made accessible for persons who have sight or hearing disabilities. 80 units, or 100% of the one story, ground floor units will be adaptable. The project contains 80 ground floor units, 80 upstairs units and 40 one bedroom loft units that are two-stories.

Cross Creek falls in the North Austin Civic Association (NACA) Neighborhood Planning Area, the plan was adopted in 2000 and Cross Creek was already in existence at that time. It is shown as multi family on the Future Land Use Map. The number one goal of the NACA plan is to "protect and enhance the existing neighborhood through code enforcement and property maintenance activities". Improving poorly maintained structures are a major theme through out the plan. Excerpts from the plan showing these goals are attached. Clearly, the renovation of Cross Creek would fit with this theme. And in fact, of the apartments located in the area, Cross Creek is one of the few that has not been renovated in recent years. We value our neighborhood partners and have worked with NACA in the past, as we renovated The Palms on Lamar, which is also in the NACA boundaries. We have communicated our plans to NACA and will continue to seek input and feedback from the neighborhood as our plans proceed.

Total project costs are estimated to be \$17.69 Million. Acquisition is \$8.45 million, and rehabilitation costs are estimated at \$5.65 Million; the remainder is soft costs and financing fees. A full Sources and Uses is attached later in the application. We are requesting \$2 million from the City of Austin in the form of a low interest loan paid from cash flow to go towards the acquisition of the property. This will allow us to acquire the property in a timely manner while we apply for Bond proceeds and 4% tax credits to complete the financing. Greystone will provide the bridge loan and CREA will provide equity to the project. Letters of commitment are attached to this application.

# CROSS CREEK

*Austin, TX*



# CROSS CREEK

*Austin, TX*



# CROSS CREEK

*Austin, TX*



# CROSS CREEK

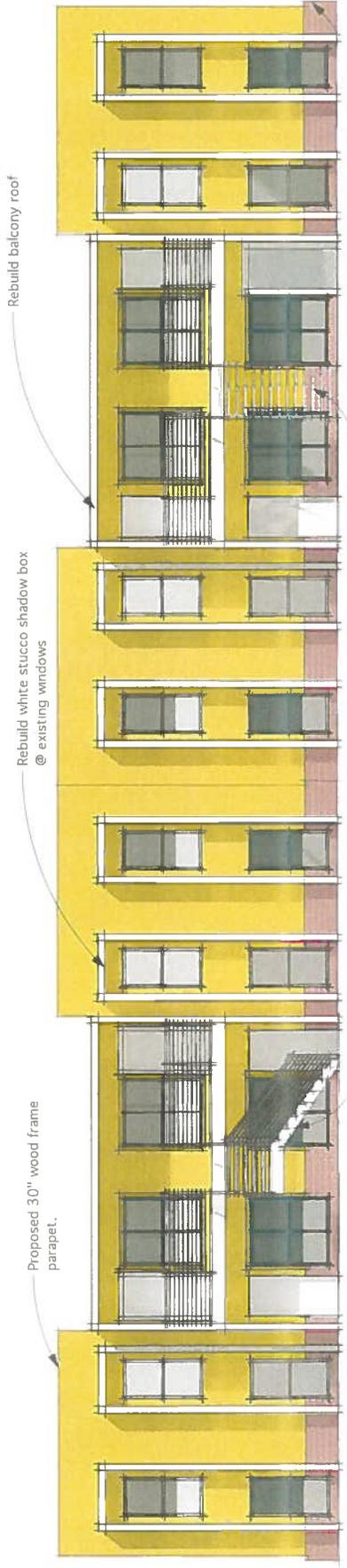
*Austin, TX*



# CROSS CREEK

*Austin, TX*





1 Building #1 Proposed Front Elevation  
 Scale: 1/8" = 1'-0"



2 Building #1 Proposed Side Elevation  
 Scale: 1/8" = 1'-0"



Rebuild white stucco shadow box @ existing windows

Proposed Hardi siding, painted vibrant colors

Proposed white stucco shadow boxes

Proposed 30" wood frame parapet

Rebuild balcony roof

Rebuild existing stairs and entrance balconies

Rebuild existing stairs and entrance balconies

Proposed white stucco shadow box @ new windows



**Martin Barrios Architects**  
 4109 162nd Street  
 Austin, Texas 78733  
 512.433.2025 (local)  
 512.330.4211 (toll-free)  
 martin@barriosarchitects.com  
 www.barriosarchitects.com

**Authority**  
 Not to be used or copied  
 primary or secondary  
 This document is subject to the  
 authority of Martin R. Barrios, P.C.  
 1044 410th St

Consultant

**Project ID**  
 #001

**Project**  
 Brook Creek Apartments  
 11000 Brook Creek  
 Austin, Texas 78738

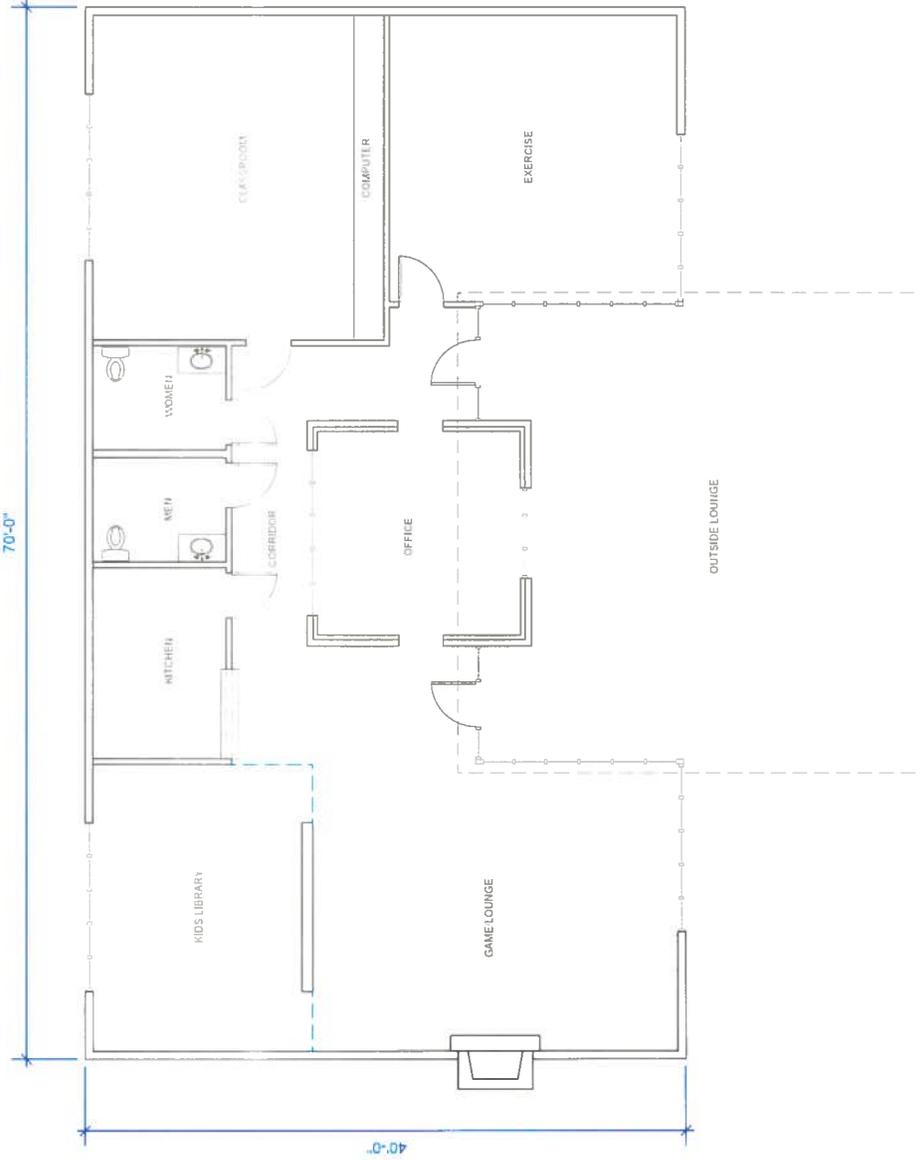
**Owner**  
 The Highland Group  
 11000 Brook Creek  
 Austin, Texas 78738  
 Whimsical New York 11137

Scale: 1/8" = 1'-0"

30' 0" 40' 0" 70' 0"  
 Date: 12.12.2013  
 Drawn: JMB  
 Approved: MRS

Proposed Floor Plan

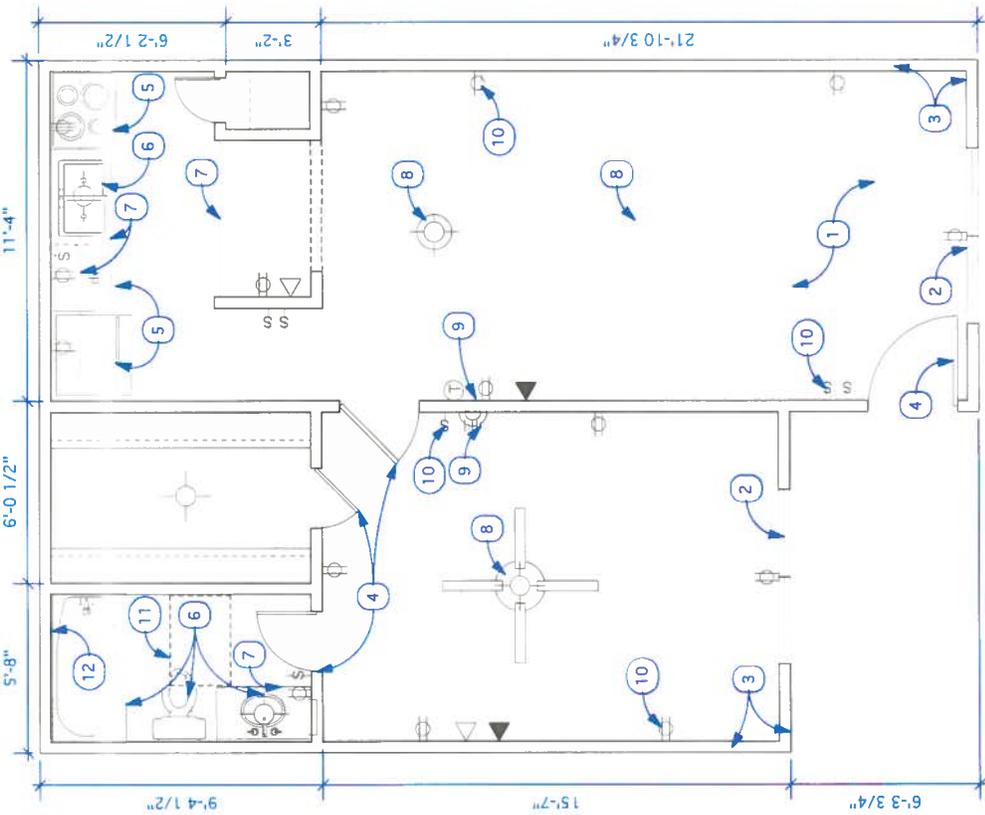
SK4



1 Proposed Community Center Floor Plan  
 Scale: 1/8" = 1'-0"

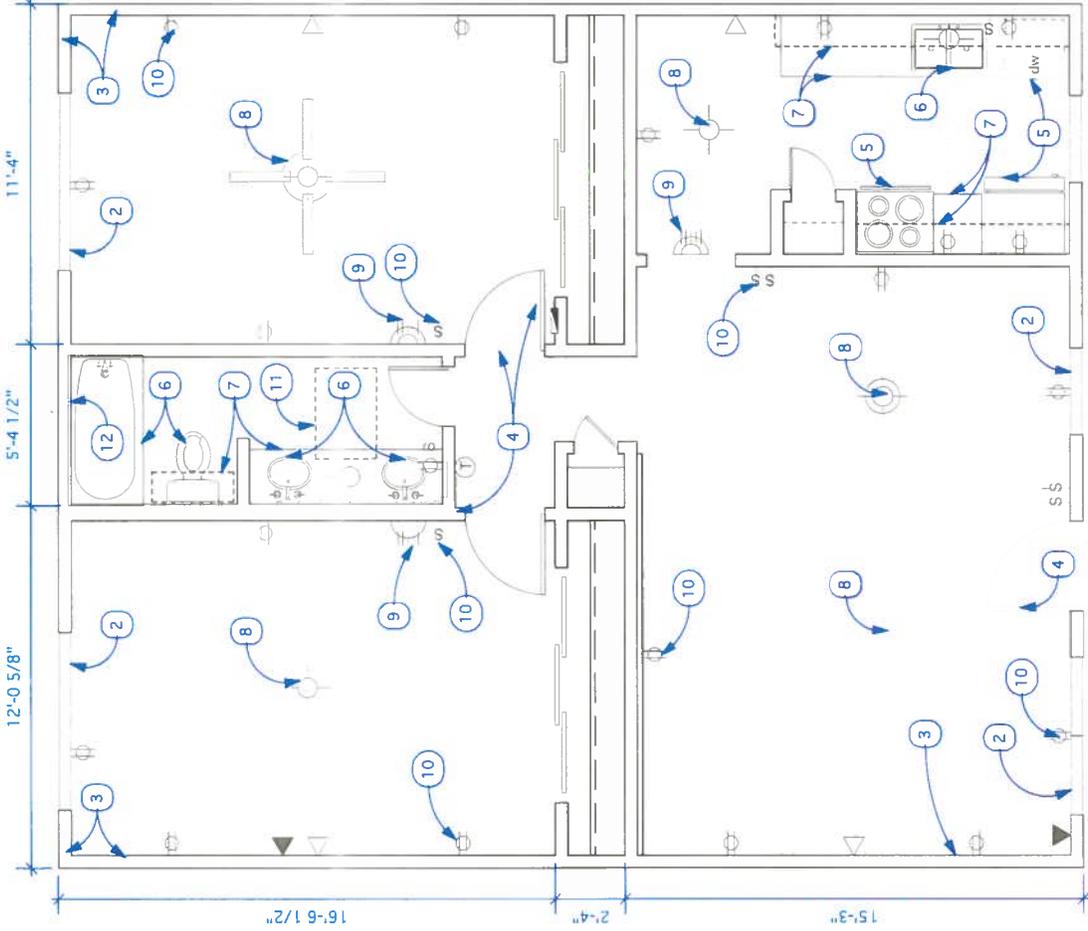
**INTERIOR IMPROVEMENTS**

- 1) Replace all flooring, porcelain tile @ kitchen, dining, entry, baths, typical.
- 2) Replace all windows, new windows must meet emergency fire exit standards, typical.
- 3) Replace all drywall and exterior wall insulation, typical.
- 4) Replace all exterior and interior doors, 3068 at exterior, 2668 typical, 3068 at accessible bed/bath/closet, typical.
- 5) Replace all kitchen appliances, cooktops allow ease of conversion from adaptable to accessible standards, typical.
- 6) Replace all plumbing fixtures with accessible models, with blade style handles, typical.
- 7) Replace all counters, base cabinets, and upper cabinets, install at adaptable mounting heights, 34" for counter, typical.
- 8) Install ceiling fans with lights in all bedrooms, install down light in living room, install pendant light in dining, typical.
- 9) Install hardware fire/smoke/carbon monoxide detectors, typical.
- 10) Adjust light switches, and electrical duplex outlets to adaptable/accessible mounting heights, GFCI's @ counters, typical.
- 11) Replace water heating, and HVAC systems, typical.
- 12) Install blocking in bathrooms of adaptable units and blocking and grab bars in accessible units, typical.



1 Apartment Unit "A1" Floor Plan

Scale: 1/4" = 1'-0"



2 Apartment Unit "B1" Floor Plan

Scale: 1/4" = 1'-0"



**Martin Barrera Architects**  
 412 E. 14th Street  
 Austin, Texas 78701  
 512.232.0205 (local)  
 512.736.1417 (toll-free)  
 martin@mba-architect.com  
 www.mba-architect.com

**Authority**  
 Used for regular or special  
 permitting or submittal

This document is submitted to The  
 City of Austin, Department of  
 Public Works, Division of  
 Planning and Development

Consultant

**Project ID**  
 #001

**Project**  
 Clock Creek Apartments  
 1412 E. 14th Street  
 Austin, Texas 78701

**Owner**  
 The Hubbard Group  
 1412 E. 14th Street  
 Austin, Texas 78701

NO. DATE REVISION

NO. DATE REVISION

NO. DATE REVISION

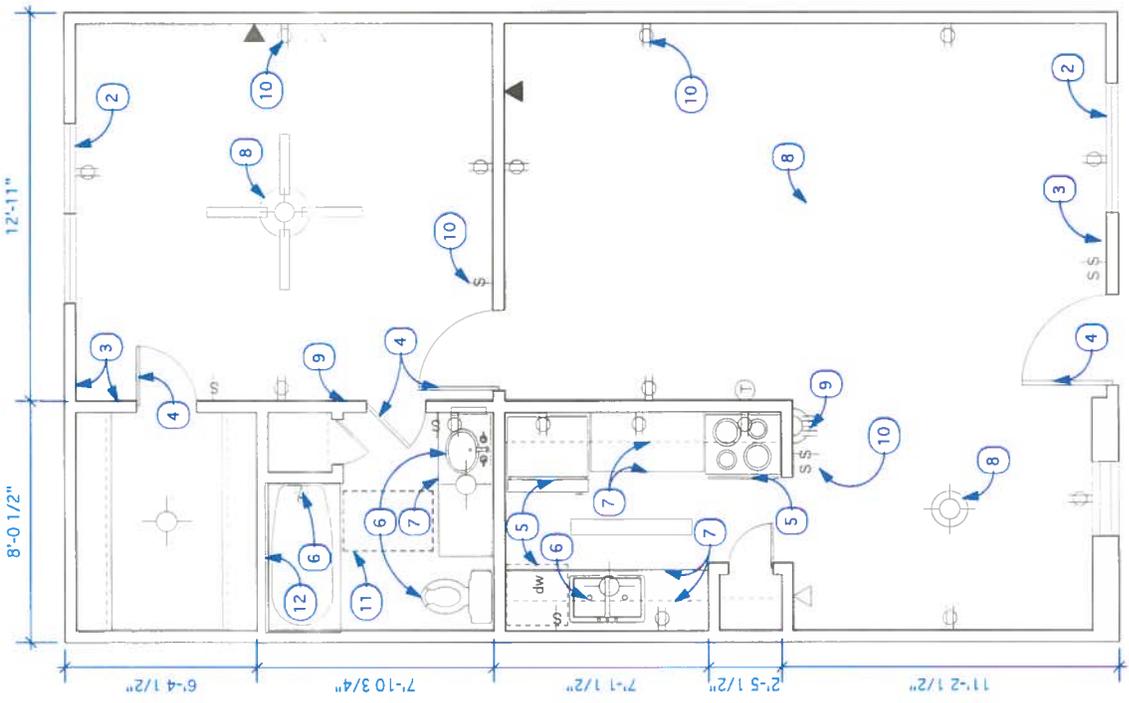
NO. DATE REVISION

SK5

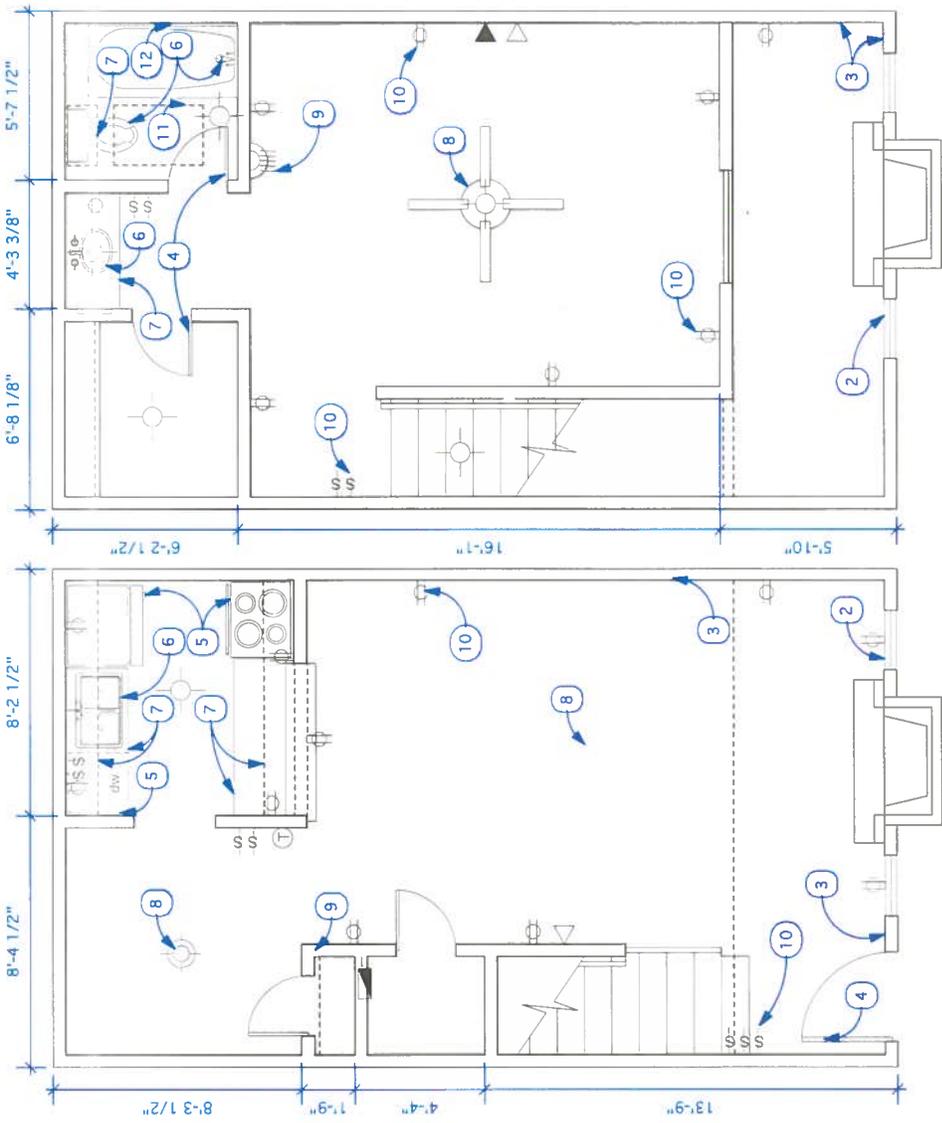


**INTERIOR IMPROVEMENTS**

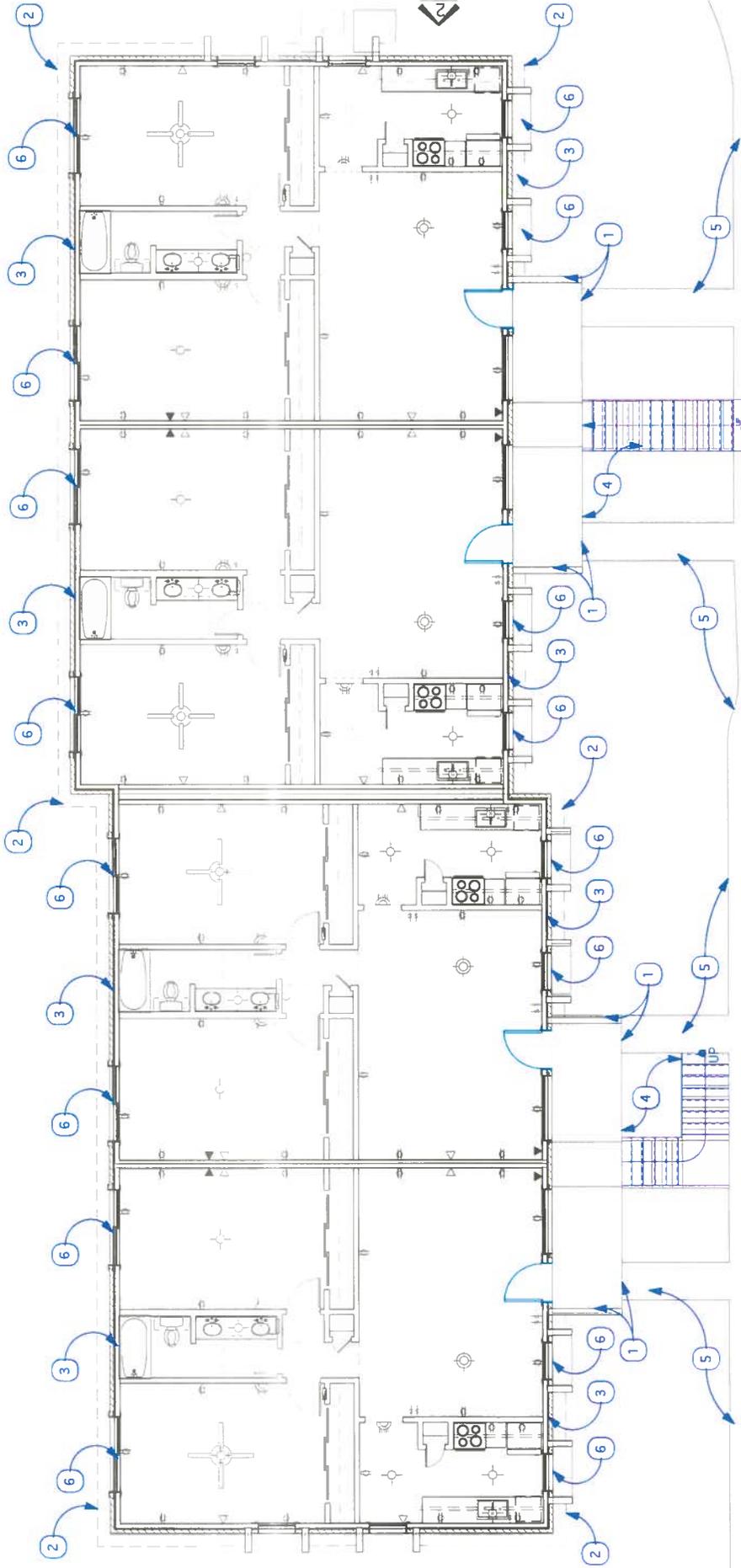
- 1) Replace all flooring, porcelain tile @ kitchen, dining, entry, baths, typical.
- 2) Replace all windows, new windows must meet emergency fire exit standards, typical.
- 3) Replace all drywall and exterior wall insulation, typical.
- 4) Replace all exterior and interior doors, 3068 at exterior, 2668 typical, 3068 at accessible bed/bath/closet, typical.
- 5) Replace all kitchen appliances, cooktops allow ease of conversion from adaptable to accessible standards, typical.
- 6) Replace all plumbing fixtures with accessible models with blade style handles, typical.
- 7) Replace all counters, base cabinets, and upper cabinets, install at adaptable mounting heights, 34" for counter, typical.
- 8) Install ceiling fans with lights in all bedrooms. Install down light in living room. Install pendant light in dining, typical.
- 9) Install hardwired fire/smoke/carbon monoxide detectors, typical.
- 10) Adjust light switches, and electrical duplex outlets to adaptable/accessible mounting heights. GFCI's @ counters, typical.
- 11) Replace water heating, and HVAC systems, typical.
- 12) Install blocking in bathrooms of adaptable units and blocking and grab bars in accessible units, typical.



1 Apartment Unit "A3" Floor Plan  
 Scale: 1/4" = 1'-0"



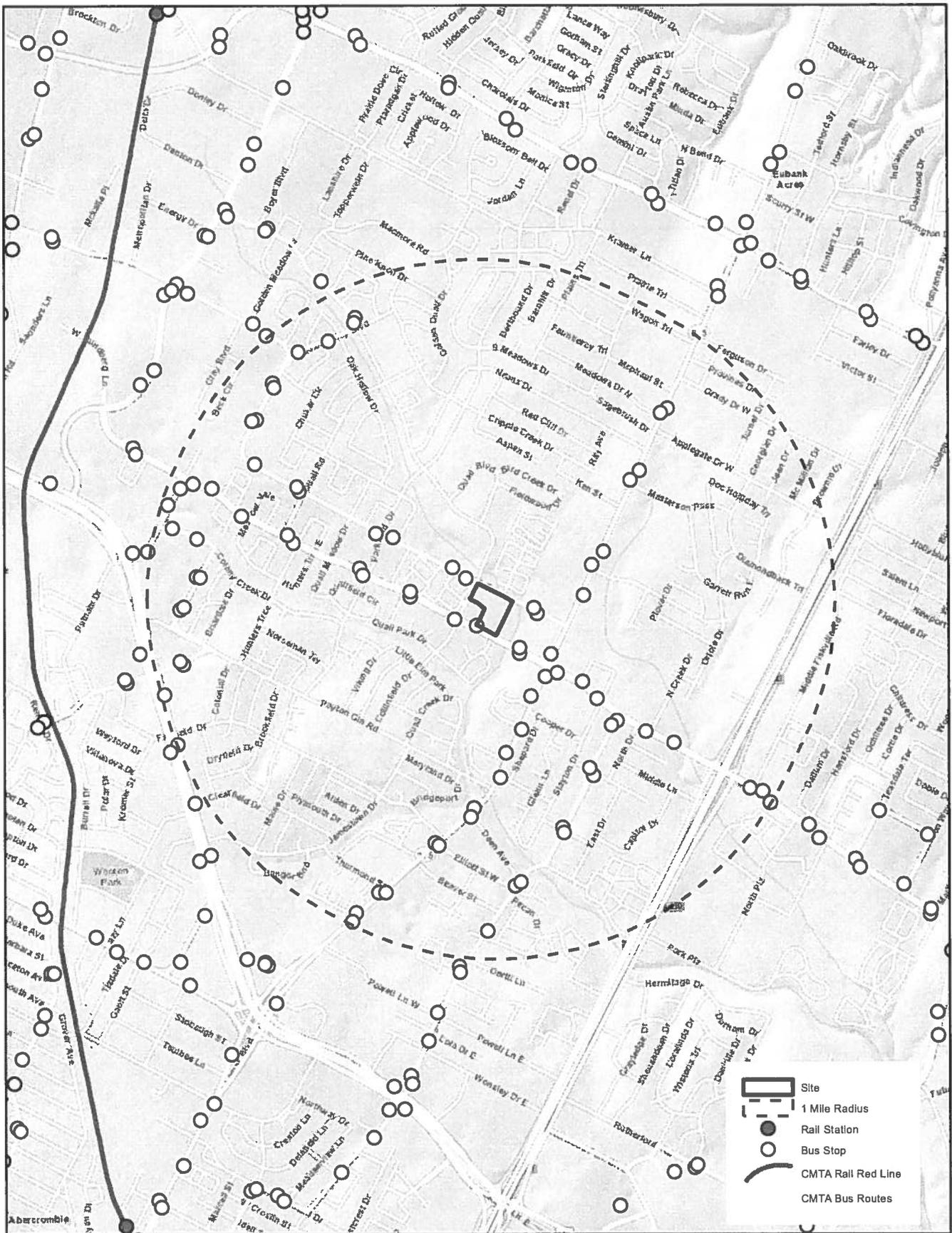
2 Apartment Unit "A4" Floor Plan (Loft)  
 Scale: 1/4" = 1'-0"



**EXTERIOR IMPROVEMENTS:**

- 1) Rebuild balcony roof. Install stucco walls.
- 2) Remove all mansard elements
- 3) Replace all exterior vinyl siding with hard-siding
- 4) Replace all exterior stairs, and balconies.
- 5) Regrade and re-pour concrete sidewalks. Ensure accessible path to all first floor units.
- 6) Replace all windows. Ensure new windows meet emergency fire exit standards.

1 Building #1 Existing Floor Plan  
 Scale: 1/8" = 1'-0"



# Transit Opportunities

TMG Cross Creek 1124 Rutland Dr., Austin, TX 78758



# ArcGIS - Central Texas Opportunity Map

Details Add Edit Basemap Measure Print Share 1124 Rutland Dr, Austin, TX 78758 X Q SIGN IN

- ### Contents
- HUD Housing Developments
  - Housing Authority of Travis County (HATC)
  - Section 8 Vouchers (2012, HACA)
  - Other HACA Properties
  - Low Income Household Tax Credit (LIHTC)
  - Austin Housing Finance Corporation (AHFC)
  - Mortgage Foreclosures and Credit
  - Population (2035)
  - Segregation Index
  - Median Income Households w/ Children
  - Veterans
  - Public Assistance Recipients

### Comprehensive Opportunity Index (Very Low)

Block Group ID (2010)	484530018224
Tract ID (2010)	48453001822
Education Index	Very Low
Economic and Mobility Index	Low
Housing and Environment Index	Moderate
Comprehensive Opportunity Index	Very Low
Education Score	1
Economic and Mobility Score	2
Housing and Environment Score	3

Zoom to Edit

# portunity Map

Basemap

Share

Print

Measure

Bookmarks

1124 Rutland Dr, Austin, TX 78758

SIGN IN

X Q

## Comprehensive Opportunity Index (Very Low)

Block Group ID (2010)	484530018224
Tract ID (2010)	48453001822
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Housing and Environment Index	Moderate
Comprehensive Opportunity Index	Very Low
Education Score	1
Economic and Mobility Score	2
Housing and Environment Score	3
Comprehensive Opportunity Score	1

## Column Chart



Zoom to Edit

**5. Site Control and Demonstration of Value**

Include evidence of site control such as a warranty deed or an current earnest money contract, and provide a real estate appraisal or current tax documentation that substantiates the value of the project.

A Contract for Sale is attached in Tab 3.  
An Appraisal is provided as a separate document.

**6. Zoning**

Include a letter from the City of Austin’s Planning and Development Review Department (PDRD) verifying that the current zoning of the site for the proposed project is compatible with the anticipated use, or include documentation verifying that a request to change current zoning has been submitted to PDRD. Should the project be approved for funding, the appropriate zoning must be in place prior to execution of loan documents.

ATTACHED

**7. S.M.A.R.T. Housing™.** Include a copy of the letter that indicates the project has been reviewed and meets S.M.A.R.T. Housing™ requirements.

ATTACHED

**8. Development Team and Capacity.** Identify below the persons or entities anticipated to be involved in the project, such as lenders, attorneys, accountants, architects, engineers, general contractor, sub-contractors, property managers and consultants. Also, indicate if any person or entity involved is certified by the City of Austin as a minority or women-owned business enterprise (**MBE/WBE**), or if any of the entities are also **non-profit** organizations.

**Please also provide narrative information about the skills you or your development team members have in the following areas:**

- a. project management,
- b. market analysis,
- c. site selection and control,
- d. planning and construction,
- e. design, architecture and engineering,
- f. legal and accounting,
- g. federal funding rules and
- h. other funding source rules (e.g. Low Income Housing Tax Credits).

	<b>Name and Contact Information</b>	<b>MBE? (Mark X if Yes)</b>	<b>WBE? (Mark X if Yes)</b>	<b>Non- profit? (Mark X if Yes)</b>
Owner	To Be Formed Entity, Controlled by Developer			
Developer	The Mulholland Group, LLC			
Architect	Martin Barrera, AIA	X		
Engineer	TBD			
Construction Lender	Greystone & Company			
Other Lenders	Greystone & Company			
Attorney	Weiss Eubanks			
Accountant	Cohn Reznick			
General Contractor	F&B Development and Construction Frank Fuentes	X		
Consultant (if Applicable)	Sarah Andre, Structure Development		X	
Property Management Provider	TMG Management, LLC			
Other:	Front Steps			X
Landscape Design:	Garcia Design, Inc.	X		



# CITY OF AUSTIN - ZONING VERIFICATION LETTER

For questions concerning zoning compliance or any development criteria contact the Development Assistance Center of the City of Austin at (512) 974-6370.

This letter is to verify that the parcel listed is covered by the listed zoning classification on the date the letter was created.

## Party Requesting Verification

Name: J.T. Harechmak  
Mailing Address:  
702 San Antonio St.  
Austin, TX. 78702

## Tax Parcel Identification Number

Agency: TCAD  
Parcel ID: 0243160302

## Zoning Classification(s)

Find definitions at <http://www.austintexas.gov/page/zoning-districts>

MF-2-NP

## Zoning Case Number(s)

Look up case info at [https://www.austintexas.gov/devreview/a\\_queryfolder\\_permits.jsp](https://www.austintexas.gov/devreview/a_queryfolder_permits.jsp)

C14-01-0037

## Zoning Ordinance Number(s)

Look up ordinances at <http://austintexas.gov/edims/search.cfm>

010524-94

For Address Verification visit:  
<http://austintexas.gov/addressverification>

To access zoning ordinance documentation visit:  
<http://austintexas.gov/edims/search.cfm>

To access zoning overlay documentation (Land Development Code Chapter 25-2 Division 6) visit:  
<http://austintexas.gov/department/austin-city-code-land-development-code>  
<http://austintexas.gov/department/zoning>

This letter was produced by the City of Austin Communication Technology Management Department on behalf of the Planning and Development Review Department.

I, Tony Castro, of the Communications and Technology Management Department for the City of Austin, do hereby certify that the above information reflects the data and records on file in this office.

1/28/2014

741328



# City of Austin

P.O. Box 1088, Austin, TX 78767  
www.cityofaustin.org/housing

## Neighborhood Housing and Community Development Department

January 31, 2014

**S.M.A.R.T. Housing Certification**  
**The Mulholland Group, LLC- Cross Creek Apartments-1124 Rutland Drive**  
**(id #65637)**

### TO WHOM IT MAY CONCERN:

The Mulholland Group, LLC (development contact: Royce Mulholland (212-661-5771; rmulholland@tmg-housing.com) has submitted a S.M.A.R.T. Housing application for the rehabilitation of a **200 unit multi-family** development at **1124 Rutland Drive** in the North Austin Civic Association Neighborhood Planning Area. The project will be subject to a fifteen (5) year affordability period after issuance of certificate of occupancy. **PLEASE NOTE THAT THE CERTIFICATION IS CONDITIONAL ON THE PROJECT SECURING A RATING FROM THE AUSTIN ENERGY GREEN BUILDING PROGRAM.**

NHCD certifies that the proposed construction meets the S.M.A.R.T. Housing standards at the pre-submittal stage. Since **90%** of the units (**180 units**) will serve households at or below **60%** Median Family Income (MFI) and the remaining **10%** of the units (**20 units**) serving households at **30%** MFI or below, the development will be eligible for **100%** waiver of the fees listed in Exhibit A of the S.M.A.R.T. Housing Resolution adopted by the City Council. The expected fee waivers include, but are not limited to, the following fees:

Capital Recovery Fees	Site Plan Review	Land Status Determination
Building Permit	Misc. Site Plan Fee	Building Plan Review
Concrete Permit	Construction Inspection	Parkland Dedication ( <i>by separate ordinance</i> )
Electrical Permit	Subdivision Plan Review	
Mechanical Permit	Misc. Subdivision Fee	
Plumbing Permit	Zoning Verification	

In addition, the development must:

- ◆ Pass a final inspection and obtain a signed Final Approval from the Green Building Program. (Separate from any other inspections required by the City of Austin or Austin Energy. Contact Katherine Murray 482-5351).
- ◆ Pass a final inspection to certify that accessibility standards have been met.

The applicant must demonstrate compliance with the reasonably-priced standard after the completion of the units, or repay the City of Austin in full the fees waived for this S.M.A.R.T. Housing certification.

Please contact me at 974-3154 if you need additional information.

Javier V. Delgado  
Neighborhood Housing and Community Development

- |     |                            |                     |                           |
|-----|----------------------------|---------------------|---------------------------|
| Cc: | Laurie Shaw, Capital Metro | Bryan Bomer, AIEGB  | Alma Molieri, PDRD        |
|     | Maureen Meredith, PDRD     | Gina Copic, NHCD    | Susan Kinel, NHCD         |
|     | M. Simmons-Smith, PDRD     | Chris Yanez, PARD   | Stephen Castleberry, PDRD |
|     | Kath. Murry, Austin Energy | Heidi Kasper, AIEGB | George Zapalac, PDRD      |
|     | Robby McArthur, AWU        | Danny McNabb, WPDR  | Cande Coward, PDRD        |

## 8. CROSS CREEK DEVELOPMENT TEAM

Brief Bios for the team are provided here, as applicable. Information on the Developer and Management Team follow this section.

1. TMG -TX Austin II, L.P.- Developer-Delaware Limited Partnership-#26-4017912- Address: 141-07 Twentieth Avenue, Whitestone, NY 11357-(212)661-5015 (Phone)-(212)-661-5771
2. TMG Management, LLC—Management Company-141-07 Twentieth Avenue, Whitestone, NY 11357--(212)661-5015 (Phone)-(212)-661-5771 (Fax)
3. Fuentes Design & Construction-Frank Fuentes-Contractor. Frank Fuentes is one of the four-member management team that has positioned F & B as a leader in commercial, multi-family and residential construction in Central Texas. His vision and leadership have helped the company grow exponentially since it was founded in 2003. Mr. Fuentes has been listed among the Top 100 Latino Businessmen since 1999 and in 2000, Mr. Fuentes received the Hispanic Achievement Award for Business Entrepreneurship from Hispanic Business Magazine. The company, subsidiaries and the partners combined have a bonding capacity of \$150,000,000. Mr. Fuentes is one the founders of the U.S. Hispanic Contractors Association, and has continued to lead the organization as its chairman. Until recently, he was a member of the Board of Adjustment for the City of Austin for almost 12 years, six of which he served as chair. He was appointed to the Advisory Board of Small Business for the U.S. Department of Energy in 2005. Fuentes resides in Austin, Texas.
4. Martin Barrera, AIA +LEED AP-Architect-1000 East Cesar Chavez Street-Suite 200-Austin, Texas, 78702-(512)473-0055 (Phone)-(512)600-4842 (Fax). Martin Barrera, Architect was founded in 2006. Mr. Barrera offers a broad spectrum of architectural services, with a focus on sustainable Design and Urban Development. Over the years, many of Mr. Barrera's projects have been focused on children and education. From his work on an environmental learning center for disadvantaged urban youth, to Escuelita del Alma's successful relocation, to his role as Co-Vice President of the Maplewood Elementary PTA, Martin's commitment to children and education is evident.

Mr. Barrera is the past Planning and Zoning Committee Chair of the Cherrywood Neighborhood Association, and frequently participates in design charrettes and competitions that have community impact, such as the Gus Garcia Park Ideas Competition and the Texas Grow Home Competition that generated ideas for dozens of emergency housing designs for future hurricane victims.

5. Engineer-TBD
6. Garcia Design Inc.-Robert C. Garcia-Landscape Architect-11500 Metric Blvd. Bldg., M-1, Suite 150, Austin, Texas, 78758-(512)892-0353 (phone)-(512)821-2085 (Fax). Garcia Design Inc. was established in 1996 as a Texas corporation and has been in continuous operation in Austin, Texas since that time. The firm has extensive experience in the following areas of design: (1) Parks, Recreations and Open Space (2) Commercial and Residential Land Development (3) Landscape Architectural Design for Schools, Institutions and Cultural Facilities and (4) Site & Landscape Design for Transportation & Transit Facilities. Mr. Garcia has several years of professional experience having been licensed to practice since 1985. Garcia Design, Inc. has the technical ability to handle small and large projects from feasibility analysis, conceptual design, construction plans and specifications, permits/code compliance through construction administration.
7. Cohn, Reznick, Accountants  
Established in 1919, by Julius H. Cohn, one of the country's first certified public accountants. Cohn merged with Reznick Fedder & Silverman, in 1977. The firm is an established national leader in the affordable housing arena. CohnReznick has offices from Boston to Los Angeles and provides a complete range of services to both public and private companies across numerous industries. See

more at: <http://cohnreznick.com/about/our-history#sthash.yjfzVQr0.dpuf>

8. Greystone & Company, Inc.-John Morales, CPA, Underwriters--152 West 57<sup>th</sup> Street-60<sup>th</sup> Floor, New York, NY, 10019-(212)649-9727 (Phone)-(212)649-9701 (Fax). Greystone has been a real estate lending organization for over two decades. From their roots as a workout specialist for distressed FHA loans, they have continuously expanded their capabilities to become a full-service multifamily housing and healthcare facility lender. Their national team of professionals has built a strong, collaborative relationship with Fannie Mae, Freddie Mac and HUD, enabling them to move quickly and achieve the financing needs for the developer without costly delays. Greystone's capital markets expertise enables them to deliver competitive pricing and superior execution, getting the most cost-effective results.
9. City Real Estate Advisors (CREA), Equity Provider.  
In 2001 Jeffrey Whiting formed City Real Estate Advisors (CREA) out of City Securities Corporation, Indiana's oldest and largest independent, full-service investment firm. Today CREA is now a wholly owned subsidiary of City Financial Corporation, the privately held holding company of City Securities Corporation, City Real Estate Advisors, and City Securities Insurance, LLC.

CREA is a national syndicator with acquisition offices across the country and we have a wide and growing investor base, both of which provide diversification and access. Since 2001, CREA has raised and closed over \$1.5 billion in LIHTC equity in national funds, proprietary funds, secondary opportunities, and direct placements. The CREA portfolio outperforms national averages. In fact, property performance is consistently above pro-forma. Given the number of properties in the historically challenging Midwest alone, we believe this is a significant achievement as well as a differentiator in the market.

9. **Development Schedule.** Complete the grid below. You may re-order the steps according to the appropriate sequence for your project and to add in any other significant steps integral to your project's development. If the multiple properties are involved, provide a development schedule for each property.

	<b>DATE(S)</b>
Acquisition and/or holding	March 18, 2014
Environmental and/or historic review (AHFC) Appraisal, Physical Condition Report	December 2013
Securing and packaging project financing	January 13, 2014
Construction Specifications and Cost estimates	February 21, 2014
Construction Bids	March 15, 2014
Construction Start	May 15, 2014
Anticipated Draws (list all)	Monthly
End Construction	September 1., 2015
Start of Rent-up	Continuous - in place rehab
Completion & Operation	September 1, 2015

10. **Accessible and Adaptable Units.** Indicate the number of units proposed to be **accessible and adaptable** for persons with mobility, sight and hearing disabilities as required by RHDA Program Guidelines.

20 Units adaptable for persons with mobility disabilities.  
10 Units accessible for persons with mobility disabilities  
20 Units adaptable for persons with sight and hearing disabilities  
4 Units accessible for persons with sight and hearing disabilities

**11. Developer Capacity.** Provide narrative information on recent, similar, and successful experience in affordable housing development. Include experience using multiple fund sources, managing affordable rental developments, and previous working history with the Austin Housing Finance Corporation.

## **The Mulholland Group, LLC**

The Mulholland Group, LLC (TMG) commenced business in late 1991 raising equity for low and moderate-income projects, primarily in Texas, Virginia and New York State, through the sale of the Low Income Housing Tax Credit Program. TMG raised over \$50 million dollars in equity to finance 820 units of housing in its first six years of operation. Soon after, TMG entered into a joint venture, which closed its first acquisition of nearly 6,000 units in 31 transactions within five states and eleven different submarkets. Properties we acquire generally range in quality from B and C type and are leased to low, moderate and middle-income persons. Seventeen properties were acquired using private activity bonds and tax credit equity, with TMG acting as the general partner or managing member of the ownership entity. The remaining properties were acquired using tax-exempt 501(c)(3) Bonds, with TMG acting as Owner's Representative for the non-profit owner under a long-term contract. Today TMG owns and operates 2,279 units of affordable and market rate housing.

## **TMG Management, LLC**

TMG launched its TMG Management subsidiary in January of 2013. With twenty plus years as a developer and owner of multi family affordable housing, TMG Management was founded with one mission, "to provide a superior community to our low income tenants."

TMG achieves this mission by putting the needs of our residents first. By demonstrating "we care," we cultivate a "TMG Family Community." We strongly believe that by investing in improving the quality of life for our tenants through diligent attention to customer service and maintenance of the property, we maximize the economic value of our properties to our lenders and investors.

TMG Management believes that our people on the ground are those that can make a difference. While we are young, during our first year we are already on the forefront nationally of implementing the use of state-of-the-art management technology. This enables us to improve customer service and property repair response times significantly, because we can operate online and in real time. To complement the technology, we have committed significant capital on continuing education for our staff so that they may attain the highest level of certification and expertise in their fields. We are already seeing the positive results at the properties.

We currently operate four properties consisting of approximately 1,200 residential and LIHTC units. TMG Management has 32 employees, each of which hold a designation or certification in their field of expertise. Our commitment to our mission and strategy are already paying dividends. In our first year of property management our culture is taking hold in our staff and communities. In addition to a better work force and a better community atmosphere the TMG portfolio of properties increased revenue by approximately 10% while increasing occupancy by over 4%. Success breeds more success.

**12. Detailed Project Budget.** Use the following table, or comparable format, to provide a complete project budget. Add line-items as necessary. If this project has already received funding from AHFC, indicate by line item the amounts from the prior award. ATTACHED

<b>DETAILED PROJECT BUDGET</b>				
	<b>Cost</b>	<b>Prior award of RHDA Funds (if any)</b>	<b>RHDA Funds Requested</b>	<b>Description or Comments</b>
<b>PREDEVELOPMENT</b>				
Appraisal				
Environmental Review				
Engineering				
Survey				
Architectural				
<b>TOTAL PREDEVELOPMENT</b>				
<b>ACQUISITION</b>				
Site and/or Land				
Structures				
Other (specify)				
<b>TOTAL ACQUISITION</b>				
<b>CONSTRUCTION</b>				
Infrastructure				
Site work				
Demolition				
Concrete				
Masonry				
Rough carpentry				
Finish carpentry				
Waterproofing & Insulation				
Roofing & Sheet Metal				
Plumbing/Hot Water				
HVAC				
Electrical				
Doors/Windows/Glass				
Lath & Plaster/ Drywall & Acoustical				
Tile work				
Soft & Hard Floor				
Paint/Decorating/Blinds/Shades				
Specialties/Special Equipment				
Cabinetry/Appliances				
Carpet				
Other (Please specify)				
Construction Contingency				
<b>TOTAL CONSTRUCTION</b>				
<b>SOFT &amp; CARRYING COSTS</b>				
Legal				
Audit/Accounting				
Title/Recording				
Architectural (Inspections)				
Construction Interest				
Construction Period Insurance				
Construction Period Taxes				
Relocation				

Cross Creek Apartments • 1124 Rutland Drive, Austin, TX 78758

<b>Sources &amp; Uses</b>	
<b>Sources</b>	
Mortgage	\$13,651,654
Limited Partner Equity	\$5,479,822
City of Austin	\$2,000,000
Deferred Development Fee	\$750,000
<b>Total Sources</b>	<b>\$21,881,477</b>
<b>Uses</b>	
Acquisition	\$8,800,000
Renovation Costs	\$5,703,125
Soft Costs	\$385,000
Financing Costs	\$6,993,352
<b>Total Uses</b>	<b>\$21,881,477</b>

# Rental Plan

Unit Type	Square Feet	Units	Market		Rent Increase	60% Rents	New Rents	Monthly Income
			Rent	Utility Allow				
1 Bed/1 Bath	575	20	\$595	\$63	\$75	\$824	\$607	\$12,140
1 Bed/1 Bath	643	40	\$625	\$63	\$75	\$824	\$637	\$25,480
1 Bed/1 Bath	730	40	\$650	\$63	\$75	\$824	\$662	\$26,480
1 Bed/1 Bath Loft	799	40	\$695	\$63	\$80	\$824	\$712	\$28,480
2 Bed/1 Bath	980	30	\$850	\$90	\$115	\$988	\$875	\$26,250
2 Bed/2 Bath	1008	30	\$895	\$90	\$115	\$1,018	\$920	\$27,600
<b>Total</b>		<b>200</b>						

**Total Monthly Income \$146,430**

**Total Monthly Gross Potential Income \$146,430**

**Annual Gross Potential Rental Income \$1,757,160**

Losses	
Loss to Lease	\$17,572
Vacancy	\$70,286
Concessions (move-in & renewal)	\$17,572
Non-Revenue, Bad Debt	\$17,572
<b>Total Losses</b>	<b>\$123,001</b>

**\$123,001**

**Net Residential Income \$1,634,159**

**\$136,180**

Ancillary Income	
Application, Eviction, Late Fee Income	\$29,774
Laundry Income	\$18,322
Security Deposit	\$11,945
Cable Fee Income	\$14,085
Bad Debt Recovery	\$9,386
Rubs Income	\$98,246
Other Income	\$1,567
<b>Total Ancillary Income</b>	<b>\$183,325</b>

**\$183,325**

**Total Effective Income \$1,817,484**

**\$151,457**

## Development Budget

	<u>Total</u>	<u>Unit Cost</u>	<u>Basis</u>
<b>ACQUISITION</b>			
Land	\$704,000	\$3,520	\$0
Structure	\$8,096,000	\$40,480	\$8,096,000
<b>Total Acquisition</b>	<b>\$8,800,000</b>	<b>\$44,000</b>	<b>\$8,096,000</b>
<b>SOFT COSTS</b>			
Appraisal & Other Reports	\$8,000	\$40	\$8,000
Survey	\$30,000	\$150	\$30,000
Environmental Survey	\$12,000	\$60	\$12,000
Property Condition Report	\$10,000	\$50	\$10,000
Accounting/Cost Cert	\$10,000	\$50	\$10,000
Architect	\$200,000	\$0	\$200,000
Title and Recording Fees	\$65,000	\$325	\$65,000
Bridge Loan Due Diligence Costs	\$50,000	\$250	\$50,000
<b>Total Soft Costs</b>	<b>\$385,000</b>	<b>\$1,925</b>	<b>\$385,000</b>
<b>CONSTRUCTION COSTS</b>			
Residential	\$4,900,000	\$24,500	\$4,900,000
Bridge Loan Construction	\$600,000	\$3,000	\$600,000
Construction Management Fee - TMG	\$203,125	\$1,016	\$203,125
<b>Total Hard Costs</b>	<b>\$5,703,125</b>	<b>\$28,516</b>	<b>\$5,703,125</b>
<b>Total Development Cost</b>	<b>\$6,088,125</b>	<b>\$30,441</b>	<b>\$14,184,125</b>
<b>PROJECT RESERVES &amp; DEVELOPER FEE</b>			
Developer Fee (15%)	\$3,829,258	\$19,146	\$3,829,258
Capitalized Interest	\$500,243	\$2,501	\$125,061
Operating Reserve	\$800,814	\$4,004	
Working Capital	\$500,000	\$2,500	\$0
Reserve for Replacement	\$300,000	\$1,500	\$0
<b>Total Project Reserves</b>	<b>\$5,930,315</b>	<b>\$29,652</b>	<b>\$3,954,319</b>
<b>Total Project Costs</b>	<b>\$20,818,440</b>	<b>\$104,092</b>	<b>\$18,138,444</b>
<b>COST OF ISSUANCE</b>			
<b>Bridge</b>			
Initial Closing- Lender Origination	\$0	1%	
Initial Closing- App Fee	\$0	0.1%	
Initial Closing- Lender App Fee	\$0		
Initial Closing- Lender Third Party Reports	\$0		
Initial Closing- Lender Legal	\$0		
Initial Closing- Lender Survey	\$0		
Initial-Title & Recording	\$0		
Initial Closing- Financing Consultant	\$0		
Initial Closing- TMG Legal	\$0		
Initial Closing- TMG Local Counsel	\$0		
<b>Permanent Loan</b>			
Tax Credit Reservation/Application	\$25,000		\$0
FHA MIP	\$12,286	0.09%	\$0
FHA Application Fee	\$38,046		\$0
FHA Inspection Fee	\$50,515		\$0
HUD Origination Fee	\$136,517	1.0%	\$0
Bridge Lender Application Fee	\$5,000		\$0
HFA Issuer Fee	\$6,826	0.05%	\$0
Trustee Set Up & Counsel Fee	\$5,000		\$0
State and City Consultant Fees	\$125,000		\$62,500
Underwriters Fee	\$136,517	1.0%	\$0
<b>Total</b>	<b>\$540,706</b>		<b>\$62,500</b>
<b>LEGAL</b>			
Bond Counsel	\$50,000	\$250	\$0
Lenders Counsel	\$25,000	\$125	\$0
TMG Real Estate Counsel	\$50,000	\$250	\$50,000
TMG Tax Credit Counsel	\$50,000	\$250	\$50,000
Bridge Loan Soft Costs	\$297,330		\$98,119
Local Counsel	\$15,000	\$75	\$0
LP Counsel	\$35,000	\$175	\$0
<b>Total</b>	<b>\$522,330</b>	<b>\$2,612</b>	<b>\$198,119</b>
<b>Total Uses of Funds</b>	<b>\$21,881,477</b>	<b>\$109,407</b>	<b>\$18,399,063</b>

## Construction Budget

### PROFORMA PLUG NUMBERS FOR UNDERWRITING PURPOSES\*

Total Construction Costs	\$4,900,000	\$24,500
Bridge Loan Construction	\$600,000	\$3,000
Flood Remediation	\$750,000	\$3,750
Construction Management Fee - TMG	\$203,125	3.25%

\*This Worksheet will be properly detailed at a later date

\$31,250

EXTERIOR			
	Unit/ SF	Cost	Total
<b>Flatwork</b>			
Complete Asphalt Overlay	0	2	\$0
Side walk Repairs	0	75	\$0
Re-striping Parking Lots and Curbing	0	50	\$0
<b>Sub Total</b>			
<b>Doors (Entrance)</b>			
Exterior Doors	0	575	\$0
Kick Plates - brush nickel	0	50	\$0
Door Knockers - brush nickel	0	15	\$0
Door Numbering - brush nickel	0	10	\$0
<b>Roofing</b>			
Window Replacement - Double Pane w/ Six Pane Insert	0	13,000	\$0
Gutter Replacement	0	350	\$0
Perimeter Fencing - Wrought Iron	0	25	\$0
Landscaping	0	8	\$0
Siding/Painting	0	0	\$0
Fire Hydrants (2)	0	20,000	\$0
Water Supply lines (2150 liner feet)	0	200	\$0
Sewer Repairs	0	0	\$0
Dumpsters	0	0	\$0
Site Lighting	0	0	\$0
Drainage	0	0	\$0
<b>Sub Total</b>			
<b>INTERIOR</b>			
<b>Kitchen</b>			
Cabinets With Pulls	0	1600	0
Counter Tops	0	300	0
Sinks & Disposals	0	350	0
Lighting	0	100	0
Flooring Kitchen and Eating Area	0	150	0
<b>Sub Total</b>			
<b>Appliances</b>			
Stove	0	350	0
Dishwasher	0	250	0
Microwave with top exhaust	0	200	0
Refrigerators	0	225	0
Dishwasher	0	350	0
<b>Sub Total</b>			
<b>Painting</b>			
Kitchen and Baths	0	200	\$0
Vacant Units	0	500	\$0
<b>Sub Total</b>			
<b>Bathrooms</b>			
Title Repairs	0	150	\$0
Vanities	0	300	\$0
Make up mirror	0	50	\$0
Arched curtain Rod	0	50	\$0
Flooring	0	45	\$0
Small rectangular medicine cabinet	0	50	\$0
Toilets	0	125	\$0
Lighting	0	45	\$0
<b>Sub Total</b>			
<b>General Interior Issues</b>			
Lighting Package	0	425	\$0
Light Switches	0	10	\$0
Diffusers	0	10	\$0
Carpeting	0	500	\$0
Wall Repairs	0	200	\$0
Smoke Detector/Carbon Monoxide	0	50	\$0
ADA Compliance	0	50	\$0
<b>Sub Total</b>			
Domestic Hot Water	0	350	\$0
<b>HVAC</b>			
Condenser - 13 Seer	0	1,950	\$0
Furnace	0	750	\$0
Condenser pad	0	50	\$0
<b>Sub Total</b>			
<b>Total</b>		<b>\$0</b>	
<b>MONUMENT SIGN</b>			
Lighting			\$0
Signage -- Entrance and Highway Exposure			\$0
<b>Total</b>		<b>\$0</b>	
<b>MISCELLANEOUS</b>			
Clubhouse	0	\$145	\$0
Clubhouse Furnishings			\$0
Amenities			\$0
<b>Total</b>		<b>\$0</b>	
<b>Sub Total Construction</b>			
<b>Total</b>		<b>\$0</b>	
<b>PROFESSIONAL FEES</b>			
Permits		\$0	
Architect/Engineer/Landscape Architect		\$0	
<b>Sub Total</b>			
<b>CONTINGENCY AND CONTRACTOR FEES</b>			
Construction Management Fee - TMG		\$0	
Contingency (6.0%)		\$0	
Overhead (6%)		\$0	
Profit (6%)		\$0	
General Requirement (2%)		\$0	
<b>Sub Total</b>			
<b>Total</b>		<b>\$0</b>	

# Operating Budget

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
		2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Income Growth as %																
Rental & Other Income	\$1,817,484	\$1,852,627	\$1,898,943	\$1,936,922	\$1,975,660	\$2,015,173	\$2,055,477	\$2,096,586	\$2,138,518	\$2,181,288	\$2,224,914	\$2,269,412	\$2,314,801	\$2,361,097	\$2,408,318	\$2,456,485
<b>Total Effective Income</b>	\$1,817,484	\$1,852,627	\$1,898,943	\$1,936,922	\$1,975,660	\$2,015,173	\$2,055,477	\$2,096,586	\$2,138,518	\$2,181,288	\$2,224,914	\$2,269,412	\$2,314,801	\$2,361,097	\$2,408,318	\$2,456,485
Management Fee	\$90,874	\$92,631	\$94,947	\$96,846	\$98,783	\$100,759	\$102,774	\$104,829	\$106,926	\$109,064	\$111,246	\$113,471	\$115,740	\$118,055	\$120,416	\$122,824
Salaries	\$200,000	\$206,000	\$212,180	\$218,545	\$225,102	\$231,855	\$238,810	\$245,975	\$253,354	\$260,955	\$268,783	\$276,847	\$285,152	\$293,707	\$302,518	\$311,593
Administration	\$20,000	\$20,600	\$21,218	\$21,855	\$22,510	\$23,185	\$23,881	\$24,597	\$25,335	\$26,095	\$26,878	\$27,685	\$28,515	\$29,371	\$30,252	\$31,159
Security	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Marketing	\$20,000	\$20,600	\$21,218	\$21,855	\$22,510	\$23,185	\$23,881	\$24,597	\$25,335	\$26,095	\$26,878	\$27,685	\$28,515	\$29,371	\$30,252	\$31,159
<b>Total Administration</b>	\$330,874	\$339,831	\$349,563	\$359,101	\$368,905	\$378,984	\$389,346	\$399,999	\$410,951	\$422,210	\$433,786	\$445,687	\$457,923	\$470,503	\$483,437	\$496,736
Maintenance Contracts	\$60,000	\$61,800	\$63,654	\$65,564	\$67,531	\$69,556	\$71,643	\$73,792	\$76,006	\$78,286	\$80,635	\$83,054	\$85,546	\$88,112	\$90,755	\$93,478
Repair and Maintenance	\$100,000	\$103,000	\$106,090	\$109,273	\$112,551	\$115,927	\$119,405	\$122,987	\$126,677	\$130,477	\$134,392	\$138,423	\$142,576	\$146,853	\$151,259	\$155,797
<b>Total Maintenance &amp; Operations</b>	\$160,000	\$164,800	\$169,744	\$174,836	\$180,081	\$185,484	\$191,048	\$196,780	\$202,683	\$208,764	\$215,027	\$221,477	\$228,122	\$234,965	\$242,014	\$249,275
Utilities	\$145,285	\$149,644	\$154,133	\$158,757	\$163,520	\$168,425	\$173,478	\$178,682	\$184,043	\$189,564	\$195,251	\$201,109	\$207,142	\$213,356	\$219,757	\$226,350
<b>Total Utilities</b>	\$145,285	\$149,644	\$154,133	\$158,757	\$163,520	\$168,425	\$173,478	\$178,682	\$184,043	\$189,564	\$195,251	\$201,109	\$207,142	\$213,356	\$219,757	\$226,350
Insurance	\$37,000	\$38,110	\$39,253	\$40,431	\$41,644	\$42,893	\$44,180	\$45,505	\$46,870	\$48,277	\$49,725	\$51,217	\$52,753	\$54,336	\$55,966	\$57,645
Taxes	\$160,000	\$164,800	\$169,744	\$174,836	\$180,081	\$185,484	\$191,048	\$196,780	\$202,683	\$208,764	\$215,027	\$221,477	\$228,122	\$234,965	\$242,014	\$249,275
<b>Total Taxes and Insurance</b>	\$197,000	\$202,910	\$208,997	\$215,267	\$221,725	\$228,377	\$235,228	\$242,285	\$249,554	\$257,040	\$264,752	\$272,694	\$280,875	\$289,301	\$297,980	\$306,920
Replacement Reserve	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
<b>Total Expenses</b>	\$893,159	\$917,185	\$942,438	\$967,961	\$994,232	\$1,021,271	\$1,049,101	\$1,077,746	\$1,107,231	\$1,137,578	\$1,168,815	\$1,200,967	\$1,234,061	\$1,268,126	\$1,303,189	\$1,339,280
Net Operating Income	\$924,324	\$935,442	\$956,505	\$968,960	\$981,428	\$993,903	\$1,006,375	\$1,018,840	\$1,031,287	\$1,043,710	\$1,056,099	\$1,068,445	\$1,080,739	\$1,092,971	\$1,105,130	\$1,117,204
<b>Debt Service</b>																
Source:																
Interest	(\$500,243)	(\$693,755)	(\$693,755)	(\$693,755)	(\$693,924)	(\$686,238)	(\$680,256)	(\$673,962)	(\$667,339)	(\$660,370)	(\$653,038)	(\$645,323)	(\$637,205)	(\$628,663)	(\$619,675)	(\$610,218)
Principal	\$0	(\$107,060)	(\$107,060)	(\$107,060)	(\$108,890)	(\$114,576)	(\$120,558)	(\$126,852)	(\$133,475)	(\$140,444)	(\$147,776)	(\$155,492)	(\$163,610)	(\$172,152)	(\$181,140)	(\$190,597)
<b>Total Debt Service</b>	(\$500,243)	(\$800,814)	(\$800,814)	(\$800,814)	(\$800,814)	(\$800,814)	(\$800,814)	(\$800,814)	(\$800,814)	(\$800,814)	(\$800,814)	(\$800,814)	(\$800,814)	(\$800,814)	(\$800,814)	(\$800,814)
Cash Flow	\$424,082	\$134,628	\$155,691	\$168,146	\$180,614	\$193,088	\$205,561	\$218,025	\$230,473	\$242,896	\$255,285	\$267,631	\$279,925	\$292,157	\$304,315	\$316,390
Debt Service Coverage Ratio	1.85	1.17	1.19	1.21	1.23	1.24	1.26	1.27	1.29	1.30	1.32	1.33	1.35	1.36	1.38	1.40
Annual per unit expenses	\$4,466															
Cap Rate	10.50%															
Term	40															
Interest Rate	5.10%															
<b>Economic Loss Schedule</b>																
Gross Income from Rental Plan	\$1,757,160	\$1,757,160	\$1,801,089	\$1,837,111	\$1,873,853	\$1,911,330	\$1,949,557	\$1,988,548	\$2,028,319	\$2,068,885	\$2,110,263	\$2,152,468	\$2,195,517	\$2,239,428	\$2,284,216	\$2,329,901
Economic Loss Percentage	7.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Economic Loss	\$123,001	\$87,858	\$90,054	\$91,856	\$93,693	\$95,567	\$97,478	\$99,427	\$101,416	\$103,444	\$105,513	\$107,623	\$109,776	\$111,971	\$114,211	\$116,495
Other Income	\$183,325	\$183,325	\$187,908	\$191,666	\$195,500	\$199,410	\$203,398	\$207,466	\$211,615	\$215,847	\$220,164	\$224,568	\$229,059	\$233,640	\$238,313	\$243,079
<b>Net Effective Income</b>	\$1,817,484	\$1,852,627	\$1,898,943	\$1,936,922	\$1,975,660	\$2,015,173	\$2,055,477	\$2,096,586	\$2,138,518	\$2,181,288	\$2,224,914	\$2,269,412	\$2,314,801	\$2,361,097	\$2,408,318	\$2,456,485

	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>	<u>17</u>	<u>18</u>	<u>19</u>	<u>20</u>
	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
\$2,167,680	\$2,211,033	\$2,255,254	\$2,300,359	\$2,346,366	\$2,393,293	\$2,441,159	\$2,489,983	\$2,539,782	\$2,590,578	
\$2,167,680	\$2,211,033	\$2,255,254	\$2,300,359	\$2,346,366	\$2,393,293	\$2,441,159	\$2,489,983	\$2,539,782	\$2,590,578	
\$108,384	\$110,552	\$112,763	\$115,018	\$117,318	\$119,665	\$122,058	\$124,499	\$126,989	\$129,529	
\$268,783	\$276,847	\$285,152	\$293,707	\$302,518	\$311,593	\$320,941	\$330,570	\$340,487	\$350,701	
\$26,878	\$27,685	\$28,515	\$29,371	\$30,252	\$31,159	\$32,094	\$33,057	\$34,049	\$35,070	
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$26,878	\$27,685	\$28,515	\$29,371	\$30,252	\$31,159	\$32,094	\$33,057	\$34,049	\$35,070	
\$430,924	\$442,768	\$454,945	\$467,466	\$480,340	\$493,577	\$507,188	\$521,183	\$535,573	\$550,370	
\$33,757	\$55,369	\$57,030	\$58,741	\$60,504	\$62,319	\$64,188	\$66,114	\$68,097	\$70,140	
\$116,921	\$120,428	\$124,041	\$127,762	\$131,595	\$135,543	\$139,609	\$143,798	\$148,112	\$152,555	
\$170,677	\$175,798	\$181,072	\$186,504	\$192,099	\$197,862	\$203,798	\$209,912	\$216,209	\$222,695	
\$195,251	\$201,109	\$207,142	\$213,356	\$219,757	\$226,350	\$233,140	\$240,134	\$247,338	\$254,758	
\$195,251	\$201,109	\$207,142	\$213,356	\$219,757	\$226,350	\$233,140	\$240,134	\$247,338	\$254,758	
\$49,725	\$51,217	\$52,753	\$54,336	\$55,966	\$57,645	\$59,374	\$61,155	\$62,990	\$64,880	
\$247,239	\$254,656	\$262,295	\$270,164	\$278,269	\$286,617	\$295,216	\$304,072	\$313,194	\$322,590	
\$296,964	\$305,872	\$315,049	\$324,500	\$334,235	\$344,262	\$354,590	\$365,228	\$376,185	\$387,470	
\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	
\$1,153,816	\$1,185,547	\$1,218,207	\$1,251,826	\$1,286,431	\$1,322,050	\$1,358,715	\$1,396,456	\$1,435,305	\$1,475,294	
\$1,013,864	\$1,025,487	\$1,037,046	\$1,048,533	\$1,059,935	\$1,071,243	\$1,082,444	\$1,093,526	\$1,104,477	\$1,115,284	
(574,775)	(568,053)	(560,977)	(553,528)	(545,687)	(537,431)	(537,431)	(537,431)	(537,431)	0	
(127,461)	(134,182)	(141,258)	(148,707)	(156,549)	(164,804)	(164,804)	(164,804)	(164,804)	(164,804)	
(\$702,235)	(\$702,235)	(\$702,235)	(\$702,235)	(\$702,235)	(\$702,235)	(\$702,235)	(\$702,235)	(\$702,235)	(\$702,235)	
\$311,628	\$323,251	\$334,811	\$346,297	\$357,700	\$369,008	\$369,008	\$369,008	\$369,008	\$369,008	
1.44	1.46	1.48	1.49	1.51	1.53	1.53	1.53	1.53	1.53	
\$2,065,969	\$2,107,289	\$2,149,435	\$2,192,423	\$2,236,272	\$2,280,997	\$2,326,617	\$2,373,149	\$2,420,612	\$2,469,025	
6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	
\$123,958	\$126,437	\$128,966	\$131,545	\$134,176	\$136,860	\$139,597	\$142,389	\$145,237	\$148,141	
\$225,668	\$230,182	\$234,785	\$239,481	\$244,271	\$249,156	\$254,139	\$259,222	\$264,407	\$269,695	
\$2,167,680	\$2,211,033	\$2,255,254	\$2,300,359	\$2,346,366	\$2,393,293	\$2,441,159	\$2,489,983	\$2,539,782	\$2,590,578	



February 5, 2014

TMG-TX Austin II, LP  
C/o Royce Mulholland  
Mulholland Group, LLC  
141-07 Twentieth Ave, Suite 507  
Whitestone, New York 11357

Re: Cross Creek Apartments (the "Project")

Dear Mr. Mulholland:

This letter of intent for application purposes summarizes the principal business terms under which a City Real Estate Advisors, Inc. ("CREA") fund (sometimes referred to herein as the "Limited Partner") will acquire an interest in the Partnership that will acquire, develop, own and operate the Project. The terms and conditions of the Limited Partner's investment in the Project are subject to the execution of a mutually agreed upon limited partnership agreement (the "Partnership Agreement") and CREA's Capital Committee approval. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.

**1) Project Information and Assumptions**

The Limited Partner's willingness to acquire an interest in the Partnership is based upon the following information and assumptions provided by you. CREA reserves the right to update and adjust this Letter of Intent to reflect any changes in the following information and assumptions discovered during the due diligence and underwriting review.

- a) The Project, located in the City of Austin, County of Travis, State of Texas, will consist of 18 free standing buildings having 200 apartment units for rent to families. Within the Project, 200 units will be occupied in compliance with the low-income housing tax credit ("LIHTC") requirements of Section 42 of the Internal Revenue Code (the "Code").

b) Participants

- |   |                                      |
|---|--------------------------------------|
| 1) Partnership Name:  | TMG-TX Austin II (the "Partnership") |
| 2) General Partner with a 0.010% interest in the Partnership:                                   | TBD                                  |
| 3) Limited Partner with a 99.989% interest in the Partnership:                                  | CREA Cross Creek Apartments, LLC     |
| 4) Special Limited Partner with a 0.001% interest in the Partnership:                           | CREA SLP, LLC                        |
| 5) Developer:   | The Mulholland Group, LLC            |
| 6) General Contractor:  | Fuentes Construction                 |
| 7) Property Manager:  | TMG Management                       |
| 8) Guarantors shall include the General Partner, Developer and Royce Mulholland, as individual. |                                      |

c) Project Timeframe

- |                                  |              |
|----------------------------------|--------------|
| 1) Closing Date:                 | October 2014 |
| 2) Construction Completion Date: | January 2016 |
| 3) Qualified Occupancy Date:     | January 2016 |
| 4) Stabilized Operations Date:   | April 2016   |

d) Tax Credit Delivery and Pricing ("Tax Credits")

The terms and conditions set forth in this Letter of Intent are based upon a financial model initially submitted by the Developer to CREA. Prior to closing, CREA shall underwrite the assumptions contained in the financial model and prepare a final financial model which, if acceptable to the General Partner, shall be attached to the fully executed Partnership Agreement (the "Financial Forecasts").

The Projected Tax Credits to be generated by the Partnership and allocated to the Limited Partner are as follows:

- 1) \$406,512 (76.5%) in 2015;
- 2) \$531,388 (100%) in 2016 through 2024; and
- 3) \$124,931 (23.5%) in 2025

The Financial Forecasts will reflect equity amounts calculated as follows:

**LIHTC Equity**

2014 Federal LIHTC Reservation:	\$531,388
Limited Partner Interest:	99.989%
Credit Price:	\$0.90
Total Federal LIHTC Equity:	\$4,734,668

**Total Limited Partner Equity** **\$4,734,668**

**CREA SLP, LLC equity:** **\$100**

**2) Limited Partner's Capital Contribution**

- a) Based upon the Financial Forecasts, the Limited Partner will make its capital contributions ("Capital Contributions") to the Partnership in installments (each, an "Installment"), pursuant to the terms and conditions of the Partnership Agreement. Each Installment is subject to the Limited Partner's receipt of: (i) a satisfactory AIA form (during construction), (ii) a current date down endorsement or title update, (iii) satisfactory evidence that the Project is In Balance, (iv) evidence that the conditions of all prior Installments have been satisfied, and (v) the General Partner's certification that the representations and warranties contained in the Partnership Agreement are true and correct as of the date of the Installment. Each Installment will be made within ten (10) business days of the receipt and satisfaction of all items listed below. Installments shall be made as follows:

- 1) \$946,934(20.00%), (the "First Installment"), will be funded upon the later to occur of the execution of the Partnership Agreement and satisfaction of the following conditions, as determined by the Limited Partner: (a) the Limited Partner's admission to the Partnership, (b) receipt by the Limited Partner of due diligence documentation customary to closing the Partnership Agreement, (c) closing of all Project sources and funding of those sources as required pursuant to the Financial Forecasts, (d) receipt of a fixed rate commitment for the Permanent Loan(s), and (e) receipt of any necessary building permits.
  - 2) \$236,733(5.00%), (the "Second Installment"), will be funded upon the later to occur of April 1, 2015 and satisfaction of the following conditions, as determined by the Limited Partner: (a) 50.00% lien-free completion of construction of the Project as certified by the architect.
  - 3) \$1,183,667(25.00%), (the "Third Installment"), will be funded upon the later to occur of October 1, 2015 and satisfaction of the following conditions, as determined by the Limited Partner: (a) 75.00% lien-free completion of construction of the Project as certified by the architect.
  - 4) \$946,934(20.00%), (the "Fourth Installment"), will be funded upon the later to occur of January 1, 2016 and satisfaction of the following conditions, as determined by the Limited Partner: (a) lien-free (up to \$100,000 of liens may be bonded over) completion of construction of the Project sufficient for all residential rental units to be "placed in service" within the meaning of Section 42 of the Code, (b) the issuance of all required permanent certificates of occupancy permitting immediate occupancy of all residential rental units, (c) architect's substantial completion certification that the Project is completed in accordance with the plans and specifications, (d) receipt of the Accountant's draft Cost Certification supporting the Projected Tax Credits and evidence that the "50% Test" has been met, and (e) receipt by the SLP of satisfactory evidence that all environmental requirements have been met (if applicable).
  - 5) \$1,183,667 (25.00%), (the "Fifth Installment"), will be funded upon the later to occur of April 1, 2016 and satisfaction of the following conditions, as determined by the Limited Partner: (a) the achievement of Stabilized Operations (as defined below), (b) receipt and approval of the Limited Partner's third-party review of all of the first year's tenant files for compliance with the Code and State requirements in accordance with Section 8(c) hereof, (c) receipt of the Accountant's final Cost Certification as evidence of Eligible Basis to support the Projected Tax Credits, (d) payment in full of the Construction Loan and closing and funding of the Permanent Loans (which may occur simultaneously with the payment of this Fifth Installment), and (e) receipt of the final as-built ALTA survey of the Project.  

"Stabilized Operations" means a 90 consecutive day period following Construction Completion upon which: (i) the Project has achieved Qualified Occupancy, (ii) the Project has achieved physical occupancy of 90%, (iii) closing and funding of the Permanent Loan has occurred, and (iv) the Project has satisfied the Debt Coverage Ratio requirement set forth in Section 3(b) hereof.
  - 6) \$236,733(5.00%), (the "Sixth Installment"), will be funded upon the later to occur of July 1, 2016 and satisfaction of the following conditions, as determined by the Limited Partner: (a) the IRS Form 8609 for all buildings, (b) receipt of the approved and recorded Extended Use Agreement, and (c) an executed copy of the Deferred Developer Fee
- b) The First Installment, Second and Third Installment shall be paid on a monthly draw basis. Concurrently with the date a construction draw request is made to a lender, or when an Installment is requested during the construction period, the General Partner shall furnish to the Limited Partner a copy of any documents submitted to a lender as part of a construction draw. The Limited Partner will select an inspecting representative for the Project to perform inspections for the sole benefit of the Limited Partner (the "Inspecting SLP Representative") in accordance with Section 8 hereof. The Inspecting SLP Representative shall be invited by the General Partner to all monthly construction progress meetings with the architect.

**3) Project Loans**

a) Construction/Permanent Financing:

- 1) \$11,151,181 Construction to Permanent Loan (the "Loan") from Oak Grove Capital. Such loan shall bear a fixed interest rate locked at closing not to exceed 6.00%, which shall create a Debt Coverage Ratio of not less than 1.20:1.00 at conversion and not less than a projected 1.10:1.00 during the Compliance Period, shall have a term at least one year beyond the end of the Compliance Period, have an amortization of 40 years and shall be a non-recourse loan to the Partnership and the partners thereof. The terms and conditions of the Loan and all documentation evidencing the Loan will be subject to the approval of the Limited Partner and its Capital Committee in their sole and absolute discretion.

b) Additional Sources:

- 1) \$2,000,000 Loan (the "City of Austin Loan") from the City of Austin. The City of Austin Loan will bear interest at 1% with a term of at least one year beyond the end of the Compliance Period. The City of Austin Loan will be repaid from residual receipts and will be non-recourse to the Partnership and the partners thereof. The terms and conditions of the City of Austin Loan and all documentation evidencing the City of Austin Loan will be subject to the approval of the Limited Partner and its Capital Committee in their sole and absolute discretion.

All sources of financing described herein shall be structured such that they will be characterized as "true debt" for tax purposes.

**4) Developer Fee – Total - \$2,802,877**

In the event that there is a gap between Permanent Sources and Permanent Uses, a portion of the Developer Fee will be pledged as a Permanent Source in the form of Deferred Developer Fee ("DDF"). The DDF is currently estimated at \$800,000. The remaining portion of the Developer Fee, or \$2,002,877, will be paid as in accordance with the development agreement.

**5) Distributions**

Cash Flow for each Fiscal Year shall be distributed in the following order and priority.

a) Cash Flow shall be distributed in the following order and priority:

- 1) First, to pay any current and accrued but unpaid Asset Management Fee;
- 2) Second, to repay any unpaid loans made by the Limited Partner or the Special Limited Partner;
- 3) Third, to the Limited Partner for any Tax Credit adjusters;
- 4) Fourth, to pay any DDF and then as a return of capital to the General Partner to the extent of any General Partner Capital Contribution;
- 5) Fifth, to the Operating Reserve Account until such time as such account is equal to the Operating Reserve Amount and then to the Replacement Reserve Account until such time as such account is equal to the required balance;
- 6) Sixth, to the payment of any Subordinate Financing described in Section 3(c) herein;
- 7) Seventh, to the payment of any General Partner loans;
- 8) Eighth, to the payment of Deferred Property Management Fees;

- 9) Ninth, to the General Partner to repay any guaranty obligation treated as a loan;
  - 10) Tenth, 90% of the balance (and in no event exceeding 90% of the balance), if any, to the General Partner as an Incentive Management Fee provided however, that in the event the payment of an Incentive Management Fee under this paragraph would exceed 12% of the gross revenues of the Partnership for the year in question, such excess over 12% shall be paid out instead as a preferred return to the General Partner ("Preferred Return"). In the event that there is a distribution of a Preferred Return to the General Partner under this paragraph, there shall also be a gross income allocation to the General Partner for the year of such distribution in an amount equal to such Preferred Return; and
  - 11) Eleventh, after making the payments described above, the remaining Cash Flow, if any, shall be distributed .01% to General Partner and 99.99% to Limited Partner, but in no event will the Limited Partner receive less than 10.00% of the Cash Flow after the payment of items 1-6 above.
- b) Net Cash from Sale and Refinance shall be distributed in the following order and priority:
- 1) First, to repay any unpaid loans made by the Limited Partner or the Special Limited Partner;
  - 2) Second, to the Limited Partner for any Tax Credit adjusters;
  - 3) Third, payment to the Limited Partner to cover the Limited Partner's Exit Tax liability, if any;
  - 4) Fourth, to pay any current and accrued but unpaid Asset Management Fee;
  - 5) Fifth, to pay any DDF ;
  - 6) Sixth, to fund reserves for contingent or unforeseen liabilities or obligations of the Partnership to the extent deemed reasonable by the Limited Partner;
  - 7) Seventh, to pay Deferred Property Management Fees;
  - 8) Eighth, to the payment of any debts and liabilities (including any unpaid fees) owed to the partners or Affiliates by the Partnership for Partnership obligations; provided, however, that the foregoing debts and liabilities owed to the partners and their Affiliates shall be paid or repaid, as applicable, in the following order of priority, if and to the extent applicable; (i) unpaid General Partner loans and (ii) unpaid Operating Deficit Loans; and
  - 9) Ninth, after making the payments specified above, the balance of Net Cash from Sale and Refinance, if any, shall be distributed ninety percent (90.00%) to the General Partner and ten percent (10.00%) to the Limited Partner.
- 6) Guaranties
- a) The Guarantors shall maintain aggregate liquidity of at least \$500,000 and net worth of at least \$2,500,000 throughout the Compliance Period. The representations, warranties and obligations of the Guarantors will be further detailed in the Partnership Agreement and Guaranty Agreement and include, but are not limited to:
    - 1) Recapture of Tax Credits throughout their respective Compliance Periods;
    - 2) The payment in full of all costs of the development of the Project in excess of budgeted permanent sources, and payment of all operating expenses of the Project through achievement of Stabilized Operations (the "Completion Guaranty");
    - 3) The payment of any shortfall in Tax Credits, in any type of Tax Credit, resulting from:
      - a) Permanent Reduction in Credit: If an event occurs which affects the delivery of the aggregate Tax Credits then the Limited Partner's capital contribution will be reduced by an amount equal to the product of (i) the Permanent Credit Shortfall (as defined herein) and (ii) the price paid for the Tax Credit. The "Permanent Credit Shortfall" shall mean the amount by which the actual Tax Credits are or will be less than the Projected Tax

Credits over the Credit Period. This reduction shall be applied by decreasing the amount of the Limited Partner's Capital Contribution installment next due, and, if necessary, further installments (reducing the earliest ones first) by the amount of the Permanent Credit Shortfall Adjustment. Any such amount not able to be offset shall be immediately due and owing (without any right of reimbursement or Capital Contribution credit) from the Guarantors to the Limited Partner.

- b) Downward Timing Adjuster: If the Actual Tax Credits are less than Projected Tax Credits in the first year of the Credit Period then the Limited Partner's capital contribution will be reduced by an amount equal to the product of (i) the Deferred Credit Amount (as defined herein) and (ii) \$0.90. The "Deferred Credit Amount" shall mean the amount of credits that are due in the current year but delayed to a subsequent year. Such amounts not able to be offset shall be immediately due and owing (without any right of reimbursement or Capital Contribution credit) from the Guarantors to the Limited Partner.
  - c) Material Credit Shortfall: If, for any Fiscal Year, for any reason whatsoever other than a Change in Tax Law, and not otherwise cured pursuant to Sections 6(a)(3)(a) & (b) herein, (1) the Actual Tax Credits are, on a cumulative basis, less than the Projected Tax Credits (as adjusted in any revised Financial Forecast) for such Fiscal Year, or (2) a Limited Partner is required to recapture (resulting from other than a transfer of part or all of the Limited Partner's Partnership Interest) all or any part of the Tax Credits claimed by it in any prior Fiscal Year of the Partnership ("Credit Shortfall"), then the General Partner and Guarantors shall be obligated, subject to the limitations expressed in the Partnership Agreement, to pay to the Limited Partner the amount ("Credit Reduction Payment") equal to the sum of (I) \$.90 for each \$1.00 that the Actual Tax Credits for such Fiscal Year is less than the Projected Tax for the Fiscal Year, including any reduction as a result of a Recapture Event, (II) the amount of any interest and/or penalties paid or payable by the Limited Partner as a result of any Recapture Event affecting the foregoing calculation of the Tax Credits recaptured in such Fiscal Year and (III) 10% of the amounts in clauses (I) and (II) per annum commencing on the date of the Partnership Agreement and continuing until the payment of the amount of such reduction in full. This Credit Reduction Payment shall be immediately due and owing (without any right of reimbursement or Capital Contribution credit) from the Guarantors to the Limited Partner. If a Credit Shortfall arises solely due to a Change in Tax Law that the Partnership, despite its best efforts to comply, is unable to comply with, then any such Credit Reduction Payment shall be paid solely as provided in Section 4.1 and Section 4.2. of the Partnership Agreement
- 4) The payment of any Operating Deficits up to \$822,000 through non-interest bearing loans (the "Operating Deficit Loans") during the five (5) year period following the achievement of Stabilized Operations (the "Operating Deficit Guaranty Period"); provided, however, that the Operating Deficit Guaranty Period shall not expire prior to verification that: (1) the Operating Reserve balance is equal to, or greater than, the initial Operating Reserve amount, (2) the Project has met a Debt Coverage Ratio of at least 1.20:1.00 for the twelve (12) month period preceding the expiration of the Operating Deficit Guaranty Period, and (3) any and all subsidy contracts are in good standing and extend through the end of the Compliance Period. Notwithstanding the foregoing, the General Partner's obligation to guarantee the Operating Deficit Loans shall be unlimited (in amount, duration, and otherwise) and such obligation shall not be affected by any limitation applicable to the other Guarantors. The Operating Reserve may be used to satisfy Operating Deficits in advance of a guaranty payment under the Operating Deficit Guaranty;
  - 5) The obligations of the Borrower to fund any Permanent Loan shortfall;
  - 6) The Repurchase Obligations described below; and
  - 7) Funding of the Operating Reserve.

All of the representations, warranties and obligations included in the Partnership Agreement and Guaranty Agreement, including without limitation, the environmental indemnity, of the General Partner shall be guaranteed, jointly and severally, by the Guarantors.

**7) Repurchase Obligations**

In the event of a failure to satisfy certain requirements as set forth in the Partnership Agreement, including but not limited to those listed below, the Limited Partner will not be required to advance any unpaid Capital Contribution and the General Partner and Guarantor may be required to repurchase the Limited Partner's interest for an amount equal to: (1) the sum of all Capital Contributions actually made to the Partnership by the Limited Partner, less tax credit benefits received, with interest at the rate of twelve percent (12%) per annum calculated from the date of such Capital Contributions, plus (2) all expenses incurred by the Limited Partner in connection with the closing of the Partnership and caused by such repurchase.

- a) Construction Completion and placement in service of all buildings is not achieved on or before the earlier of: (1) three (3) months following the Completion Date or (2) the date required under the Code to preserve the LIHTC;
- b) Qualified Occupancy does not occur within three (3) months of the Qualified Occupancy Date;
- c) Any acceleration of a Project Loan or the commencement of any action to foreclose any mortgage covering the Project prior to the expiration of the Operating Deficit Guaranty Period;
- d) Failure to meet the so-called "50% Test";
- e) Failure to achieve conversion of the Construction Loan to the Permanent Loan;
- f) The Limited Partner is not allocated at least seventy percent (70.00%) of the Projected Tax Credits; or
- g) The Partnership does not receive the fully executed IRS Form(s) 8609 to comply with the requirements of the Code and the State Housing Finance Agency.

**8) CREA Fees**

- a) The Partnership shall pay an annual Asset Management Fee of \$20,000, increasing by 3.00% per annum (the "AMF"), which AMF shall be earned by the Asset Manager beginning on the first day of the first month following Construction Completion (with a pro-rata share of such fee earned for any partial calendar year). The AMF is payable pursuant to Section 5 herein and shall accrue without interest until there is sufficient cash available to pay any current and accrued AMF.
- b) The Partnership will pay CREA a Due Diligence Reimbursement of \$45,000 from the proceeds of the First Installment.
- c) The Partnership will pay CREA a one-time initial lease review fee of \$30/unit upon initial lease-up pursuant to Section 2(a)(4) herein.
- d) The Partnership will pay CREA a construction review fee of \$750 per inspection.

**9) Other Matters**

- a) The Developer and the General Partner hereby certify that there are no other executed equity proposals with respect to the Project. Should any signed proposals or agreements exist, the Developer and General Partner shall fully indemnify, defend and hold harmless the Partnership, the Limited Partner (and its affiliates) and CREA (and its affiliates) from any lawsuits or damages that may result from the termination of said proposals or agreements.
- b) The Management Fee shall not exceed the maximum amount permitted by Texas Department of Housing & Community Affairs. The Management Fee is currently estimated at 5% of gross collected rents. The Management Fee may be subject to change pending the final underwriting by CREA. If the Management Agent is an affiliate of the General Partner, Developer or any Guarantor, the Management Agent will be required to defer and accrue, without

interest, its Management Fee pursuant to Section 5 herein if the Project is not maintaining the minimum Debt Coverage Ratio requirement.

- c) The Partnership shall establish the Operating Reserve in the amount of six months of underwritten operating expenses and must pay debt service. Based upon the information provided to date, the Operating Reserve is currently calculated at \$665,000 which amount remains subject to final underwriting. The Operating Reserve shall be funded out of the proceeds of the First Installment. The Operating Reserve shall be held in the Operating Reserve Account at a bank selected by the Limited Partner, which account shall require the prior written consent of the Limited Partner for withdrawals and shall be maintained during the Compliance Period. The Operating Reserve shall be used to fund Operating Deficits and shall be replenished pursuant to Section 5 hereof.
- d) The Partnership shall establish and maintain an annual Replacement Reserve equal to the greater of: (1) the amount required by the Lender; and (2) \$300 (subject to the receipt and review of the physical needs assessment) per unit per annum escalating at 3.00% per annum. On the sixth and eleventh anniversary of the completion of construction of the Project, the Limited Partner shall have the right to require a physical needs assessment of the Project pursuant to which the amount reserved on a monthly basis may be increased.
- e) Distributions of cash and allocations of income gain or loss shall be in accordance with tax law.
- f) The Partnership shall obtain insurance coverage, at the expense of the Partnership, satisfactory to the Limited Partner.
- g) The Partnership shall obtain an ALTA owner's title insurance policy, at the expense of the Partnership, in an amount equal to the total development costs.
- h) The fees paid to the General Partner, Developer and General Contractor and/or any affiliates shall have been disclosed in the LIHTC Application and shall be within the limits set forth in the Texas Qualified Allocation Plan.
- i) You agree that you will not solicit or entertain other offers by other parties to acquire an interest in the Partnership during the term of this Agreement. This Letter of Intent is delivered to you with the understanding that neither it nor its substance shall be disclosed to any third party except those who are in a confidential relationship with you or as required by law.
- j) Cost Savings, determined at the time of the final Cost Certification, reasonably acceptable to the Special Limited Partner, may be used to reduce the amount of the Permanent Loan after the repayment of the DDF. Any remaining Cost Savings shall be released pursuant to Section 5 herein.
- k) Put Option. In any calendar year after the expiration of the Credit Period, both the Limited Partner and the Special Limited Partner shall have the exercisable right and option, but not obligation, to require the General Partner to purchase their respective Partnership Interest at a price equal to \$100. The terms and conditions of the mutually acceptable Put Option shall be more fully described in the Partnership Agreement.

#### 10) Closing Process

- a) The Limited Partner's willingness to make the investment described in this proposal is subject to:
  - 1) a satisfactory site visit;
  - 2) the accuracy and verifiability of the information provided to the Limited Partner by the Developer and General Partner;
  - 3) no adverse change in the information provided to CREA, no adverse change in current investor market conditions and no adverse change in existing law;
  - 4) the satisfactory completion and approval of the financial information and due diligence documentation for the Project;

- 5) the mutual agreement by and between the Limited Partner and General Partner on the terms of the closing documents; and
- 6) the approval of the Limited Partner's Capital Committee.

**11) Term; Termination**

- a) The term of this Letter of Intent shall be for a period of 120 days, with execution of the Partnership Agreement and closing of construction financing occurring prior to expiration of such period. Any delay in closing may result in an adjustment in the Limited Partner's contribution amount, terms and conditions as are set forth herein. If due diligence activities and negotiation of the Partnership and ancillary documents extend beyond such date, the parties shall continue to negotiate the same in good faith, but shall not be bound hereunder.
- b) While this Letter of Intent does contain a general understanding of the business terms between you and CREA, it does not contain all of the business terms that will be set forth in the Partnership Agreement. Therefore, CREA's obligations under this proposal are subject to the terms of the mutually acceptable Partnership Agreement.

*[Signature Pages Follow]*

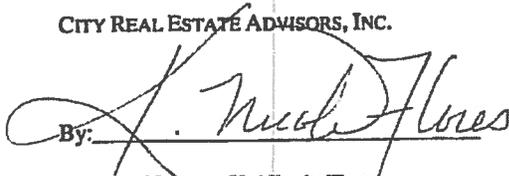
Cross Creek Apartments  
Austin, Texas  
February 5, 2014  
Page 10 of 11

If the above is acceptable, please return one (1) original or electronic copy of your signature to the undersigned. Upon receipt, CREA will begin processing the Partnership Agreement and related documents in accordance with the terms and conditions contained in this proposal.

Thank you for your consideration and we sincerely appreciate the opportunity to work with you.

Very truly yours,

CITY REAL ESTATE ADVISORS, INC.

By: 

Name: K. Nicole Flores  
Title: Senior Vice President

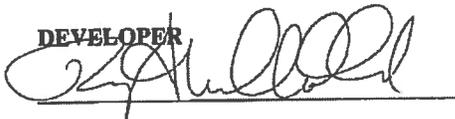
By executing this Letter of Intent and in consideration of CREA entering into this proposal, you agree on your own behalf and on behalf of your partners, affiliates, officers, directors and employees, and on behalf of any other partners or joint venturers who are or will be involved in the development of the Project, that CREA may undertake credit, background and similar checks on you, your principals and your affiliated companies.

The foregoing is hereby agreed to and confirmed:

**GENERAL PARTNER**  

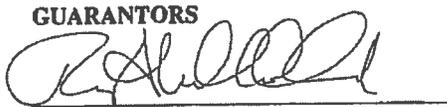

By: TBD

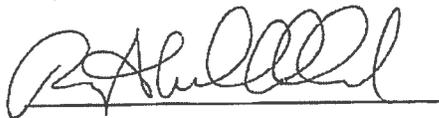
Name: Royce Mulholland  
Title: Partner

**DEVELOPER**  


By: The Mulholland Group, LLC

Name: Royce Mulholland  
Title: President

**GUARANTORS**  
 **INDIVIDUAL GUARANTOR**  
Royce Mulholland

 **CORPORATE GUARANTOR**

By: The Mulholland Group, LLC

Name: Royce Mulholland  
Title: President

**14. Community Engagement Strategy or Efforts.** Please provide a description of your organization's efforts or plans to engage neighborhood associations and other stakeholders in the area surrounding the proposed development. If no neighborhood association exists, provide an alternative plan to engage area residents, businesses and faith-based organization, for example.

TMG is very involved in the communities it serves. To date, we have met with ECHO and Front Steps to put together our PSH plan for Cross Creek. Their letters of support and involvement are included in this application. We have notified NACA, which is the neighborhood association for the area. We will have ongoing meetings with current Cross Creek residents and the neighborhood in order to explain the rehabilitation process, and will make all required notifications about any potential relocation or disturbances necessary to the current tenants. This strategy worked very well at The Palms and we look forward to being engaged again with our past partners. Finally, Austin FreeNet has contacted us about providing computer classes at Cross Creek and we are continuing to talk about this possibility.

**15. Description of Supportive Services.** If supportive services are NOT to be provided, please stop here. For all other projects, if supportive services are to be provided to residents, provide a description of the services that includes the following information:

- a. A description of the supportive services to be provided to residents and/or clients.
- b. The number and types of residents/clients expected to be served annually.
- c. Describe the developer's experience and qualifications in providing the services to be offered.
- d. If services are not provided by the developer of the project, include a description of the organization(s) providing the services and a memorandum of understanding or some other type of agreement that indicates the relationship between the developer and service provider.
- d. Provide resumes of key personnel who will be actively involved in the delivery of services. Resumes should include information about certifications, licenses, years of experience, and education.
- f. Demonstrate financial capacity to provide support services and/or operate a supportive services program by providing the following information:
  1. Sources of Funds: Identify sources and amounts of funds that will be or are expected to be utilized to provide supportive services.
  2. Budget: Include a supportive services budget which reflects current and anticipated funding and expenses associated with the provision of services for three (3) years.

A Supportive Services Plan and Budget developed by Front Steps is attached.

## 15. Description of Supportive Services.

Tax Credit required services include notary services on site, computer literacy classes, health screening services, monthly social activities and referral sources for all residents of Cross Creek. Our management team is experienced in providing these services and will develop a package of services that meets the TDHCA criteria *and* responds to the specific desires of residents at Cross Creek. In addition to services provided to all residents, per our commitment under the TDHCA 4% Tax Credit Program, Front Steps will operate 10 units of Permanent Supportive Housing on site.

Front Steps will provide on site services to ten residents who are in need of Permanent Supportive Housing. These are *100% chronically homeless, low-barrier beds based on HUD guidelines*. Our MOU with Front Steps is under negotiation and will be forthcoming.

Front Steps will provide intensive, individualized case management services. A case manager (resume attached) will provide in-home and community services: advocacy, crisis intervention, goal planning, counseling, skills training, financial management, treatment, weekly group facilitation and mental health support. Clients are assigned wrap-around team support in an "ACT" style team model, ensuring a seamless transition from homelessness. Staff meet twice weekly as a team, program manager meets weekly with each individual case manager. The on-call pager on rotates between staff on a weekly basis.

Case Managers focus on assisting clients in increasing and accessing mainstream benefits, including but not limited to SSI/SSDI income, SNAP benefits and Medicaid. Initial engagement with residents begins with assessing needs and eligibility for mainstream benefits. Case Managers are SOAR trained and certified counselors for the Benefit Bank of Texas which will allow case managers and clients to apply for up to 9 main stream benefits with only one online application.

Front Steps also partners with Austin Travis County Integral Care and Goodwill Employment Specialists exist to assist those clients who are interested in employment. Case Managers are also well versed in the Social Security Administration "Ticket to Work" program and the options for services through Department of Aging and Rehabilitative Services. Once clients have maintained housing for a reasonable period and are able to work these services are all offered and encouraged but not required.

A Three Year Budget for Supportive Services for Ten People is provided below. This does not include the leased units, valued at approximately \$77,000 per year. Service dollars are not yet in place, but we are working with ECHO to identify the right sources and ECHO has committed to helping us make the services possible for this population. A support letter from ECHO, identifying service dollars for which they are applying, is attached.

### Three Year Budget for Ten Units of PSH

Front Steps Housing Activities	Total
Supportive Services	\$ 24,000
Operating (Staff – 1.5 FTEs)	\$180,000
HMIS (2) Licenses	\$ 3,600
Travel	\$ 10,500
Equipment/Supplies	\$ 8,400
Administrative Costs	\$ 4,500
<b>Total Budget</b>	<b>\$462,000</b>

**ABOUT FRONT STEPS:**

Front Steps is a nonprofit organization whose mission is to provide a pathway to hope through shelter, affordable housing and community education. Front Steps manages the Austin Resource Center for the Homeless (ARCH), the Central Texas Recuperative Care Center, and the Keep Austin Housed AmeriCorps Program, as well as three HUD permanent supportive housing programs and Rapid Rehousing services.

<http://www.frontsteps.org>

Front Steps understands that individuals experiencing homelessness come from a wide range of backgrounds. As seasoned providers we recognize that each person's diverse experiences, values, and beliefs will impact how he or she accesses homeless services. We also acknowledge the importance of recognizing that the cultural values of providers and service delivery systems have an effect on how services are delivered and accessed. We ensure that all consumers have equal access to services, regardless of ethnic, cultural, or linguistic backgrounds. Staff has access to a language line for translation, to case managers who are bilingual in Spanish and ASL and program documents are available in Spanish. Staff facilitates physical reasonable accommodations requirements such as ramps are provided by properties, program will assist with costs if necessary.

Our Case Managers receive ongoing training the following areas:

- SOAR Training
- Self-Care (three part series)
- Natural Lifemanship (Spirit Reigns)
- Motivational Interviewing
- Trauma Informed Care
- Benefit Bank
- Working with Resistant Clients
- Mental Health First Aid
- Gender and Sexual Diversity
- Working with Diverse Populations

Supportive services accessible to clients from Front Steps or through formal project agreements with partner agencies include:

- Counseling
- Education
- Furniture
- Health Care
- Job Training/Employment Assistance
- Mental health services/therapeutic counseling
- Move-in Deposits
- Substance abuse treatment
- Transportation

Front Steps conducts ongoing internal file reviews and works closely with the ECHO HMIS Coordinator to improve our data collection quality. Our Service Point Coordinator at Front Steps has been an integral part of an increase in data quality. The key factor in increasing data quality is developing and implementing a Data Quality Plan for the agency.

## MEMORANDUM OF UNDERSTANDING

### Introduction

The purpose of this agreement (agreement) is to support and promote understanding between **Front Steps, Inc.** a 501(c)(3) nonprofit organization and **The Mulholland Group (TMG)** concerning their respective roles in committing to a goal of establishing 10 low-barrier affordable housing units designated as Permanent Supportive Housing for the homeless in Austin, Texas.

### Identification

Front Steps  
500 7<sup>th</sup> Street  
Austin, TX 78701  
(512) 305 4156  
Authorized Representative: Mitchell Gibbs, Executive Director  
mgibbs@frontsteps.org

The Mulholland Group  
1407 20<sup>th</sup> Avenue, Suite 507  
Whitestone, NY 11357  
Authorized Representative: Royce Mulholland, Owner/CEO

### Period of Performance:

This MOU shall commence on the date that the City of Austin publishes a Request For Application for City DHHS funding. Front Steps will then complete application for funding with the intent of an award to subsidize rental funds and services to be provided by Front Steps at the TMG development known as Cross Creek. As part of a Permanent Supportive Housing (PSH) Program funds will be allocated to support PSH funding at this location as long as funds remain in existence.

### Individual Responsibilities of the Parties

Front Steps shall:

- work in good faith to attain funding to support the rental of ten (10) one-bedroom TMG housing units in the multi-family property to be developed as Cross Creek
- upon obtaining funding and the availability of units, Front Steps will provide program-eligible occupants who meet the HUD definition of homeless and the funding requirements of the funding source
- operated a 'Housing First' model and fill units with occupants who have been prioritized with a vulnerability assessment tool
- administer rental assistance to eligible participants, complete annual re-certifications, collect Homeless Management Information System data on all participants and acquire signed releases and agreements which will facilitate case manager advocacy on behalf of the participant
- provide case management and resource services to clients in residence within the PSH leased units

TMG shall:

- work in good faith to develop ten (10) one-bedroom units of Permanent Supportive Housing within the Cross Creek development project
- upon availability of units, provide eligible Front Steps PSH participants leases which will be paid by monthly Front Steps with funding as described above
- direct property operators to coordinate with Front Steps in meeting the needs of the program participants

**Program Definition**

Front Step's Permanent Supportive Housing programs provide low-barrier housing opportunities to the homeless population in Austin, Texas. Each housing program is operated under a 'Housing First' model with harm reduction, income stabilization and community re-integration as primary elements. Programs are grant-funded and dependent upon available funding to sustain rental subsidies and program services. Additional community partners, such as Austin Travis County Integral Care, Austin Free Net, Family Eldercare, etc., may be utilized to ensure the successful retention of housing by the program participant.

**Authorized Signatures.** By signing and executing this Agreement we agree to abide by this agreement and, in the event of disagreement, discuss the matter with each other with the common goal of resolving our differences. The provisions contained herein and subsequent to the execution of this agreement are subject to all applicable Federal, State, and local laws, regulations and/or guidelines related to nondiscrimination, equal opportunity, displacement, privacy rights of participants and maintenance of records and other confidential information relating.

By signatures affixed below, the parties specify their agreement:



Mitchell Gibbs  
Executive Director  
Front Steps, Inc.

2-20-2014

Date



Royce Mulholland  
Owner/CEO  
TMG

1-20-2014

Date



February 17, 2014

**BOARD OF DIRECTORS**

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ANN DENTON, SECRETARY  
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CORKY HILLIARD  
Hilliard Resources

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Alamo Drafthouse Cinemas

PERRY LORENZ  
Constructive Ventures

ED MCHORSE  
Graves Dougherty Hearon &  
Moody

DR. CALVIN STREETER  
UT School Of Social Work

ELYSE YATES  
I&O Communications

**EXECUTIVE DIRECTOR**  
Ann Howard  
(512) 963-7630  
annhoward@austinecho.org

ECHO  
100 N. I35, Suite 1003  
Austin, TX 78701

Royce Mulholland  
TMG, LLC  
14107 Twentieth Ave., Suite 507  
Whitestone, NY 11357

Mr. Mulholland,

We support your continued commitment to increasing Austin capacity for *Housing First* Permanent Supportive Housing. Making housing and support services available to the chronically homeless is indeed the most effective strategy for ending homelessness and your ongoing partnership with Front Steps is a successful one that we would like to see expand.

On behalf of the Austin community, thank you for your willingness to commit 10 units to housing first PSHs at Cross Creek Apartments. We included these units as in-kind match to our recent application to the Department of State Health Services for the new Healthy Communities Collaborative grant that promotes PSH development. We are equally appreciative of your stated consideration in that grant application of a Mulholland Group cash contribution of up to \$25,000 to match resident services staffing offered on site for the benefit of its residents.

Your request for development assistance is certainly in line with ECHO priorities and we will continue to work with stakeholders in the community – at the local, state and federal levels – to ensure funding exists for rental subsidies and support services, including case management. Discussions are underway to support RHDA applications like yours to bring about *Housing First* PSH.

Should the DSHS grant application be funded, that could be a source for mental and physical health services for PSH residents, similar to your current partnership with Front Steps. Also, current Medicaid reform known as the 1115 Waiver may provide services to some of your earliest residents to help drive down expensive emergency related healthcare costs.

ECHO is also aware of the need to identify rental subsidies for PSH residents. Conversations similar to the ones mentioned above are ongoing with the local housing authorities and the City of Austin. The VA continues to invest in rental assistance for veterans in the Austin area, and we can work together to explore how some short-term assistance funds can be used as “bridge funding” until long-term subsidies are available.

Again, ECHO is pleased to support this endeavor and will work to ensure funds exist to implement these 10 units of *Housing First* PSH.

Sincerely,

Ann Howard,  
Executive Director  
ECHO

**RHDA PROGRAM  
SCORING CRITERIA**

Applications received will be reviewed and evaluated according to the following criteria:

**REQUIRED INFORMATION:**

1. Applicant Information	X	10. Accessible/Adaptable Units	X
2a. Non-profit List of Items	n/a	11. Experience/Qualifications	X
OR		12. Project Budget	X
2b. For-profit List of Items	X	13. Funds Proposal:	
3. Project Description	X	a. Sources	X
4. Site Control/Value	X	b. Uses	X
5. Zoning	X	c. Leveraging	X
6. S.M.A.R.T. Housing	X	d. Operating Proforma	X
7. Development Team	X	14. Good Neighbor Checklist	X
8. Development Schedule	X		
9. Developer Capacity	X		

**EVALUATION CRITERIA:**

Applications for proposed projects will be reviewed and scored on a competitive basis per the evaluation criteria below. Applications must receive a minimum score of **150** points out of a maximum score of **225** points. PLEASE NOTE: A score above the minimum score does not guarantee funding.

**1. DEVELOPER EXPERIENCE AND QUALIFICATIONS** (maximum 15 points) 15

- 15 points:** Developer has recent, similar, and successful completion of a development similar in size and scope with income-restricted units.
- 10 points:** Developer has recent, similar, and successful completion of a development **smaller** in size and scope with income-restricted units.
- 8 points:** Consultant directly involved who has successfully completed a development similar in size and scope with income-restricted units.
- 5 points:** Developer has recent, similar, and successful completion of a development similar in size and scope **without** income-restricted units

**2. SOURCES & USES OF FUNDS** (maximum 10 points) 10

- 10 points:** All sources and uses of funds are clearly indicated and sufficient evidence of funding availability and/or commitments are included.
- 5 points:** All sources and uses of fund are clearly indicated, but evidence of funding availability or commitments are incomplete.

**3. DEBT COVERAGE RATIO** (maximum 10 points) 10

- 10 points:** DCR of 1.25 or greater
- 6 points:** DCR between 1.21 - 1.24
- 4 points:** DCR between 1.15 - 1.20

4. **LEVERAGE** (maximum 10 points) 10 \_\_\_\_\_

RHDA Program funding (prior and current) relative to Total Project Costs equals:

- 10 points:** 25% or less
- 8 points:** 26% - 30%
- 6 points:** 31% - 35%
- 4 points:** 36% - 50%
- 0 points:** 51% or greater

5. **AFFORDABLE UNITS** (maximum 25 points) 7 \_\_\_\_\_

If development has a mix of 30%, 40%, and/or 50% MFI units, add the results for the percentage of units in each income category up to the maximum of 25 points. If the project has a percentage of units in a given income category that is not an exact multiple of ten as shown in the chart, please round up to the next multiple of 10 and use that point value.

% of G.O. Bond-assisted Units in Total Project										
% MFI	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
<b>50%</b>	3	5	7	9	11	13	15	17	19	25
<b>40%</b>	5	7	9	11	13	15	17	19	21	25
<b>30%</b>	7	9	11	13	15	17	19	23	24	25

6. **RHDA COST PER UNIT** in \$1,000s (maximum 10 points) 10 \_\_\_\_\_

	<u>Multi-Unit Structures</u>	<u>Single-Unit Structures</u>
<b>10 points</b>	<\$40/unit	<\$40/unit
<b>8 points</b>	<\$45/unit	<\$50/unit
<b>6 points</b>	<\$50/unit	<\$60/unit
<b>4 points</b>	<\$55/unit	<\$70/unit
<b>2 points</b>	<\$60/unit	<\$80/unit

7. **TRANSITIONAL HOUSING** (10 points) 0 \_\_\_\_\_

**10 points:** Project will be developed and operated as transitional housing.

8. **PERMANENT SUPPORTIVE HOUSING (PSH)** (maximum 20 points) 20 \_\_\_\_\_

**20 points:** Project will reserve units for PSH for the following populations:

- Chronically Homeless as established in the HEARTH Act (24 CFR Part 577)
- Have been in an institution for over 90 days
- Unaccompanied youth or families with children defined as homeless under other federal statutes
- Youth "aging out" of state custody or the foster care or the juvenile probation system

**10 points:** Project will reserve units for PSH for populations other than those listed above.

9. **GEOGRAPHIC DISPERSION** (maximum 25 points) 5 \_\_\_\_\_

Project is located in an area identified according to the Kirwan Institute's Opportunity Map of Austin (Map #2) as having greater opportunity for low-income households.

- 25 points:** Very High priority area
- 20 points:** High priority area
- 15 points:** Moderate priority area
- 10 points:** Low priority area
- 5 points:** Very Low priority area

10. **PRIORITY LOCATION** (10 points) 0

**10 points:** Project is located in a Vertical Mixed-Use (VMU) Corridor, or is a Planned-Unit Development (PUD) or Transit Oriented Development (TOD).

11. **PRESERVATION OF AFFORDABLE UNITS** (10 points) 5

**10 points:** Project is the rehabilitation and preservation of existing affordable housing units, or new units are being constructed to replace existing affordable units at the same location on a one-to-one replacement basis or a greater than one-to-one replacement basis.

12. **AFFORDABILITY PERIOD** (25 points) 25

**25 points:** Affordability of project is for 99-years.

13. **PROJECT READINESS** (maximum 10 points) 4

**New construction**

**2 points each; maximum 10 points**

- The project meets the normal eligibility requirements under the existing program guidelines.
- The property is already owned by the developer.
- The project has completed all necessary design work and received site plan approval.
- All environmental reviews have been completed.
- The project has firm commitments from all financing sources.

**Acquisition and Rehab**

**2 points each; maximum 10 points**

- The project meets the normal eligibility requirements under the existing program guidelines
- All environmental reviews have been completed.
- The project has firm commitments from all financing sources.
- A General Contractor has been selected.
- Closing on the acquisition of the property can be achieved in less than 30 days.

**Acquisition of Completed Units**

**2.5 points each; maximum 10 points** (A total score of 2.5 points will be rounded to 3; a total score of 7.5 points will be rounded to 8.)

- The project meets the normal eligibility requirements under the existing program guidelines
- All environmental reviews have been completed.
- The project has firm commitments from all financing sources.
- Closing on the acquisition of the property can be achieved in less than 30 days.

14. **PROPERTY MANAGEMENT** (maximum 10 points) 10

**10 points:** Designated Property Management Entity has documented track record of success managing income-restricted properties of similar size and/or similar unit counts, and has the capacity to take on management of the proposed project.

**8 points:** Designated Property Management Entity has a documented track record of success managing income-restricted properties of smaller size and/or fewer units, and has the capacity to take on management of the proposed project.

**4 points:** Designated Property Management Entity has a documented track record of successful property management experience and has the capacity to take on management of the proposed project, but has not managed an income-restricted property.

10. **PRIORITY LOCATION** (10 points) 0 \_\_\_\_\_

**10 points:** Project is located in a Vertical Mixed-Use (VMU) Corridor, or is a Planned-Unit Development (PUD) or Transit Oriented Development (TOD).

11. **PRESERVATION OF AFFORDABLE UNITS** (10 points) 5 \_\_\_\_\_

**10 points:** Project is the rehabilitation and preservation of existing affordable housing units, or new units are being constructed to replace existing affordable units at the same location on a one-to-one replacement basis or a greater than one-to-one replacement basis.

12. **AFFORDABILITY PERIOD** (25 points) 25 \_\_\_\_\_

**25 points:** Affordability of project is for 99-years.

13. **PROJECT READINESS** (maximum 10 points) 4 \_\_\_\_\_

**New construction**

**2 points each; maximum 10 points**

\_\_\_\_\_ The project meets the normal eligibility requirements under the existing program guidelines.

\_\_\_\_\_ The property is already owned by the developer.

\_\_\_\_\_ The project has completed all necessary design work and received site plan approval.

\_\_\_\_\_ All environmental reviews have been completed.

\_\_\_\_\_ The project has firm commitments from all financing sources.

**Acquisition and Rehab**

**2 points each; maximum 10 points**

X \_\_\_\_\_ The project meets the normal eligibility requirements under the existing program guidelines

X \_\_\_\_\_ All environmental reviews have been completed.

X \_\_\_\_\_ The project has firm commitments from all financing sources.

X \_\_\_\_\_ A General Contractor has been selected.

\_\_\_\_\_ Closing on the acquisition of the property can be achieved in less than 30 days.

**Acquisition of Completed Units**

**2.5 points each; maximum 10 points** (A total score of 2.5 points will be rounded to 3; a total score of 7.5 points will be rounded to 8.)

\_\_\_\_\_ The project meets the normal eligibility requirements under the existing program guidelines

\_\_\_\_\_ All environmental reviews have been completed.

\_\_\_\_\_ The project has firm commitments from all financing sources.

\_\_\_\_\_ Closing on the acquisition of the property can be achieved in less than 30 days.

14. **PROPERTY MANAGEMENT** (maximum 10 points) 10 \_\_\_\_\_

**10 points:** Designated Property Management Entity has documented track record of success managing income-restricted properties of similar size and/or similar unit counts, and has the capacity to take on management of the proposed project.

**8 points:** Designated Property Management Entity has a documented track record of success managing income-restricted properties of smaller size and/or fewer units, and has the capacity to take on management of the proposed project.

**4 points:** Designated Property Management Entity has a documented track record of successful property management experience and has the capacity to take on management of the proposed project, but has not managed an income-restricted property.

15. **SUPPORTIVE SERVICES** (maximum 15 points)

15

**15 points:**

- a. The developer has secured written agreements with organizations that will provide resident services, or has experienced and qualified staff (7 or more years of experience) able to provide the same services.
- b. Funds have been identified for the operation of resident services programs.
- c. A 3-year operating budget for the operation of the resident services programs is provided.

**10 points:**

- a. The developer has secured letters of intent from organizations that intend to provide resident services, or has experienced and qualified staff (3 to 6 years of experience) able to provide the same services.
- b. Funds have been identified for the operation of the resident services programs.
- c. A 3-year operating budget for the operation of the resident services programs is provided.

**5 points:**

- a. The developer has experienced and qualified staff (1 to 2 years of experience) able to provide the same resident services.
- b. Funds have been identified for the operation of the resident services programs.
- c. A 3-year operating budget for the operation of the resident services programs is provided.

16. **MBE/WBE PROJECT PARTICIPATION** (5 points)

5

**5 points:** Development Team includes registered City of Austin minority- or women-owned business enterprises (M/WBE).

17. **PARTNERSHIP WITH OTHER NON-PROFIT ENTITIES** (5 points)

5

**5 points:** Applicant provides evidence of commitment from another certified non-profit organization to partner on the project in some way.

**TOTAL SCORE** 155

## **Cross Creek Apartments – Application for RHDA Funds**

### **LIST OF ATTACHMENTS**

Attachment 1: Corporate Officers - N/A

Attachment 2: Development Experience - N/A

Attachment 3: Legal Description

Attachment 4: Site Control

Attachment 5: Site Maps – Location, Public Transit, Floodplain

Attachment 6: Unit Mix and Maximum Rents

Attachment 3: Legal Description

**Addendum A  
Legal Description**

The Cross Creek Apartments, 1124 Rutland Drive, Austin, Travis County, Texas and more specifically described as: Lot 1 of Cross Creek, a subdivision in Travis County, Texas, according to the plat recorded in Volume 74, Page 93 of the Plat Records of Travis County, Texas.

PARTIES UNDERSTAND AND ACKNOWLEDGE THAT BROKER IS NOT QUALIFIED TO PROVIDE, AND HAS NOT BEEN CONTRACTED TO PROVIDE, LEGAL, FINANCIAL OR TAX ADVICE, AND THAT ANY SUCH ADVICE MUST BE OBTAINED FROM PARTIES' ATTORNEY, ACCOUNTANT OR TAX PROFESSIONAL.

Attachment 4: Site Control

# Marcus & Millichap

## Real Estate Investment Services

### COMMERCIAL EARNEST MONEY CONTRACT (Real Estate Purchase Agreement)

**THIS DOCUMENT IS MORE THAN A RECEIPT FOR MONEY. THIS DOCUMENT IS INTENDED TO BE A LEGALLY BINDING CONTRACT. READ IT CAREFULLY.**

This Earnest Money Contract ("Agreement") concerns the purchase by The Mulholland Group LLC or its assignee (hereinafter referred to as "Buyer") and sale by Cross Creek of Texas Ltd (hereinafter referred to as "Seller") of that certain real property and improvements referred to as Cross Creek Apartments (the "Property") generally located at 1124 Rutland Drive in the City of Austin, County of Travis, State of Texas, and more particularly described on attached Addendum A.

The Property shall also include Seller's interests in:

- 1) Any and all fixtures, buildings, and improvements of every kind or nature located on or at the Property, any and all rights, interests, easements, hereditaments, privileges and appurtenances pertaining to the Property, including, but not limited to any right, title and interest of Seller in or to adjacent streets, alleys or right(s)-of-way;
- 2) Any and all leases, licenses, occupancy agreements relating to the Property, and all renewals, modifications, amendments, guaranties, and other agreements affecting the same (collectively, the "Leases"), and any and all permits, rents, warranties, guarantees, wastewater capacity and/or security deposits with respect to the Property, and any certificates of occupancy, utility contracts, unexpired claims, or other rights relating to the ownership, development, construction, design, use and operation of the Property or any portion thereof;
- 3) Any and all trade names and any other intangible property owned by Seller and designed for use or used in connection with the Property (collectively, "Intangible Property");
- 4) All personal property utilized by Seller in the operation of the Property that is currently located on the Property;
- 5) All right, title and interest in and to all oil, gas and other minerals in, on or that may be produced from the Property, all mineral leases, royalty interests and bonuses relating thereto, and all agreements relating to the production, development, exploration or exploitation thereof; and
- 6) All contracts for goods and/or services relating to the operation and maintenance of the Property, together with any extensions or renewals thereof (collectively, "Service Contracts") that Buyer elects to assume by written notice given to Seller before the end of the feasibility period set forth in Section 7.3 (provided, however, that such Service Contracts are assumable).

#### TERMS AND CONDITIONS

For the mutual covenants contained in this Agreement, Seller agrees to convey the Property to Buyer, and Buyer agrees to purchase the Property from Seller, on the following terms and conditions:

- 1) **PURCHASE PRICE:** The total purchase price for the Property is Eight Million Five Hundred Thousand Dollars (\$8,500,000) (the "Purchase Price").  
 The Purchase Price will be paid with ALL CASH (subject to any applicable adjustments expressly set forth in this Agreement).  
 The Purchase Price will be paid according to the provisions in Addendum B.
- 2) **EARNEST MONEY DEPOSIT:** Within five (5) business days after the Effective Date of this Agreement (as defined below in paragraph 2B), Buyer shall deposit with National Land Tenure Company, LLC One Hundred Thousand Dollars (\$100,000) in the form of a certified check, cashier's check or wire transfer as the earnest money deposit ("Deposit") to be held in trust for the benefit of the parties by National Land Tenure Company, LLC Attn: Matthew R. Schmeelk ("Title Company") in its capacity as escrow agent in one or more fully insured and interest bearing accounts of Federally insured banking or savings institution(s), pursuant to the terms of this Agreement. This sum, any additions thereto, and any interest earned thereon is the Deposit to be applied to the Purchase Price.

Within five (5) business days after the removal of all of the contingencies set forth in paragraph 7, hereof, Buyer shall deposit an additional \$100,000.00 (the "Additional Earnest Money") with the Title Company and it shall be added to the Deposit to increase the total Deposit to two hundred thousand Dollars (\$200,000). Upon removal of said contingencies, the Additional Earnest Money shall be deposited with the Title Company in accordance with the terms set forth in the preceding sentence, and it shall be non-refundable except as otherwise expressly provided in this Agreement. Said contingencies shall be deemed removed upon expiration of the feasibility period set forth in Section 7.3. The entire Deposit shall be credited to the Purchase Price at the Closing Date, unless otherwise provided herein. If Buyer fails to timely deliver the Deposit and does not cure such failure within three (3) business days after Buyer's receipt of written notice of such failure from Seller, Seller may, at Seller's option, terminate this Agreement by delivering a written termination notice to Buyer.

- 3) **CLOSING DATE:** The closing of the sale will be on or before thirty (30) calendar days after the expiration of the feasibility period outlined in paragraph 7.3 or within 7 days after objections to title have been cured if Seller has elected to cure same in accordance with the terms of Section 4, whichever date is later (the "Closing Date"). Buyer has a one-time option to extend the Closing Date by an additional 30 calendar days (the "Closing Extension Option") by notifying the Seller and the Title Company (the "Extension Notice") at least three (3) days before the original Closing Date and depositing an additional sum with the Title Company of \$50,000 of which \$25,000 (the "Additional Deposit") shall be applied to the purchase price as an additional, non-refundable (except to the extent that the Deposit is refundable under the terms of this Agreement) part of the Deposit and the Title Company shall immediately release the other \$25,000 to the Seller as an extension fee (the "Extension Fee"). If either party fails to close by the Closing Date (as the same may be extended), the non-defaulting party may exercise the remedies in Paragraph 13. If Buyer fails to timely give the Extension Notice, pay the Extension Fee or deposit the Additional Deposit of \$25,000 to the Title Company as part of the Deposit, the Closing Extension Option shall automatically terminate and be null and void.
- A. At closing, Seller will execute and deliver, at Seller's expense, a special warranty deed prepared by Seller's attorney and in the form attached hereto as Exhibit A. The deed must include a vendor's lien if any part of the Purchase Price is financed. The deed must convey good and indefeasible and insurable fee simple title to the Property and show no exceptions other than those expressly permitted under Paragraph 4 or other provisions of the Agreement. Seller must convey the Property at closing:
- (1) with no liens, assessments, or Uniform Commercial Code or other security interest against the Property which will not be satisfied out of the Purchase Price;
  - (2) without any assumed loans; and
  - (3) with no persons in possession of any part of the Property as lessees, tenants at sufferance, or trespassers except tenants under the written leases assigned to Buyer under this Agreement.
- B. At closing, Seller, at Seller's expense unless otherwise stated herein, will also deliver:
- (1) tax statements showing no delinquent taxes on the Property;
  - (2) an "As-Is" bill of sale prepared by Seller's attorney with no warranties except as to conveying title, free and clear of all liens, to any personal property defined as part of the Property above, or sold under this Agreement;
  - (3) an assignment of all Leases to or on the Property, assigning to Buyer all of Seller's right, title and interest as landlord in all Leases, security deposits and guarantees accruing from and after the Closing Date. All original Leases in Seller's possession or control will be delivered to Buyer on the Closing Date; provided that Seller will deliver copies of Leases in those cases where Seller does not have possession or control of an original;
  - (4) to the extent that the following items are assignable, an assignment to and the assumption by Buyer in writing of the following items as they relate to the Property or its operations to the extent assignable:
    - (a) licenses and permits;
    - (b) maintenance, management, and other agreements, Service Contracts and Intangible Property assigning to Buyer all of Seller's right, title and interest in the Intangible Property without warranty and the Service Contracts without recourse being assumed by Buyer pursuant to this Agreement. The originals of all such Service Contracts in Seller's possession or control will be delivered to Buyer on the Closing Date; provided that Seller will deliver copies of such Service Contracts in those cases where Seller does not have possession or control of an original; and
    - (c) warranties and guarantees;
  - (5) a rent roll current on the day of the closing certified by Seller as true and correct;
  - (6) evidence that the person executing the closing documents (including but not limited to those described in Sections 3(A) and 3(B)) of this Agreement is legally capable and authorized to bind Seller;
  - (7) any notices, statements, certificates, affidavits, releases, and other documents required by this Agreement, the title commitment, or applicable law that is necessary for the closing of the sale and the issuance of the title policy, including but not limited to an Affidavit of Non-Foreign Status;

- (8) at Buyer's sole cost and expense, an Owner's Policy of Title Insurance issued by the Title Company in the amount of the Purchase Price dated as of the Closing Date, insuring Buyer against all loss under the Title Policy, subject only to: (1) those title exceptions expressly permitted by this Agreement or as may be approved by Buyer in writing; and (2) the standard printed exceptions contained in the promulgated form of title policy. The standard printed exception as to discrepancies, conflicts, or shortages in area and boundary lines may be deleted by Buyer at Buyer's sole cost and expense and at Buyer's sole option;
- (9) possession of the Property to Buyer upon closing and funding of the sale in its present condition (as of the Effective Date as defined in Section 26) with any repairs Seller is obligated to complete under this Agreement, ordinary wear and tear excepted;
- (10) Notices to tenants under the Leases, including without limitation notice of the change in ownership of the Property, that all future rent payments should be sent to Buyer, and that only the amount of the security deposit actually received by the Buyer or credited to Buyer on the closing statement, if any, is the responsibility of Buyer; Notices to the counterparties under the Service Contracts informing such counterparties of the sale of the Property to Buyer; and
- (11) A settlement statement prepared by the Title Company in its capacity as escrow agent, and reasonably acceptable to and approved by Buyer and Seller showing the Purchase Price, all applicable adjustments and credits, and all cash receipts and all disbursements to be made by said escrow agent on the Closing Date.

Until Closing Date or termination of this Agreement, Seller will operate the Property in the same manner as on the Effective Date and will not transfer or dispose of any of the personal property described in this Agreement or to be sold under this Agreement before closing that is not authorized by separate agreement.

C. At closing, Buyer will:

- (1) pay the Purchase Price in good funds acceptable to the escrow agent, less the amount of the Deposit, and subject to the (i) prorrations and payment of expenses and other adjustments hereunder, and (ii) terms of the settlement statement agreed to between Buyer and Seller;
- (2) deliver evidence that the person executing any closing documents on behalf of Buyer is legally capable and authorized to bind Buyer;
- (3) execute and deliver any notices, statements, certificates, or other documents required by this Agreement or law necessary to close the sale;
- (4) pay the cost of the Title Insurance Policy

D. **PRORATIONS:** Real property taxes for the Property that are non-delinquent and owed for the fiscal period for which assessed in which the closing occurs, premiums on insurance acceptable to and assumed by Buyer (if any), interest on any debt being assumed or taken subject to by Buyer, and any utility expenses of the Property shall be prorated as of the Closing Date. Seller shall pay (or be charged by a proration for) all charges due or accrued pursuant to the Service Contracts before the Closing Date, and Buyer (to the extent assumed by Buyer) shall be responsible for all such charges accrued from and after the Closing Date. Prepaid charges allocable to the period from and after the Closing Date in connection with any Service Contracts being assumed by the Buyer shall be credited to Seller at closing. All accrued and unpaid charges allocable to the period prior to the Closing Date in connection with such Service Contracts that are assumed by Buyer shall be credited to Buyer at closing. Tenant security deposits (and any interest thereon if such interest is required to be remitted to the tenants), advance rentals (received by Seller before closing and which are allocable to the period from and after the Closing Date), the amount of any future lease credits allocable to the period from and after the Closing Date as shown on the final rent roll, and all other revenues from the Property which have been received by Seller before closing (but are allocable to the period from and after the Closing Date) shall be credited to Buyer. Delinquent or unpaid rents and C.A.M. reconciliations shall be handled outside of escrow and neither Agent nor escrow agent shall be responsible for same. Buyer agrees to assume any existing laundry lease, if applicable to the Property, provided such laundry lease has been executed more than one hundred twenty (120) days prior to the Effective Date. Seller may terminate all utilities in Seller's name/account and other contracts concerning the Property unless expressly assumed by Buyer as of 11:59 pm on the Closing Date and Seller shall be entitled to all deposits thereon. To the extent that information for any such proratable item is not available at the closing, the parties shall effect such proration based on good faith estimates and reconcile as soon as practicable following closing but in any event within ninety (90) days after closing. The provisions of this Section 3(D) shall survive closing.

**LEASED PROPERTY PRORATIONS:** Rents actually collected (prior to closing) will be prorated as of the Closing Date and rent collected thereafter applied first to rental payments then owed the Buyer and the remainder paid to the Seller for past due rents owed to Seller. All free rent due any tenant at the close of escrow for rental periods after the closing as shown on the final rent roll shall be a credit against the Purchase Price. Other income and expenses described in Section 3(D) and 3(E) shall be prorated as of the closing of escrow on the Closing Date.

E. **SALES EXPENSES:**

- (1) Seller's Expenses: Seller will pay for the following at or before closing:

- (a) releases of existing liens, other than those liens assumed or created by Buyer, including prepayment penalties and recording fees;
  - (b) release of Seller's loan liability, if applicable;
  - (c) tax statements or certificates, including but not limited to any transfer, gains, sales or other taxes the obligation of Seller due in connection with conveyance of the Property;
  - (d) preparation of the deed and any bill of sale;
  - (e) one-half of any reasonable escrow fee;
  - (f) costs to record any documents to cure title objections that Seller cures; and
  - (g) other expenses that Seller will pay under other provisions of this Agreement.
- (2) Buyer's Expenses: Buyer will pay for the following at or before closing:
- (a) all loan expenses of Buyer's financing (for example, application fees, origination fees, discount fees, buy-down fees, commitment fees, appraisal fees, assumption fees, recording fees, tax service fees, mortgage title policy expenses, credit report fees, document preparation fees, interest expense that Buyer's lender requires Buyer to pay at closing, loan related inspection fees, amortization schedule fees, courier fees, underwriting fees, wire transfer fees, and other fees required by Buyer's lender);
  - (b) preparation fees of any deed of trust;
  - (c) recording fees for the deed and any deed of trust;
  - (d) premiums for flood and hazard insurance as may be required by Buyer's lender;
  - (e) one-half of any reasonable escrow fee;
  - (f) copy and delivery fees for delivery of the title commitment and related documents;
  - (g) costs associated with Buyer obtaining a new survey of the Property; and
  - (h) other expenses that Buyer will pay under other provisions of this Agreement.

4) **TITLE:**

- A. **TITLE INSURANCE POLICY:** Within Seven (7) calendar days after the Effective Date of this Agreement, Seller shall have the Title Company furnish or cause to be furnished to Buyer (at no cost to Buyer) a commitment for a standard Texas owner's policy of title insurance ("Commitment") to be issued at the Closing Date by the Title Company for the Property, and copies of all documents shown as exceptions to title in the Commitment. Seller authorizes the company to deliver the Commitment and related documents to Buyer at Buyer's address.
- B. **SURVEY:** Survey must be made by a registered professional land surveyor acceptable to the Title Company and Buyer's lender.

Within 3 days after the Effective Date of this Agreement, Seller shall furnish without warranty as to the accuracy or correctness (and at no cost to Buyer) Seller's existing survey of the Property to Buyer and the Title Company, along with Seller's Affidavit acceptable to the Title Company for approval of the survey. If the survey is not approved by the Title Company or Buyer's Lender, a new survey will be obtained by Buyer at Buyer's expense, no later than twenty-four (24) days after the Effective Date.

The new survey obtained by Buyer may contain such detail as determined by Buyer is needed or necessary for Buyer's purposes, such as to identify the Property by metes and bounds or platted lot description; show that the survey was made and staked on the ground with the corners permanently marked; set forth the dimensions and total area of the Property; show the locations of all improvements, highways, streets, roads, railroads, rivers, creeks or other waterways, fences, easements, and rights of way on the Property with all easements and rights of way referenced to the recording information; show any discrepancies or conflicts in boundaries, any visible encroachments, and any portion of the Property lying in a special flood hazard area as shown on the current Federal Emergency Management Agency Flood Insurance Rate Map; and contain the Surveyors Certificates that the survey is true and correct.

C. **UCC SEARCH:**

- (1) Within 3 days after the Effective Date, Seller, at Seller's expense, will furnish Buyer a Uniform Commercial Code (UCC) search prepared by a reporting service and dated after the Effective Date. The search must identify documents that are on file with the Texas Secretary of State and the county where the Property is located that relate to all personal property on the Property that show: (i) Seller, as debtor, and (ii) all other owners of the personal property in the last 5 years.
- (2) x Buyer does not require Seller to furnish a UCC search.

Within Seven (7) calendar days following receipt of all the above referenced documents, Buyer shall specify in writing any exceptions to which Buyer reasonably objects. If Buyer fails to object within this time period, all of Buyer's objections shall be deemed to be waived and the Property shall be transferred to Buyer subject to all such exceptions without reduction in the Purchase Price. If Buyer objects to any exceptions, Seller shall, within Seven (7) calendar days after receipt of Buyer's objections, deliver to Buyer written notice that either

(i) Seller will, at Seller's expense, attempt to remove the exception(s) to which Buyer has objected before the Closing Date or (ii) Seller is unwilling or unable to eliminate said exception(s). Seller shall remove all of the exceptions that it provides written notice to Buyer that it will attempt to remove, within thirty (30) days of providing such written notice or by the Closing Date. If Seller fails to so notify Buyer within such seven (7) day period, or is unwilling for any reason or unable to remove any such exception within such thirty (30) day period, Buyer shall either (i) elect to terminate this Agreement and receive back the entire Deposit, in which event Buyer and Seller shall have no further obligations under this Agreement except those that expressly survive termination; or, alternatively, (ii) Buyer may elect to purchase the Property hereunder subject to such exception(s). If Seller fails to complete such cure and/or cause such deletion prior to closing, then Buyer shall have the right to (x) elect to terminate this Agreement and receive back the entire Deposit, in which event Buyer and Seller shall have no further obligations under this Agreement, or (y) elect to purchase the Property hereunder subject to such liens.

5) **NOTICES:**

- A. **SPECIAL ASSESSMENT DISTRICTS:** If the Property is determined to be situated within a utility district or other statutorily created district providing water, sewer, drainage, or flood control facilities and services, Chapter 49 of the Texas Water Code requires Seller to deliver to Buyer as part of the title documents the required written notice ("MUD Notice") and Buyer agrees to acknowledge receipt of the MUD Notice (provided that it is actually received by Buyer prior to the Closing Date) in writing prior to the Closing Date. The MUD Notice shall set forth the current tax rate, the current bonded indebtedness and the authorized indebtedness of the district, and must comply with all other applicable requirements of the Texas Water Code. If the Property is subject to mandatory membership in a property owner's association, Seller shall notify Buyer of the current annual budget of the property owners' association, and the current authorized fees, dues and/or assessments relating to the Property within seven (7) days of the Effective Date. Buyer and Seller hereby agree and acknowledge that Agent shall have no responsibility for determining whether the Property is in any such district, nor the compliance by any party with the requirements applicable to such property. If applicable, Buyer, Seller and their respective legal advisors shall prepare and execute an appropriate Addendum to this Agreement as they deem necessary.
- B. **TIDALLY INFLUENCED PROPERTY:** If the Property abuts the tidally influenced waters of the state, Section 33.135 of the Texas Natural Resources Code requires a notice regarding coastal area property to be included in this Agreement. Buyer and Seller hereby agree and acknowledge that Agent shall have no responsibility for determining whether the Property is a tidally influenced property, nor the compliance by any party with the requirements applicable to such property. If applicable, Buyer, Seller, and their respective legal advisors shall prepare and execute an appropriate Addendum to this Agreement as they deem necessary.
- C. **ABSTRACT:** At the time of the execution of this Agreement, Buyer acknowledges that Agent has advised and hereby advises Buyer, by this writing, that Buyer should have the abstract covering the Property examined by an attorney of Buyer's own selection or that Buyer should be furnished with or obtain a policy of title insurance.
- D. **DISCLOSURE OF REAL ESTATE LICENSURE:** N/A
- E. **INTRACOASTAL WATERWAY:** If the Property is located seaward of the Gulf Intracoastal Waterway, Section 61.025, Texas Natural Resources Code, requires a notice regarding the seaward location of the Property to be included as part of this Agreement.
- F. **MOLD/ALLERGEN ADVISORY:** Buyer is advised of the possible presence within properties of toxic (or otherwise illness-causing) molds, fungi, spores, pollens and/or other botanical substances and/or allergens (e.g. dust, pet dander, insect material, etc.). These substances may be either visible or invisible, may adhere to walls and other accessible and inaccessible surfaces, may be embedded in carpets or other fabrics, may become airborne, and may be mistaken for other household substances and conditions. Exposure carries the potential of possible health consequences. Agent strongly recommends that Buyer contact the Texas Department of Health for further information on this topic. Buyer is advised to consider engaging the services of an environmental or industrial hygienist (or similar, qualified professional) to inspect and test for the presence of harmful mold, fungi, and botanical allergens and substances as part of Buyer's physical condition inspection of the Property, and Buyer is further advised to obtain from such qualified professionals information regarding the level of health-related risk involved and the advisability and feasibility of eradication and abatement. Buyer is expressly cautioned that Agent has no expertise in this area and is, therefore, incapable of conducting any level of inspection of the Property for the possible presence of mold and botanical allergens. Buyer acknowledges that Agent has not made any investigation, determination, warranty or representation with respect to the possible presence of mold or other botanical allergens, and Buyer agrees that the investigation and analysis of the foregoing matters is Buyer's sole responsibility and that Buyer shall not hold Agent responsible therefore.

6) **MATERIAL FACTS:**

To the best of Seller's current knowledge, and without any duty on behalf of Seller to investigate, inspect or review as of the Effective Date and Closing Date that: (Check (A) or (B) only)

(A) Seller is not aware of any material defects to the Property except as stated in the attached Property Condition Statement (Addendum F).

(B) Seller is not aware of any of the following that would materially affect the Property, except as described otherwise in this Agreement:

- (1) any subsurface structures, pits, waste, springs, or improvements;
- (2) any pending or threatened litigation, condemnation, or assessment affecting the Property;
- (3) any environmental hazards or conditions that affect the Property;
- (4) whether the Property is or has been used for the storage or disposal of hazardous materials or toxic waste, a dump site or landfill, or any underground tanks or containers;
- (5) whether radon, asbestos insulation or fireproofing, urea-formaldehyde foam insulation, lead-based paint, toxic mold (to the extent that it adversely affects the health of ordinary occupants), or other pollutants or contaminants of any nature now exist or ever existed on the Property;
- (6) whether wetlands, as defined by federal or state law or regulation, are on the Property;
- (7) whether threatened or endangered species or their habitat are on the Property; and
- (8) any material physical defects in the improvements on the Property.

(describe any exceptions to (1)-(8) in an addendum.)

Seller represents and warrants to Buyer the following as of the Effective Date and Closing Date:

i. Entity and Authorization Matters. Seller is a Texas limited partnership duly organized and validly existing under the laws of the State of its organization as stated in this Agreement and has full power and authority to execute and deliver this Agreement and perform all of its obligations under this Agreement. The person executing this Agreement on behalf of Seller has been duly authorized and empowered to bind such entity to this Agreement. This Agreement constitutes the valid and binding agreement of Seller enforceable against Seller in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, or other similar laws which affect the enforcement of creditors' rights generally.

ii. No Conflict with or Breach of Other Agreements. Neither the execution and delivery of this Agreement, nor compliance with the terms of this Agreement, conflict with or result in a breach of any of the provisions of, or constitute a default under, any agreement to which Seller is a party or by which the Property may be bound. Seller has obtained all necessary consents and approvals from third parties. Seller has received no written notice of any default or breach by Seller under any covenant, condition, restriction, right of way or easement affecting the Property or any portion thereof, and, to Seller's knowledge, no such default or breach now exists.

iii. No Bankruptcy or Reorganization Proceedings. Seller has not filed any petitions for bankruptcy or reorganization and no such petitions have been filed against Seller.

iv. Litigation. No litigation, investigation, action or proceeding is pending or threatened against or related to Seller or the Property, in any court or before or by any federal, state, county or municipal department, commission, board, bureau or agency or other governmental instrumentally that would materially affect the Property or this transaction.

v. Leases. The rent rolls provided to Buyer are accurate and complete in all material respects.

vi. Compliance With Law. Seller has received no current written notice from any governmental authority of a violation of any requirement of such governmental authority with respect to the use or occupation of the Property, including, but not limited to, environmental, zoning, subdivision and other land use requirements, and Seller has received no written notice and has no actual knowledge of any current violations or current investigations relating to any such requirement which have not been cured in accordance with applicable law. Seller has not received any written notice of and (to its knowledge) is not under investigation for, failure to comply with any environmental laws.

vii. To Seller's knowledge, there is no pending or threatened condemnation proceeding affecting the Property.

viii. Seller holds good and fee simple title to the Property. Title to the Property is and shall remain until the closing, free and clear of all mechanic's, materialmen's, tax, attorneys and judgment liens, and if any such lien is filed Seller shall discharge the same on or before the Closing Date.

ix. Seller represents and warrants that: (i) Seller acquired fee simple title to the Property by purchase; (ii) Seller has been the fee simple owner of the Property throughout the ten (10) year period immediately preceding the Closing Date; (iii) with respect to each of the buildings constituting the Property, at least ten (10) years will have elapsed between the Closing Date and the date on which such building was last placed in service (iv) Anything in this Agreement to the contrary notwithstanding, the representations and warranties of Seller contained in this Section shall survive the Closing Date.

7.1) **FEASIBILITY:** Within three (3) days after the Effective Date, Seller will deliver to Buyer the following items to the extent that the items are in Seller's possession or readily available to Seller. Any item not delivered is deemed not to be in Seller's possession or readily available to Seller. The items Seller will deliver are:

- (A) access to all current Leases pertaining to the Property, including any modifications, supplements, or amendments to the leases, copies of all Service Contracts, and copies of all permits, warranties, guarantees, indemnities and claims inuring to the benefit of Seller with respect to the Property will be made available to Buyer during regular business hours at the Property;
- (B) copies of the as built construction drawings (if available);
- (C) copies of all previous environmental assessments, studies, or analyses made on or relating to the Property, copies of Intangible Property, to the extent in Seller's possession or readily available to Seller;
- (D) properly tax statements and any appraisal notices for the Property for the previous 2 calendar years;
- (E) plats of the Property;
- (F) copies of current utility bills;
- (G) profit and loss statements for 2010, 2011, 2012, and 2013 YTD setting forth all scheduled and collected rentals at the Property, all rental concessions, all advance rental payments received from tenants at the Property and a list of all Leases in default with a description of the defaults indicated, and current rent rolls (all provided on excel spreadsheets or other available format);
- (H) list of personal property to be included in the sale;
- (I) Schedule (on excel spreadsheets or other available format) setting forth detailed maintenance cost and monthly operating cost, and the name, title and compensation of each employee who is employed by Seller as of the Effective Date for the operation of the business conducted on the Property, and until closing, Seller shall notify Buyer of any employees that are hired or fired by Seller; and
- (J) schedule of current and historical capital improvements detailing dates and costs provided on excel spreadsheets or other available format.

7.2) **INSPECTIONS, STUDIES, OR ASSESSMENTS:**

- (A) At any and all times after the Effective Date and up to the Closing Date or the earlier termination of this Agreement, Buyer, its employees, consultants, contractors and agents, at Buyer's expense, may enter upon the Property and complete or cause to be completed inspections, studies, or assessments of the Property, including (without limitation) all improvements and fixtures, that Buyer deems necessary or advisable in its sole discretion. Inspections, studies, or assessments may include, but are not limited to:
  - (1) physical property inspections (for example, structural pest control, mechanical, structural, electrical, and plumbing inspections);
  - (2) economic feasibility studies;
  - (3) environmental assessments (for example, soil tests, air sampling, and paint sampling);
  - (4) engineering studies; and
  - (5) compliance inspections (for example, compliance determination with zoning ordinances, restrictions, building codes, and statutes). In addition, Buyer shall have the right to examine the books and records of Seller with respect to the Property (other than internal confidential information which is not the subject of a customary and reasonable due diligence investigation).
- (B) Seller, at Seller's expense, will turn on all utilities necessary for Buyer to make inspections, studies, or assessments.

- (C) Buyer must:
- (1) employ only trained and qualified inspectors and assessors;
  - (2) notify Seller, in advance, of when the inspectors or assessors will be on the Property;
  - (3) abide by any reasonable entry rules or requirements that Seller may require, including attendance by Seller or its agents at all such inspections;
  - (4) not unreasonably interfere with existing operations or occupants of the Property;
  - (5) restore the Property to substantially its original condition if altered due to inspections, studies, or assessments that Buyer completes or causes to be completed; and
- (D) Except for those matters that arise from or are attributable to the negligence or intentional acts or omissions of Seller or Seller's agents, employees or independent contractors, Buyer is responsible for any claim, liability, encumbrance, cause of action, and expense resulting from Buyer's inspections, studies, or assessments, including any property damage or personal injury. Buyer will indemnify, hold harmless, and defend Seller and Seller's agents against any claim involving a matter for which Buyer is responsible under this paragraph. This paragraph survives termination of this Agreement.

**7.3) FEASIBILITY PERIOD AND RIGHT TO TERMINATE:** Buyer may terminate this Agreement for any reason within thirty (30) days after the later of (a) the Effective Date or (b) the earlier of the date Buyer receives the items Seller is required to deliver pursuant to Section 7.1, or December 13, 2013 by providing Seller with written notice of termination. If Buyer does not terminate within this time period, Buyer's objections for inspections shall be deemed to be waived. Notwithstanding anything herein to the contrary, \$1,000.00 of the Deposit will be non-refundable (the "Inspection Fee") and will be distributed to Seller upon any termination of this Agreement as full payment and independent consideration for Buyer's right to inspect the Property and terminate this Agreement pursuant to this Section 7.3. If this Agreement is properly terminated by Buyer in accordance with the terms of this paragraph, the Deposit less the Inspection Fee will be promptly returned to Buyer and the parties will have no further rights or obligations under this Agreement except for any that expressly survive the termination of this Agreement.

**7.4) CURRENT OPERATIONS:** (A) Beginning on the date which is five (5) business days prior to the date Buyer's right to terminate under paragraph 7.3 expires, Seller may not enter into, amend, or terminate any Service Contract or other agreement that materially affects the operations of the Property without Buyer's prior written approval. Until the date which is five (5) business days before the date Buyer's right to terminate under paragraph 7.3 expires, Seller may, without Buyer's consent, enter into Service Contracts in the ordinary course of Seller's business, provided that Seller gives Buyer a copy of same and such new Service Contract is terminable by Seller and its assigns upon thirty (30) days notice or less without penalty or liability.

(B) From the Effective Date to the Closing Date or earlier termination of this Agreement as provided herein: (i) Seller shall continue to lease available units in the ordinary course of business and in compliance with all applicable laws without the Buyer's written approval, provided, however, that Seller shall not enter into any new leases or lease renewals with a term exceeding one (1) year without Buyer's prior written approval; (ii) Seller will continue to operate the Property in its normal course of business, including routine maintenance, payment of insurance premiums and maintenance of all liability and casualty insurance currently in effect, and other day-to-day obligations; (iii) Seller shall keep and perform all obligations to be performed by landlord under the Leases, Service Contracts and applicable laws; (iv) Seller shall not sell or otherwise dispose of any substantial item of personal property unless replaced with an item of like value, quality and utility; (v) Seller shall not further encumber the Property or any portion thereof (subject to Seller's lease rights expressly set forth herein), without the prior written consent of Buyer; and (vi) All apartment units located in the Property which have been vacant before Closing shall be placed in a make-ready condition by Seller on the Closing Date, at Seller's sole expense, in accordance with Seller's past operating procedures;

**7.5) NONCONFORMANCE:** Buyer has or will independently investigate and verify to Buyer's satisfaction the extent of any limitations of uses of the Property. Buyer acknowledges that the current use of the Property or the improvements located on the Property (or both) may not conform to applicable Federal, State or municipal laws, ordinances, codes or regulations. Zoning, permitted uses, height limitations, setback requirements, minimum parking requirements, limitations on coverage of improvements to total area of land, Americans with Disabilities Act requirements, wetlands restrictions and other matters may have a significant economic impact upon the intended use of the Property by Buyer. However, if Seller is aware of pending zoning changes and/or current nonconformance with any Federal, State or local laws, ordinances, codes or regulations, Seller shall disclose same to Buyer.

**7.6) WOOD DESTROYING PEST INSPECTION:** Buyer shall pay for termite and pest inspection if one has not been performed in the last six months. If an inspection has occurred in the last six months a copy of the report shall be delivered to the purchaser within 3 days of the Effective Date. In the event that the inspection reveals infestation Seller shall cause to be treated all areas and deliver to Buyer written verification of pest service that the property is free and clear of infestation, outlining those areas that were found to be infested that were treated. In addition, Seller agrees to correct any and all physical damage caused by the inspection, treatment and pest damage prior to close of escrow, at Seller's expense. If Property has been recently treated

for termiles and a warranty is in place for continued treatment of the termiles, such warranty must be assignable to Buyer.

- 8) **SELLER EXCHANGE:** Buyer agrees to cooperate should Seller elect to sell the Property as part of a like-kind exchange under IRC Section 1031. Seller's contemplated exchange shall not impose upon Buyer any additional liability or financial obligation, and Seller agrees to hold Buyer harmless from any liability that might arise from such exchange. This Agreement is not subject to or contingent upon Seller's ability to acquire a suitable exchange property or effectuate an exchange. In the event any exchange contemplated by Seller should fail to occur, for whatever reason, the sale of the Property shall nonetheless be consummated as provided herein.
- 9) **BUYER EXCHANGE:** Seller agrees to cooperate should Buyer elect to purchase the Property as part of a like-kind exchange under IRC Section 1031. Buyer's contemplated exchange shall not impose upon Seller any additional liability or financial obligation, and Buyer agrees to hold Seller harmless from any liability that might arise from such exchange. This Agreement is not subject to or contingent upon Buyer's ability to dispose of its exchange property or effectuate an exchange. In the event any exchange contemplated by Buyer should fail to occur, for whatever reason, the sale of the Property shall nonetheless be consummated as provided herein.
- 10) **"AS IS" CONDITION OF PROPERTY:** AS A MATERIAL PART OF THE CONSIDERATION FOR THIS AGREEMENT, SELLER AND BUYER AGREE THAT EXCEPT FOR THE EXPRESS REPRESENTATIONS IN THIS AGREEMENT, BUYER IS TAKING THE PROPERTY "AS IS" WITH ANY AND ALL PATENT DEFECTS AND THAT THERE IS NO WARRANTY BY SELLER AS TO THE ECONOMIC VIABILITY OF THE PROPERTY OR THAT THE PROPERTY IS FIT OR SUITABLE FOR A PARTICULAR PURPOSE. BUYER ACKNOWLEDGES THAT EXCEPT FOR ANY REPRESENTATIONS AND WARRANTIES OF SELLER EXPRESSLY SET FORTH IN THIS AGREEMENT, IT IS NOT RELYING UPON ANY REPRESENTATION, STATEMENT, ASSERTION OR NONASSERTION BY SELLER OR SELLER'S AGENTS WITH RESPECT TO THE PROPERTY CONDITION, BUT IS RELYING SOLELY UPON ITS OWN EXAMINATION OF THE PROPERTY. BUYER TAKES THE PROPERTY UNDER THE EXPRESS UNDERSTANDING THERE ARE NO EXPRESS OR IMPLIED WARRANTIES (EXCEPT FOR LIMITED WARRANTIES OF TITLE SET FORTH IN THE CLOSING DOCUMENTS, AND ANY REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT). THIS PROVISION WILL SURVIVE THE CLOSING AND BE INCORPORATED IN THE DEED.

Seller's Initials: AS Buyer's Initials: BM

- 11) **RISK OF LOSS:** Risk of loss to the Property shall be borne by Seller until title has been conveyed to Buyer or Buyer's designee. In the event that the improvements on the Property are destroyed or materially damaged between the Effective Date of this Agreement and the Closing Date, Buyer shall have the option of terminating this Agreement and promptly receiving back the Deposit less the Inspection Fee, with the parties being released from all obligations of this Agreement, or, alternatively, taking such improvements as Seller can deliver. Seller shall pay all deductible amounts that are due under the insurance policy and assign all insurance proceeds to Buyer and credit the amount of the deductible due under the insurance policy or will give Buyer a credit against the Purchase Price at closing. Upon Buyer's removal of all inspection contingencies set forth in this Agreement relating to the condition of the Property, Seller shall maintain the Property through the Closing Date in substantially the same condition and repair as approved by Buyer, reasonable wear and tear excepted.
- 12) **CONDEMNATION:** If before closing, condemnation proceedings are commenced against any part of the Property, Buyer may:
- (A) terminate this Agreement by providing written notice to Seller within 15 days after Buyer is advised of the condemnation proceedings and the Deposit, less any independent consideration under Paragraph 7.3, will be refunded to Buyer; or
  - (B) appear and defend the condemnation proceedings and any award will, at Buyer's election, belong to:
    - (1) Seller and the Purchase Price will be reduced by the same amount; or
    - (2) Buyer and the Purchase Price will not be reduced.
- 13) **DEFAULT:**
- (A) If Buyer fails to comply with this Agreement and such failure continues for more than five (5) days after Buyer's receipt of written notice of such failure from Seller or such shorter cure period expressly set forth in this Agreement (provided, however, that Buyer shall not be in default if Buyer commences to cure any non-monetary breach of this Agreement within the aforesaid 5-day period and diligently prosecutes such cure of such non-monetary breach to completion within thirty days), Buyer is in default and Seller may:
    - (1) terminate this Agreement and receive the Deposit as liquidated damages, thereby releasing the parties from this Agreement.

- (B) If, without fault, Seller is unable within the time allowed to deliver the Commitment, Buyer may:
  - (1) terminate this Agreement and receive the Deposit, less any independent consideration under Paragraph 7.3, as the sole remedy; or
  - (2) extend the time for performance up to 10 days and the Closing Date will be extended for the same number of days.
- (C) Except as provided in Paragraph 13B, if Seller fails to comply with this Agreement (including, but not limited to, if the time for Seller's performance is extended pursuant to Paragraph 13B(2) and Seller fails to deliver the Commitment within such extension period), Seller is in default and Buyer may as its sole remedy either:
  - (1) terminate this Agreement and receive the Deposit, less any independent consideration under Paragraph 7.3, and also receive Buyer's actual out-of-pocket expenses not to exceed the maximum amount of Twenty-five thousand dollars (\$25,000.00) in any event, incurred in connection with this transaction, as liquidated damages, thereby releasing the parties from this Agreement; or
  - (2) enforce specific performance.

**14) ESCROW:**

- (A) At closing, the Deposit will be credited against the Purchase Price, then to Buyer's closing costs, and any excess will be refunded to Buyer.
- (B) If both parties make written demand for the Deposit to be paid to themselves, escrow agent may require payment of unpaid expenses incurred on behalf of the parties and a written release of liability of escrow agent from all parties, provided that escrow agent delivers the Deposit to a court of competent jurisdiction in the state in which the Property is located and escrow agent gives written notice of such deposit to Seller and Buyer.
- (C) If one party makes written demand for the Deposit, escrow agent will give notice of the demand by providing to the other party a copy of the demand. If escrow agent does not receive written objection to the demand from the other party within 30 days after the date escrow agent sent the demand to the other party, escrow agent may disburse the Deposit to the party making demand, reduced by the amount of unpaid expenses incurred on behalf of the party receiving the Deposit and escrow agent may pay the same to the creditors.
- (D) Intentionally omitted.
- (E) If escrow agent complies with this Paragraph 14 and Paragraph 2 and Paragraph 26, each party hereby releases escrow agent from all claims related to the disbursement of the Deposit.
- (F) Notices under this Paragraph 14 must be sent by certified mail, return receipt requested, or by fax. Notices to escrow agent are effective upon receipt by escrow agent.
- (G) Escrow agent, as the person responsible for closing the transaction within the meaning of Section 6045(e)(2)(A) of the Internal Revenue Code of 1986 as amended ("Code"), shall file all necessary information, reports, returns, and statements regarding the transaction required by the Code including, but not limited to, the tax reports required pursuant to Section 6045 of the Code. Further, escrow agent agrees to indemnify and hold Buyer, Seller, and its respective attorneys and brokers harmless from and against any and all losses, costs, claims and expenses, including reasonable attorney's fees, resulting from escrow agent's failure to file the reports escrow agent is required to file pursuant to this section. The provisions of this Section shall survive the termination of this Agreement.

- 15) **ROLLBACK TAXES:** If Seller changes the use of the Property before closing or if a denial of the special evaluation of the Property claimed by Seller results in the assessment of additional taxes, penalties, or interest for periods before closing, the assessments will be the obligation of the Seller. This paragraph 15 survives the Closing Date.
- 16) **AUTHORIZATION:** Buyer and Seller authorize Agent to disseminate sales information regarding this transaction, provided, however, that neither Agent nor Other Broker (as defined in Section 32 below) shall disclose any proprietary or confidential information such as the Purchase Price of the Property or other financial information.
- 17) **OTHER BROKERS:** Buyer and Seller agree that, in the event any broker, other than Agent or a broker affiliated with Agent, is involved in the disposition of the Property, Agent shall have no liability to Buyer, Seller or other person or entity, for the acts or omissions of such other broker, who shall not be deemed to be a subagent of Agent.
- 18) **AGENT'S DISCLAIMER:** Buyer and Seller acknowledge that Agent has not made any investigation, determination, warranty or representation with respect to, without limitation, any of the following: (a) the financial condition or business prospects of the Property, or of any occupant of the Property, or any occupant's intent to continue or renew its occupancy in the Property; (b) the legality of the present or any possible future use of the Property under any federal, state or local law or ordinance; (c) pending or possible future action by any third party or governmental entity or agency which may affect the Property; (d) the condition of the Property, including but not limited to, its physical condition, soil conditions, the integrity and quality of any improvements, and the presence or absence of

fungi or wood destroying organisms or pests; (e) the accuracy or completeness of financial information concerning the Property including, without limitation, any income and expense information, projections of square footage, leases, licenses, options and other agreements affecting the Property; (f) the possibility that leases, options, or other agreements, matters or documents exist which affect or encumber the Property and which have not been provided or disclosed by Seller; (g) the presence or location of any hazardous materials on or about the Property, including but not limited to, asbestos, PCB's, lead paint, underground storage tanks or other toxic, hazardous or contaminated substances; (h) the accuracy of any information contained in any estoppel certificate or similar letter from any occupant of the Property; (i) whether the Property is in any special assessment district or is a tidally influenced property; or, (j) the number of legal parcels or units within the Property. When involved, Agent has acted solely as a conduit for the exchange of such information between Buyer and Seller and makes no representation or warranty whatsoever concerning the accuracy or reliability of such information. The Agent does not warrant that Seller will disclose any or all property defects or other matters pertaining to the Property or its condition.

**BUYER AGREES THAT AS BETWEEN BUYER AND AGENT, INVESTIGATION AND ANALYSIS OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO THE FOREGOING MATTERS, ARE BUYER'S SOLE, INDEPENDENT RESPONSIBILITY AND THAT BUYER SHALL NOT HOLD AGENT RESPONSIBLE THEREFORE. BUYER AGREES AND ACKNOWLEDGES THAT BUYER HAS NOT RELIED UPON ANY REPRESENTATION OF AGENT IN CONNECTION WITH BUYER'S PURCHASE OF THE PROPERTY.**

- 19) **AGENT'S LIMITED AUTHORITY AND RESPONSIBILITY:** Agent shall have no authority to bind either Buyer or Seller to any modification or amendment of this Agreement. Agent shall not be responsible for performing any due diligence or other investigation of the Property on behalf of either Buyer or Seller, or for providing either party with professional advice with respect to, without limitation, any legal, tax, engineering, construction or hazardous materials issues.
- 20) **LIMITATION OF AGENT'S LIABILITY: EXCEPT FOR AGENT'S NEGLIGENCE OR WILLFUL MISCONDUCT, SELLER AND BUYER AGREE TO HOLD THE AGENT HARMLESS FROM ANY DAMAGES, CLAIMS, COSTS AND EXPENSES RESULTING FROM OR RELATED TO ANY PARTY FURNISHING TO THE AGENTS OR BUYER ANY FALSE, INCORRECT OR INACCURATE INFORMATION WITH RESPECT TO THE PROPERTY OR SELLER'S CONCEALING ANY MATERIAL INFORMATION WITH RESPECT TO THE CONDITION OF THE PROPERTY.**
- 21) **ARBITRATION OF DISPUTES:** Intentionally Deleted
- 22) **SUCCESSORS & ASSIGNS:** This Agreement and any addenda hereto shall be binding upon and inure to the benefit of the heirs, successors, agents, representatives and permitted assigns of the parties hereto. From the Effective Date through the Closing Date, this Agreement and Seller's interest in the Property may not be assigned by Seller, in whole or in part, without the prior written consent of Buyer. Buyer may at least three (3) days prior to the Closing Date, assign its interest in this Agreement to one or more entities affiliated with Buyer.
- 23) **ATTORNEYS' FEES:** In any dispute arising out of this Agreement or the transaction contemplated herein, the prevailing party shall be entitled to recover its reasonable attorneys' fees, experts' fees and costs, including costs of arbitration or other legal proceeding, in addition to any other relief to which that party may be entitled.
- 24) **TIME:** Time is of the essence of this Agreement. The parties require strict compliance with the times for performance. If the last date to perform under a provision of this Agreement falls on a Saturday, Sunday or legal holiday, the time for performance is extended until 5:00 p.m. the next day which is not a Saturday, Sunday or legal holiday.
- 25) **FOREIGN INVESTOR DISCLOSURE:** Seller and Buyer agree to execute and deliver any instrument, affidavit or statement, and to perform any act reasonably necessary to carry out their respective obligations under the provisions of the Foreign Investment in Real Property Tax Act (FIRPTA) and regulations promulgated there under. Upon request, Buyer and Seller both agree to provide a signed FIRPTA form to Agent on or before the Closing Date.
- 26) **ACCEPTANCE AND EFFECTIVE DATE:** The "Effective Date" of this Agreement for the purpose of performance of all obligations is the date the escrow agent receives this Agreement after all parties execute this Agreement. Escrow agent shall notify the parties of the Effective Date, in writing, within one (1) calendar day thereof.  
  
This Agreement may be executed in multiple counterparts, and transmitted by facsimile or email by and to the parties, and each such counterpart shall be deemed an original, and all of them together shall constitute a single instrument.
- 27) **GOVERNING LAW:** This Agreement shall be construed under and governed by the laws of the State of Texas and, unless otherwise provided herein, all obligations of the parties hereunder are to be performed in Travis County, Texas, where the Property is located.

- 28) **NON-DISCRIMINATION:** Buyer and Seller acknowledge that it is illegal for either Seller, Buyer or Agent to refuse to lease or sell to any person on the basis of race, color, religion, national origin, sex, age, marital status or physical disability or other legally protected class.
- 29) **INTEGRATION AND SURVIVAL:** This Agreement contains the entire understanding and agreement between Buyer and Seller concerning the subject matter herein, and supersedes any and all prior agreements, understandings, promises and representations, whether written or oral, between the Buyer and Seller, concerning the subject matter hereof. There are no other understandings, oral or written, which in any way alter or enlarge the terms of this Agreement, and there are no warranties or representations with respect to the Property or this Agreement of any nature whatsoever, either express or implied, except as set forth herein. Should any provision of this Agreement or portion thereof be deemed illegal, invalid or otherwise unenforceable, then to the maximum extent permitted by law, the remainder of the Agreement shall remain valid and binding as between the parties.
- 30) **NOTICES:** All notices required or permitted hereunder shall be given to the parties in writing (with a copy to Agent and the party's attorney) at their respective addresses, fax numbers and email addresses as set forth below, unless otherwise agreed by the parties. Should the date upon which any act required to be performed by this Agreement fall on a Saturday, Sunday or holiday, the time for performance shall be extended to 6:00 p.m. the next business day. All notices between Buyer and Seller must be in writing and are effective when hand-delivered, three (3) days after mailed by certified mail return receipt requested, one (1) day after sent via a nationally recognized overnight carrier, or sent by facsimile transmission or email to the parties' addresses, fax numbers and email addresses set out as follows:

Seller: Cross Creek of Texas Ltd  
 c/o: Tony Kalantari  
 Address: 1124 Rulland Drive  
Austin, TX 78758  
 Telephone: (512) 339 - 6269  
 Fax No.: \_\_\_\_\_  
 Email: tony@kalantari.com  
amir@kalantari.com

Buyer: The Mulholland Group LLC  
 c/o: Royce A. Mulholland  
 Address: 141-07 20<sup>th</sup> Ave Ste 507  
Whitestone, NY 11357  
 Telephone: 212-661-6016  
 Fax No.: 212-661-5771  
 Email: mulholland@tmg-housing.com

Seller's attorney: Jack Norman  
6510 Abrams Rd., Suite 568  
Dallas, Texas 75231  
214-252-9921  
Fax: 469-521-7473  
Email: jonpclaw@hotmail.com

Buyer's attorney: Cannon Heyman & Weiss, LLP  
725 Exchange Street, Suite 516  
Buffalo, New York 14210  
Attn: Steven J. Weiss, Esq.  
716-856-1700  
Fax: 716-856-2311  
Email: sweiss@chwattys.com

- 31) **ATTACHED ADDENDA:**
- Information About Brokerage Services
  - Addendum A - Legal Description
  - Addendum B - Third Party Financing
  - Addendum C - Lead Based Paint (required for residential dwellings constructed prior to 1978)
  - Addendum D - Estoppel Certificates
  - Addendum E - Intermediary Relationship Notice
  - Addendum F - Disclosure Notice
  - Addendum G - MUD Notice

- 32) **AGENCY:** The Term "Agent" refers to Marcus & Millichap Real Estate Investment Services of Texas, Inc. and/or Other Broker, if applicable as set forth below. Each Agent only has duties to the party they represent as identified below.

Marcus & Millichap Real Estate  
 Investment Services of Texas, Inc.:

Other Muskin Commercial  
 Broker.:

c/o: Scott Lamontagne  
 Address: 6001 Spring Valley Rd., Ste 100W

c/o: Ellen Muskin  
 Address: 4705 Spicewood Springs Rd, Ste 200

	<u>Dallas, TX 75244</u>		<u>Austin, TX 78759</u>
Telephone:	<u>(972) 755-5200</u>	Telephone:	<u>(512) 343-2700</u>
Fax No.:	<u>(972) 755-5210</u>	Fax No.:	<u>(512) 343-2700</u>
Email:	<u>slamontagne@jpausa.com</u>	Email:	<u>ellenm@muskinccommercial.com</u>

Buyer and Seller both acknowledge that they have been presented with the Information About Brokerage Services form prior to execution of this contract and have been advised of the below agency status.

**Marcus & Millichap Real Estate Investment Services of Texas, Inc.:**

represents Buyer only       represents Seller only       is an Intermediary (See Addendum E)

**Other Broker:**

represents Buyer only       represents Seller only

Seller will pay Agent and Other Broker the Commission specified by separate written Representation Agreement. Payment of the Commission will not alter the fiduciary relationships between the parties and the Agents. Seller represents and warrants to Buyer that Seller has not incurred, and shall not have incurred as of the Closing Date, any liability for the payment of any brokerage fee or commission in connection with the transaction contemplated in this Agreement other than to Agent and Other Broker. Seller shall be solely responsible for the payment of all commissions and fees due or owing to such brokers in connection with this Agreement or the transactions contemplated hereby by separate written agreement. Seller hereby agrees to defend, indemnify and hold harmless the Buyer from and against any and all claims of any person claiming a brokerage fee or commission through the Seller. The provisions of this paragraph shall survive Closing or termination of this Agreement.

33) **NO THIRD PARTIES BENEFITED:** Except as expressly stated in this Agreement, the parties do not intend to confer any benefit on any person, firm, or corporation other than the parties to this Agreement, and their respective successors and permitted assigns.

34) **RIGHT TO CLAIM A LIEN:** Intentionally Deleted

35) **RECORDING.** This Agreement is not to be recorded. If this Agreement or any memorandum or affidavit of this Agreement is filed for record by Buyer in the county where the Property is located in violation of the provisions of this paragraph, then, notwithstanding any provision hereof, Seller shall have the sole and exclusive right to terminate this Agreement by written notice filed of record in the county where the Property is located, whereupon the Deposit shall be forfeited to Seller as liquidated damages. In addition, Buyer agrees to immediately execute a release of this Agreement in recordable form, and all parties hereto shall thereupon automatically be fully and finally released from all provisions of this Agreement, other than the provisions which survive termination of this Agreement.

36) **INTERPRETATION.** The captions in this Agreement are inserted for convenience of reference only and in no way define, describe or limit the scope or intent of this contract or any of the provisions hereof. All references to paragraphs and sections refer to paragraphs and sections of this Agreement, unless otherwise expressly provided herein. As used in this Agreement, the masculine shall include the feminine and neuter, the singular shall include the plural and the plural shall include the singular, as the context may require.

37) This Agreement is submitted to Seller on the understanding that it will not be considered an offer and will not bind Buyer in any way until both Buyer and Seller execute and deliver this Agreement.

38) This Agreement, and all of its agreements, warranties and representations, shall survive the closing and the delivery of the Deed by Seller to Buyer for a period of one (1) year.

BUYER AND SELLER HEREBY ACKNOWLEDGE THAT AGENT HAS ADVISED THE PARTIES TO CONSULT WITH THEIR RESPECTIVE LEGAL COUNSEL CONCERNING THE LEGAL EFFECT AND VALIDITY OF THIS AGREEMENT PRIOR TO ITS EXECUTION.

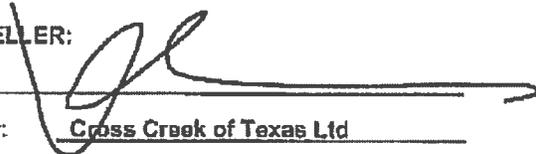
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Executed below and to be effective as of the Effective Date.

DATE: 11/12/13  
Telephone: 212 661 5015  
Facsimile: 212 661 5771

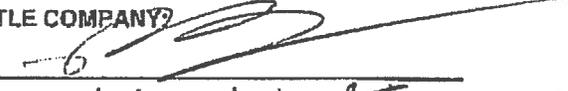
BUYER:   
By: The Mulholland Group LLC  
Name: Royce Mulholland  
Title: President

DATE: 11/12/2013  
Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_

SELLER:   
By: Cross Creek of Texas Ltd  
Name: Tony Kalantari  
Title: President

TITLE COMPANY RECEIPT: The title company acknowledges receipt of this contract on 11/18/2013 (the Effective Date) and, upon receipt of the Deposit, accepts the Deposit subject to the terms and conditions in this Agreement.

DATE: 11/18/2013  
Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_

TITLE COMPANY:   
By: National Land Tenure Co. LLC  
Name: Brian Fitzgerald  
Title: Managing Director

PARTIES UNDERSTAND AND ACKNOWLEDGE THAT BROKER IS NOT QUALIFIED TO PROVIDE, AND HAS NOT BEEN CONTRACTED TO PROVIDE, LEGAL, FINANCIAL OR TAX ADVICE, AND THAT ANY SUCH ADVICE MUST BE OBTAINED FROM PARTIES' ATTORNEY, ACCOUNTANT OR TAX PROFESSIONAL.

**Addendum A**  
**Legal Description**

The Cross Creek Apartments, 1124 Rutland Drive, Austin, Travis County, Texas and more specifically described as: Lot 1 of Cross Creek, a subdivision in Travis County, Texas, according to the plat recorded in Volume 74, Page 93 of the Plat Records of Travis County, Texas.

PARTIES UNDERSTAND AND ACKNOWLEDGE THAT BROKER IS NOT QUALIFIED TO PROVIDE, AND HAS NOT BEEN CONTRACTED TO PROVIDE, LEGAL, FINANCIAL OR TAX ADVICE, AND THAT ANY SUCH ADVICE MUST BE OBTAINED FROM PARTIES' ATTORNEY, ACCOUNTANT OR TAX PROFESSIONAL.

Approved by the Texas Real Estate Commission for Voluntary Use

Texas law requires all real estate licensees to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

## Information About Brokerage Services

**B**efore working with a real estate broker, you should know that the duties of a broker depend on whom the broker represents. If you are a prospective seller or landlord (owner) or a prospective buyer or tenant (buyer), you should know that the broker who lists the property for sale or lease is the owner's agent. A broker who acts as a subagent represents the owner in cooperation with the listing broker. A broker who acts as a buyer's agent represents the buyer. A broker may act as an intermediary between the parties if the parties consent in writing. A broker can assist you in locating a property, preparing a contract or lease, or obtaining financing without representing you. A broker is obligated by law to treat you honestly.

### IF THE BROKER REPRESENTS THE OWNER:

The broker becomes the owner's agent by entering into an agreement with the owner, usually through a written - listing agreement, or by agreeing to act as a subagent by accepting an offer of subagency from the listing broker. A subagent may work in a different real estate office. A listing broker or subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first. The buyer should not tell the owner's agent anything the buyer would not want the owner to know because an owner's agent must disclose to the owner any material information known to the agent.

### IF THE BROKER REPRESENTS THE BUYER:

The broker becomes the buyer's agent by entering into an agreement to represent the buyer, usually through a written buyer representation agreement. A buyer's agent can assist the owner but does not represent the owner and must place the interests of the buyer first. The owner should not tell a buyer's agent anything the owner would not want the buyer to know because a buyer's agent must disclose to the buyer any material information known to the agent.

### IF THE BROKER ACTS AS AN INTERMEDIARY:

A broker may act as an intermediary between the parties if the broker complies with The Texas Real Estate License

Act. The broker must obtain the written consent of each party to the transaction to act as an intermediary. The written consent must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. The broker is required to treat each party honestly and fairly and to comply with The Texas Real Estate License Act. A broker who acts as an intermediary in a transaction:

- (1) shall treat all parties honestly;
- (2) may not disclose that the owner will accept a price less than the asking price unless authorized in writing to do so by the owner;
- (3) may not disclose that the buyer will pay a price greater than the price submitted in a written offer unless authorized in writing to do so by the buyer; and
- (4) may not disclose any confidential information or any information that a party specifically instructs the broker in writing not to disclose unless authorized in writing to disclose the information or required to do so by The Texas Real Estate License Act or a court order or if the information materially relates to the condition of the property.

With the parties' consent, a broker acting as an intermediary between the parties may appoint a person who is licensed under The Texas Real Estate License Act and associated with the broker to communicate with and carry out instructions of one party and another person who is licensed under that Act and associated with the broker to communicate with and carry out instructions of the other party.

If you choose to have a broker represent you, you should enter into a written agreement with the broker that clearly establishes the broker's obligations and your obligations. The agreement should state how and by whom the broker will be paid. You have the right to choose the type of representation, if any, you wish to receive. Your payment of a fee to a broker does not necessarily establish that the broker represents you. If you have any questions regarding the duties and responsibilities of the broker, you should resolve those questions before proceeding.

Real estate licensee asks that you acknowledge receipt of this information about brokerage services for the licensee's records.

Buyer, Seller, Landlord or Tenant  
RE: Cross Creek Apartments

11/12/13  
Date

Texas Real Estate Brokers and Salespersons are licensed and regulated by the Texas Real Estate Commission (TREC). If you have a question or complaint regarding a real estate licensee, you should contact TREC at P.O. Box 12166, Austin, Texas 78711-2166 or 512-455-9903.





AGREEMENT OR (2) ANY LIABILITY THAT GRANTOR IS RESPONSIBLE FOR PURSUANT TO THE TERMS OF THE PURCHASE AGREEMENT. THERE ARE NO ORAL AGREEMENTS, WARRANTIES OR REPRESENTATIONS COLLATERAL TO OR AFFECTING THE PROPERTY. ANY SUIT BY GRANTEE FOR ANY BREACH BY GRANTOR OF ANY REPRESENTATION, WARRANTY OR COVENANT CONTAINED HEREIN MUST BE FILED ON OR BEFORE TWELVE MONTHS AND ONE (1) DAY AFTER THE DATE HEREOF OR IT SHALL BE FOREVER BARRED. THE PROVISIONS SET FORTH IN THIS PARAGRAPH SHALL SURVIVE DELIVERY OF THIS DEED.

All ad valorem taxes and assessments for the Property for the current year 2013 have been prorated and Grantee hereby expressly assumes liability for the payment thereof and for subsequent years. If such proration was based upon an estimate of such taxes and assessments for the current year 2013, then upon demand Grantor and Grantee shall promptly and equitably adjust all such taxes and assessments as soon as actual figures for these items for the current year 2013 are available.

EXECUTED on the date of the acknowledgment herein below, to be effective however as of the \_\_\_\_ day of December, 2013.

CROSS CREEK OF TEXAS, LTD.,  
a Texas limited partnership

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF TEXAS           §  
COUNTY OF TRAVIS      §

This instrument was acknowledged on the \_\_\_\_ day of December, 2013, by \_\_\_\_\_,  
\_\_\_\_\_ of CROSS CREEK OF TEXAS, LTD, a Texas limited partnership.

\_\_\_\_\_  
Notary Public in and for the State of Texas

Exhibit "A"

**Legal Description**

The Cross Creek Apartments, 1124 Rutland Drive, Austin, Travis County, Texas and more specifically described as: Lot 1 of Cross Creek, a subdivision in Travis County, Texas, according to the plat recorded in Volume 74, Page 93 of the Plat Records of Travis County, Texas.

EXHIBIT "B"

Permitted Exceptions

1. Rights of tenants ("Tenants"), as tenants only, under written residency leases in compliance with applicable law,
2. Any matters which would be shown by an accurate survey or inspection of the Property,
3. All matters of record,
4. Taxes and assessments for 2013 and subsequent years.

**Attachment 5: Site Maps – Location, Public Transit, Floodplain**

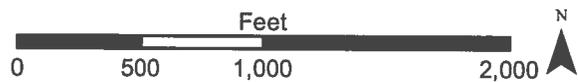


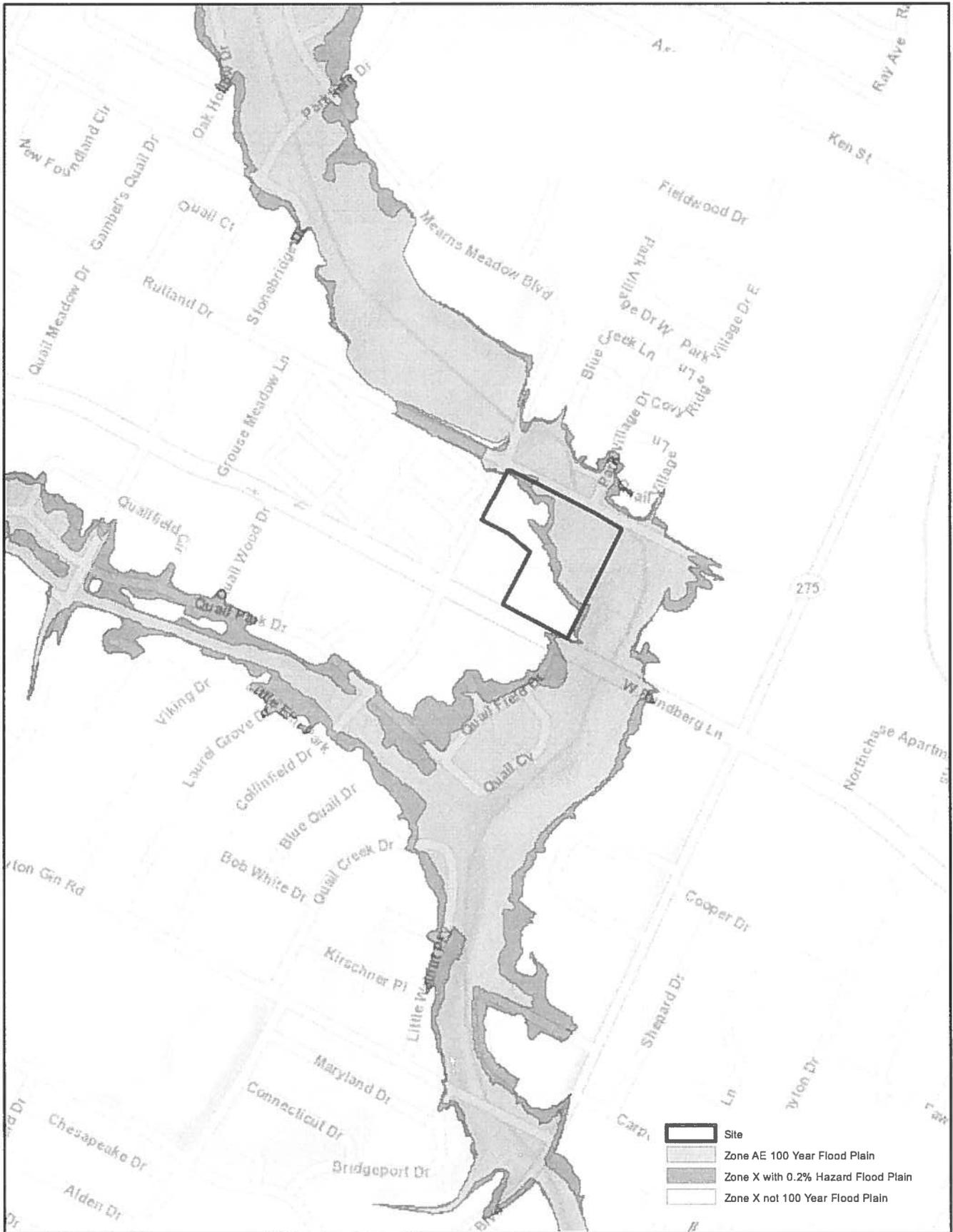
TMG Cross Creek 1124 Rutland Dr, Austin, TX 78758

## Census Tract 484530018.22

484530018.22 is a 2013 IRS Section 42(d)(5)(B) Qualified Census Tract

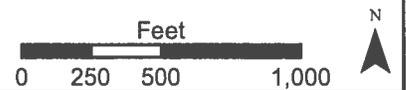
2014-01-13\_TMG\_Cross\_Creek\_Census.mxd. Data Sources: City of Austin GIS, Travis Central Appraisal District, and Bing Maps.





## Evidence of Flood Zone Designation

TMG Cross Creek 1124 Rutland Dr., Austin, TX 78758





# LEGEND

## SPECIAL FLOOD HAZARD AREAS (SFHAS) SUBJECT TO INUNDATION BY THE 1% ANNUAL CHANCE FLOOD

The 1% annual chance flood (100-year flood), also known as the base flood, is the flood that has a 1% chance of being equalled or exceeded in any given year. The Special Flood Hazard Area is the area subject to flooding by the 1% annual chance flood. Areas of Special Flood Hazard include Zones A, AE, AH, AO, AR, A99, V and VE. The Base Flood Elevation is the water-surface elevation of the 1% annual chance flood.

- ZONE A** No Base Flood Elevations determined.
- ZONE AE** Base Flood Elevations determined.
- ZONE AH** Flood depths of 1 to 3 feet (usually areas of ponding); Base Flood Elevations determined.
- ZONE AO** Flood depths of 1 to 3 feet (usually sheet flow on sloping terrain); average depths determined. For areas of alluvial fan flooding, velocities also determined.
- ZONE AR** Special Flood Hazard Area formerly protected from the 1% annual chance flood by a flood control system that was subsequently decertified. Zone AR indicates that the former flood control system is being restored to provide protection from the 1% annual chance or greater flood.
- ZONE A99** Area to be protected from 1% annual chance flood by a Federal flood protection system under construction; no Base Flood Elevations determined.
- ZONE V** Coastal flood zone with velocity hazard (wave action); no Base Flood Elevations determined.
- ZONE VE** Coastal flood zone with velocity hazard (wave action); Base Flood Elevations determined.

## FLOODWAY AREAS IN ZONE AE

The floodway is the channel of a stream plus any adjacent floodplain areas that must be kept free of encroachment so that the 1% annual chance flood can be carried without substantial increases in flood heights.

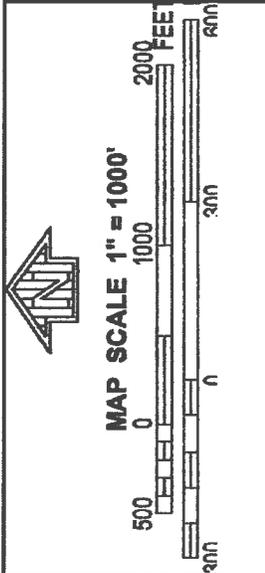
## OTHER FLOOD AREAS

**ZONE X** Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood.

## OTHER AREAS

**ZONE X** Areas determined to be outside the 0.2% annual chance floodplain.  
**ZONE D** Areas in which flood hazards are undetermined, but possible.

COASTAL BARRIER RESOURCES SYSTEM CORRECTION AREAS



PANEL 0455H

## FIRM FLOOD INSURANCE RATE MAP TRAVIS COUNTY, TEXAS AND INCORPORATED AREAS

PANEL 455 OF 730  
(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:  
COMMUNITY NUMBER 48064  
CITY OF AUSTIN SUFFIX 0455 H

Notice to User: The Map Number shown below should be used when placing map orders; the Community Number shown above should be used on insurance applications for the subject community.



MAP NUMBER  
48453C0455H  
MAP REVISED  
SEPTEMBER 26, 2008

Federal Emergency Management Agency

This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at [www.msc.fema.gov](http://www.msc.fema.gov)

Attachment 6: Unit Mix and Maximum Rents