City Council Questions and Answers for
Thursday, August 08, 2013

These questions and answers are related to the
Austin City Council meeting that will convene at 10:00 AM on
Thursday, August 08, 2013 at Austin City Hall
301 W. Second Street, Austin, TX

Mayor Lee Leffingwell
Mayor Pro Tem Sheryl Cole
Council Member Chris Riley, Place 1
Council Member Mike Martinez, Place 2
Council Member Kathie Tovo, Place 3
Council Member Laura Morrison, Place 4
Council Member William Spelman, Place 5

The City Council Questions and Answers Report was derived from a need to provide City Council Members an opportunity to solicit clarifying information from City Departments as it relates to requests for council action. After a City Council Regular Meeting agenda has been published, Council Members will have the opportunity to ask questions of departments via the City Manager's Agenda Office. This process continues until the final report is distributed at noon to City Council the Wednesday before the council meeting.

QUESTIONS FROM COUNCIL

1. Agenda Item # 16

   a. QUESTION: 1) What are the criteria for qualification for the Family Business Loan Program? 2) Are loans available to family businesses partnering with other businesses? 3) If so, does this family business have partners and if so, who are they? COUNCIL MEMBER TOVO

   b. ANSWER: 1) As approved by HUD and the City Council, the Family Business Loan Program Guidelines require borrowers to be a private, for-profit business that has been operating in industrial, retail or distribution activities for at least two (2) years and is able to demonstrate sufficient profitability. An applicant must be a legally-organized business entity registered with the State of Texas; although sole proprietorships are eligible for a micro-loan under this program. The applicant(s) must also meet the size standards of the U.S. Small Business Administration and be a closely-held entity. 2) Yes, as long as the partnership entity meets the eligibility criteria described above. 3) Eastern Diner LLC is registered as a Domestic Limited Liability Company (LLC) with the State of Texas and is owned by three partners: Stephen B. Shallcross, Lauren Shallcross and Mickie Spenser. Stephen and Lauren Shallcross have over 20 years of combined experience in the restaurant industry and own three other Austin businesses. Mickie Spenser has over 15 years of service industry experience and has ownership interests in two other Austin restaurants.

2. Agenda Item # 17

   a. QUESTION: Can you tell us how the Schedule was prioritized, as in why are we doing these projects for these amounts and in this order? COUNCIL MEMBER SPELMAN

   b. ANSWER: As part of the upcoming August general obligation bond sale, the City is will be selling Public Improvements Bonds, Certificates of Obligation, and Contractual Obligations. Of the total $189.8 million bond sale, $155.4 million is being issued to support prior year appropriations. This practice of using reimbursement resolutions is consistent with our financial policies. Reimbursement resolutions are a cash management tool that allows the city to appropriate funds – which is necessary to initiate projects and enter into contracts – but to issue the debt at a later date, when the funds are needed to meet project cash flows. The other $34.4 million is for contractual obligations for equipment, which is part of the new appropriations in the FY 2013-14

proposed capital budget. As part of the Capital Budget process, we have developed 5 year project appropriation and bond sale schedule for general obligation capital projects, to show how the various bond programs will be implemented over time. Typically, the appropriation for a project or program occurs first, with the bond sale to support that appropriation occurring in the following year or two, in accordance with Internal Revenue Service rules. The overall 5 year schedule takes into account several factors: spreading the issuance of debt related to a bond election over the course of approximately 6 years; spreading the projects out over a similar time frame; looking at design costs vs construction costs; and, most importantly is based on departmental prioritizations for projects, who in turn take into account community & stakeholder input. This 5 year schedule can be found in Volume II of the proposed budget document.

3. Agenda Item # 21

   a. QUESTION: 1) How many such permanent encroachments do staff estimate exist at this time? Please identify encroachments that have existed for more than 10 years and indicate the annual license fee charge. 2) As this option would shift an owner's financial obligations from an annual license fee to a one-time charge, it would not incentivize current or future owners to remove the encroachment. The staff memo provides some background, but please address more directly why staff believe adding this option is in the city's best financial and/or planning interests. COUNCIL MEMBER TOVO

   b. ANSWER: 1) The estimated number of license agreements issued since 1981 is approximately 950. City data is not currently collected in a way that designates encroachment type. 2) As downtown land values have increased and as available downtown land for new construction becomes scarce, there has been an increase in demand by property owners to encroach structures into public right-of-way (ROW). These recent requests to City staff have originated in the existing license agreement process. The proposed ordinance brought forth to Council addresses the legal concern that revocable license agreements were designed for readily removable improvements, such as sidewalk cafés or landscaping. The use of license agreements for permanent encroachments is not supported by the Code or the law, because permanent encroachments are not legally revocable and such a license agreement cannot be enforced. Under encroachment agreements, the City would retain title and some measure of control over the ROW and encroachment. The provisions of staff's proposed Code amendment address the concerns of the City regarding the long-term maintenance and integrity of the ROW. If the permitted use under an encroachment agreement ever changes or is abandoned, the encroachment agreement terminates and the City regains control of the ROW. Whether that agreement required the property owner to pay an annual fee or a one-time payment to the City, in either case the City always has the option to remove the encroaching improvements, charge the costs of removal to the property owner, and place a lien for the amount of those costs onto the adjacent property. ORES has four state-certified appraisers on staff, one of

whom carries a MAI designation from the Appraisal Institute. The proposed ordinance provides flexibility, in balancing the complexity of the appraisal, the turnaround time for completion, and the ability to supplement staff appraisals with independent appraisals if needed. The fee for an independent appraisal ranges from $7,500 to $12,000, with a time frame for completion of 90 to 120 days. Any change in the terms of the encroachment agreement (e.g., square footage or any additional rights taken) during the appraisal process requires additional fees and additional turnaround time from the appraiser.

4. Agenda Item # 22

   a. QUESTION: By the terms of the grant, could the funds be used for salaries or overtime pay? Please include the language from the grant that stipulates how the funds can be used. What equipment does the Austin Police Department propose to purchase? COUNCIL MEMBER TOVO

   b. ANSWER: See attachment

   c. QUESTION: 1) What type of equipment is envisioned with this funding should the grant be awarded? 2) What future expenses are expected as a result of acquiring this equipment? COUNCIL MEMBER MORRISON

   d. ANSWER: See attachment

5. Agenda Item # 39

   a. QUESTION: The backup states that the information will be available through the dynamic traffic signs and the city's website. Since this is near real-time traffic information, making the information available through social media would have significantly more benefit than just using the city's website. Is promulgation though social media feasible? If not, what enhancements would be needed to make it so? COUNCIL MEMBER MORRISON

   b. ANSWER: The 200 Bluetooth readers system will allow the Transportation Department to measure and monitor travel times as well as adjust signal timing to improve traffic flow. The readers will be affixed to traffic signal cabinets and existing traffic poles. Aggregated information will be disseminated to the public via a new City web page that is being developed and through the City's dynamic message signs. This is part of an on-going, multi-year process to update the hardware, software and operating characteristics of the City's Advance Transportation Management System (ATMS). As this system is built out, social media solutions are being considered. We are looking at other cities to adopt best practices into our system so that we do not create opportunity for distracted driving.

6. Agenda Item # 42.

   a. QUESTION: Experience has shown that it is imperative that we have

adequate levels of technical support built into the contractual requirements. With this contract, the 2 hands-on positions of the ITC and the IQ Engineer will be keys to successfully implementing and bringing the system online. The proposal references indeterminate amounts of time dedicated on site by these personnel. 1) What protections will be put in the contract to ensure these positions are available for an adequate amount of time? The RFP requirement (3.3.1) is for an unlimited number of users. Our current system has 175 SPOCs. The proposal from the vendor is for 80 users, with a note that more users will require the purchase of additional licenses, that 80 should be adequate based on projections from the solicitation documents, and that they would be able to handle very many users but no guarantee of an unlimited number. 2) How has the City evaluated this answer as adequate? One of the most time consuming elements of the PIR process is the manual redaction of personal email addresses from email messages. 3) Does this proposal provide an automated redaction tool that would take the place of a manual process currently in use? 4) Please note the vendor's response on page 50 to requirement 4.4.1. What does the response mean? Several places in the requirements and in the response address records management. The IQ Documents feature as described on page 38 of the response discusses broad data and content management capabilities. 5) Does this envision management of ALL of the city information or just of copies of the information that is collected as responsive to the PIR? 6) Based upon the fact that our City Clerk is the city's expert in records management, what opportunity has there been for the City Clerk to provide feedback on the proposal and what has that feedback been? COUNCIL MEMBER MORRISON

b. ANSWER: See attachment.

c. FOLLOW-UP QUESTION: 1) As noted in the original answer, the proposal includes a capability for 80 users based upon an assessment by PIO that there are 60-80 PIR users. Of the 175 users of the current system, 72 are primary SPOCs and others are backup personnel, thus 80 users would not accommodate backup staff to be registered as users. What is contemplated to account for situations when the user of the new system is unavailable and that staff member has no backup that can access the system? 2) As mentioned, manual redaction of personal emails is one of the (if not the) most time consuming elements of the PIR process for office staff, but this system will not provide an automated tool for doing so. Are there any tools available that could perform this task automatically? If so, would such a tool need to be acquired under separate contract? COUNCIL MEMBER MORRISON

d. FOLLOW-UP ANSWER: 1) The software capabilities will be evaluated for consistency and functionality during contract negotiations. We will consider and evaluate the number of licenses required during the contract negotiation process. 2) Automatic redaction was not a requirement for this RFP. If your question is referring to software that is capable of reading words and then redacting without additional instructions from the user, we have not researched that type of redaction in connection with this RFP. A tool like

that, if it exists, would require a separate contract.

e. QUESTION: 1) Please provide any available information on why WebQA withdrew its proposal. 2) During the work session, CTM staff mentioned that making PIR responses available on the city's data portal was feasible. As lead on the PIR process, does the Law Department have any other issues to recommend for consideration prior to making this data available on the portal? 3) Also, will the information that the mayor asked for during the work session about what the total cost would be for the WebQA solution when adding in cost for storage etc…will it be provided as part of the council q&a process? COUNCIL MEMBER MORRISON

f. ANSWER: 1) On Friday, June 21st the Purchasing Office received a formal request, in writing, from John Dilenschneider, CEO of WebQA, Inc. to withdraw their proposal in response to the COA solicitation RQM 5600-1211290090 (RFP No. BKH0156). 2) CTM is responsible for making the data available on the city's data portal. Prior to the data being available, there is a vetting process that requires the signature from the department director, or their designee, which verifies that they are in agreement with the posting of the data. In the case of the law department, data owned by the law department, would be vetted by the law department and posted once approval from the law department is received. 3) Yes. Attached is the PIR Cost Comparison information. Regarding CM Morrison's question pertaining to the availability of auto redaction software, in addition to the Adobe solution the city currently uses, we found software called "Redact-It Desktop" and "Rapid Redact" The three options are summarized in the attached spreadsheet. We will need to do additional research to complete a cost comparison of the three options. For example, we need to know how many Adobe Pro IX licenses the city currently has and the cost of those. We will work on gathering the cost information tomorrow. In the meantime, we hope the attached information is helpful in terms of comparing the functionality of automatic redaction software.

7. Agenda Item # 58

a. QUESTION: 1) Please provide staff or management rationale for not including this expenditure in the proposed 2014 budget. 2) Have staff explored whether this initiative could be undertaken with existing staff resources or pro bono assistance from outside sources? COUNCIL MEMBER TOVO

b. ANSWER: 1) The Planning and Development Review Department (PDRD) has been involved in a number of efforts concerning the South Shore Central Sub-District of the Waterfront Overlay in the last several years: ongoing work of the Waterfront Planning Advisory Board; the AIA Sustainable Design Assistance Team event of 2012; and most recently the City's participation in the HUD Sustainable Places Project (which used South Shore Central as a its area of focus). PDRD contemplated that these efforts might ultimately culminate in a call for a focused, small-area planning project for South Shore Central. In light of this possibility, PDRD's 5-year CIP Plan identified a South

Shore Central planning project as a $200,000 "Unfunded Capital Needs Request" in its FY 2013-14 Five-Year CIP Plan. Similarly, in early 2013 as PDRD was assembling its FY2013-14 General Fund Budget proposal, the Waterfront Planning Advisory Board was still considering whether to recommend to Council a South Shore Central planning project. So PDRD did not include this effort in its FY 13-14 budget. In July 2013, the Waterfront Planning Advisory Board finally took action and made its formal recommendation to Council – to initiate a City planning project. 2) If directed by the City Council to initiate a South Shore Central small-area planning project, we envision that this would be primarily a "staff-led" (rather than "consultant-led") project; i.e., the project would be guided and primarily supported by City staff. Most of the staff work would be performed by members of the Urban Design Division within the Planning and Development Review Department (PDRD), some of whom have been working on South Shore Central issues for the last two years – first in the context of the AIA Sustainable Design Assistance Team (SDAT) project and more recently in the context of the HUD Sustainable Places Project (SPP). As a staff-led effort, we believe that Urban Design staff could initiate the planning project and conduct much of the work necessary to produce a basic small-area plan for South Shore Central – without a designated additional funding source. But additional resources, which would be devoted to the strategic and selective use of outside consultants, would enable the project to reach its full potential – not only as an implementable and successful small-area plan, but as a key element in implementing Imagine Austin. Council action on the proposed Resolution (Item 58) would enhance the possibility of utilizing outside sources (especially those of the University of Texas, which are already involved via the Sustainable Places Project). But we do not believe that a fully functional and implementable small-area plan could be achieved using only UT and other pro bono services; we believe that the selective use of outside consulting services in key areas of expertise (e.g., Green Infrastructure; Economic and Market Analysis; District Management), which the $200,000 would pay for, would enable us to bring to Council a fully functional and readily implementable small-area plan for South Shore Central.

8. Agenda Item # 62

   a. QUESTION: This agenda item states that our current Affordability Impact Statement only evaluates the impact on publicly-assisted housing development, yet the language on our AIS seems more general: "Impact on Cost of Development" "Proposed Chagnes Impacting Housing Affordability" etc. Please indicate whether the existing AIS questions all relate specifically to publicly supported housing construction. COUNCIL MEMBER TOVO

   b. ANSWER: The Affordability Impact Statement (AIS) is not limited to an evaluation of the impact on publicly assisted housing. Further, the AIS does not default to "No Impact" in situations where a code change does not directly affect the construction of publicly assisted housing. NHCD recommends that these statements be deleted from the proposed resolution.

The requirement for Affordability Impact Statements (AIS) resides in the Code, Chapter 25-1, Article 15. S.M.A.R.T. Housing and has been a component of this policy since 2000. The ordinance requires NHCD to evaluate a proposed ordinance, rule or process for its impact on housing affordability. While any ordinance can have a negative impact on all housing, the analysis also considers the impact to S.M.A.R.T. Housing or reasonably priced housing. Increased cost to housing does have a greater impact on low and moderate income households. The AIS analysis also considers possible benefits to the end user. In some instances, a code amendment may have some cost to the builder however; the code amendment may also result in a more sustainable unit and ultimately more affordable unit over time to the buyer or renter. The AIS will still reflect the increase in cost but also will highlight any benefits, particularly to the end user. Generally, the AIS is applicable to the development of all housing with two exceptions. First, there is no cost increase to S.M.A.R.T. Housing for a city wide application of the visitability ordinance because S.M.A.R.T. Housing already requires the units to be visitable and the S.M.A.R.T. Housing builders have been producing visitable homes since 2000. Second, an increase in some building review and permit fees would not reflect a cost to S.M.A.R.T. Housing or negative impact, if the fee is already part of the approved fee waivers. Otherwise, the AIS is in fact applicable to all housing.

9. Agenda Item # 107

   a. QUESTION: 1) The Master Development Agreement (MDA) for Seaholm placed restrictions on non-profit tenants due to the corresponding impact on the TIF Zone. What is the 30 year NPV tax impact of using all or a portion of the Seaholm Power Plant building for tax-exempt purposes? 2) The July 18th 2013 memo to council regarding the tax impact of this zoning change noted the 'steady increases in taxable value of the Seaholm District' since the TIF zone was established and that 'the TIF would remain substantially in the black, even with historic designation' and tax abatement. Did the final Seaholm MDA have any price escalators to account for the increase in values between 2008, when it was first signed, and today? 3) Is the Seaholm redevelopment participating in the Downtown Public Improvement District similar to the required participation stipulated in the adjacent Green Water Treatment Plant MDA? MAYOR PRO TEM COLE

   b. ANSWER: 1) The current 30-year TIF projection for Seaholm shows a $2.8M positive NPV cash flow for the City, which includes a historic tax credit for the power plant facility. However, there are a few in the initial years of the TIF projection, in which the TIF revenues are insufficient to cover the debt service on the full $20.4 million infrastructure package, if amortized traditionally (i.e., with the same payment amount each year), with an aggregate exposure of roughly $1.5 million before TIF revenues begin fully covering the debt service. The Finance Department has suggested that these negative cash flows that occur in the early years can be addressed through a combination of debt structuring and capitalized interest at the time that the debt is issued. Use of

these financing techniques comes at a cost, however, as the principal balance stays higher in initial years and accrues interest that must be factored into payments in later years. In light of the current analysis that reflects a few years of initial negative cash flow, it is not advised that the power plant be used for non-profit purposes because this would compound the challenge of financing the overall infrastructure package. For example, if 100,000 square feet of the power plant were non-taxable, the 30-year TIF projection for Seaholm would be a just-positive NPV of $9,284 through traditional financing. However, the first 13 years of the project financing would result in cash outflows exceeding tax revenues by $3.7 million, which would be more difficult and costly to cover through structured financing and may need to be funded by the City's General Fund or another funding source. In short, the 30-year NPV tax impact for using the power plant for tax-exempt purposes may yield a final positive NPV, but would result in negative cash flow for the first 13 years. However, the impact is that the City would have to find funding sources for a number of initial years in which the property tax and sales tax revenues are insufficient to pay for annual debt service obligations. 2) There are no price escalators for the City or for the developer. However, the MDA provides for profit sharing for the City. For all profits beyond a 13% Internal Rate of Return, the developer begins to share a portion of those profits with the City up until the time that the City is repaid its incentives for the project. 3) No, participation in the Downtown PID is not a requirement for Seaholm. The developer was supportive of the project being added to the Downtown PID when the DAA recently sought reauthorization and expanded the Downtown PID boundaries. However, other neighboring property owners were not supportive, and as a result, the DAA chose not to include Seaholm and neighboring areas within the Downtown PID boundary. The developer believes that the Seaholm development will be added to the Downtown PID at the next opportunity that the DAA seeks to expand the Downtown PID boundaries.

10. AHFC Agenda Items # 3 and # 4

    a. QUESTION: Please provide the rental housing development assistance application submitted for each of these projects, what score each received and identify the scoring panel. If there is a performance measure associated with each project, please also provide it. MAYOR PRO TEM COLE

    b. ANSWER: See attachment.

END OF REPORT - ATTACHMENTS TO FOLLOW

The City of Austin is committed to compliance with the Americans with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request.

For assistance please call 974-2210 OR 974-2445 TDD.

Council Question and Answer

Related To	Agenda Item # 22	Meeting Date	August 8, 2013

Additional Answer Information

Yes, by terms of the grant, you could pay personnel and overtime with these funds; however, supplanting is prohibited under JAG and applicants cannot replace or supplant non-federal funds that have been appropriated for the same purpose.

The department has historically chosen to use the funds for Police Law Enforcement equipment to avoid any questions related to the supplanting guidelines. Each year, any equipment that is requested during the budget process that isn't funded through regular budget allocations is then considered for the JAG funding.

For additional guidance regarding supplanting, refer to the information provided at www.ojp.usdoj.gov/funding/other_requirements.htm.

Non-Supplanting of State and Local Funds

Grantees must use federal funds to supplement existing funds for program activities and may not replace (supplant) nonfederal funds that they have appropriated for the same purpose. Potential supplanting will be the subject of monitoring and an audit. Violations can result in a range of penalties, including suspension of current and future funds under this program, suspension or debarment from federal grants, recoupment of monies provided under this grant, and civil and/or criminal penalties.

As defined by the grant solicitation, the following are program areas where JAG funds can be used.

Program Areas

JAG funds may be used for state and local initiatives, technical assistance, strategic planning, research and evaluation (including forensics), data collection, training, personnel, equipment, forensic laboratories, supplies, contractual support, and criminal justice information systems that will improve or enhance such areas as:

- Law enforcement programs.
- Prosecution and court programs.
- Prevention and education programs.
- Corrections and community corrections programs.
- Drug treatment and enforcement programs.
- Planning, evaluation, and technology improvement programs.
- Crime victim and witness programs (other than compensation).

Prohibited Uses: No JAG funds may be expended outside of JAG program areas. Even within these program areas, however, JAG funds cannot be used directly or indirectly for security enhancements or equipment for nongovernmental entities not engaged in criminal justice or public safety. Additionally, **JAG funds may not be used directly or indirectly to provide for any of the following matters unless the BJA Director certifies that extraordinary and exigent circumstances exist**; making them essential to the maintenance of public safety and good order:

- *Vehicles, vessels, or aircraft.
- **Unmanned aerial vehicles/unmanned aircraft, aircraft system, or aerial vehicles (UA/UAS/UAV).
- Luxury items.
- Real estate.
- Construction projects (other than penal or correctional institutions).

• Any similar matters.

The grant was submitted with the following equipment. At the time of submission the following items were included that had been requested for FY2014 and where not included in the proposed FY2014 funding. The department is also trying to obtain funding for the downlink via a State grant and if successful (it is competitive) this grant would be amended to include other requested items that didn't get funded through the normal budget process.

City of Austin ($240,778)

- License and Weight Scales for Highway Enforcement
  16 scales @ $5,016.25 each ($80,620)
  New scales are needed for License & Weights to replace the outdated portable scales. APD has four sets of outdated scales that the Department of Public Safety no longer uses. DPS will no longer maintain the old scales and we will have to incur maintenance costs if the old scales are kept in service. DPS certifies our scales each year so there are no annual maintenance costs associated with them. The recommended scales are what DPS currently uses. As long as we use the same scales as they do they have not charged us for calibration or repairs. Once they run out of parts for our older scales we may have to find a vendor to repair and calibrate the old scales. Labor from vendors typically runs about $75 per hour and takes two hours for calibration & parts can be $800 to $1000 a year.
- Learning Management System Video Cameras for Training
  2 video cameras @ $11,000 each ($22,000)
  With the implementation of the Informa Learning Management software it is possible for Training to create training videos on a regular basis. Currently, to do so we have to borrow a camera from AFD. The purchase of our own high definition video cameras will give us the needed flexibility to create professional training videos to use for training staff remotely.
- Microwave Downlink System (1 @ $138,158)
  This item will allow live video feeds to any internet connected system such as an IPad, computer, and smart phone. This video is used to monitor events by command posts, Emergency Operations Center, Watch Commander etc. and will assist with the monitoring of high profile events such as F1, Mardi Gras, fatality collisions, and pursuits enabling command structure to make timely, well informed decisions concerning the allocation of resources and manpower.

Council Question and Answer

Related To	Agenda Item # 22	Meeting Date	August 8, 2013

Additional Answer Information

The JAG grant is an entitlement grant (non-competitive) and is based on crime data within the City/County. We are required to share the grant with the County and come to an agreement as far as the amount to be shared. As long as this happens and the application goes in as required we will receive the funding. This grant is one of the few Federal grants that allow equipment purchases. We have elected to use this for that purpose in order not to violate supplanting regulations. The County has agreed to accept 25% of this year's allocation which leaves $240,778 for APD.

<u>City of Austin ($240,778)</u>

- License and Weight Scales for Highway Enforcement
  16 scales @ $5,016.25 each ($80,620)
  New scales are needed for License & Weights to replace the outdated portable scales. APD currently has four sets of scales that the Department of Public Safety no longer uses. The Department of Public Safety has historically worked with the APD License and Weights Division to calibrate and repair our scales at no charge; however, DPS has upgraded to newer equipment and consequently DPS will soon run out of parts for our older scales. At that point APD will incur the cost of maintaining the four sets we currently operate as well as cost of calibration. The labor costs associated with the upkeep typically run about $75 per hour and require at least two hours of service for parts and calibration resulting in up to $1,000 per year. **The purchase of these scales should equate to an unbudgeted maintenance savings.**

- Learning Management System Video Cameras for Training
  2 video cameras @ $11,000 each ($22,000)
  The Austin Police Department's Training Division has recently acquired the ability to produce training videos with the implementation of the Informa Learning Management Software; however, in order to create videos, the Department currently must borrow cameras from other departments when available. The purchase of these video cameras will provide the flexibility and access to equipment needed to create professional instructional videos to train staff remotely. **The Department anticipates accompanying warranties with the purchase of these cameras and if available, will acquire an extended warranty so that we have up to three years of coverage during the four year grant period.**

- Microwave Downlink System (1 @ $138,158)
  The Microwave Downlink System will allow live video feed to any device with an internet connection (iPad, computer, smartphone, etc.). This feed is in invaluable tool that allows Command Posts, the Emergency Operations Center, a Watch Commander or other first responders to monitor high profile events such as F1, Mardi Gras, fatality collisions and pursuits. This real time connection assists public safety personnel with making well informed decisions concerning the allocation of resources and manpower. The Microwave Downlink System has also been requested as a regional project using State grant funding. At this time, the RFPs have not yet been issued so the budgeted amount is an estimate. If the Department is awarded the State grant, these funds may be applied to unanticipated costs and an extended three year warranty during the four year grant period. **The future maintenance costs associated with the Downlink System will come from APD Air Operation's Budget. Any unused grant money will be**

available for reprogramming and be used to purchase other priority items that were requested during the FY14 budget process that the City was not able to include in the budget.

Council Question and Answer

Related To	Agenda Item #42	Meeting Date	August 8, 2013

Additional Answer Information

Experience has shown that it is imperative that we have adequate levels of technical support built into the contractual requirements. With this contract, the 2 hands-on positions of the ITC and the IQ Engineer will be keys to successfully implementing and bringing the system online. The proposal references indeterminate amounts of time dedicated on site by these personnel. 1) What protections will be put in the contract to ensure these positions are available for an adequate amount of time? 1) The final contract document will include an implementation plan that will list specific requirements, deliverables and timelines for onsite implementation and support.

The RFP requirement (3.3.1) is for an unlimited number of users. Our current system has 175 SPOCs. The proposal from the vendor is for 80 users, with a note that more users will require the purchase of additional licenses, that 80 should be adequate based on projections from the solicitation documents, and that they would be able to handle very many users but no guarantee of an unlimited number. 2) How has the City evaluated this answer as adequate? 2) During the RFP process through addendum #2 the vendors were told by PIO that there are 60-80 COA PIR system users. During the contract negotiation process the City will discuss increasing the number or users.

One of the most time consuming elements of the PIR process is the manual redaction of personal email addresses from email messages. 3) Does this proposal provide an automated redaction tool that would take the place of a manual process currently in use? 3) In the new proposal the process for redaction is more automated than the current process. It allows the users to check out a document and redact it electronically (or manually) and then check it back into the system.

Please note the vendor's response on page 50 to requirement 4.4.1. What does the response mean?

> ***4.4.1 The solution should enable data storage and retrieval from archived data in a manner which is consistent with production integrity.***
>
> a. *IQ Archivist pulls information for creating records directly and automatically from IQ based on rules the City establishes. Once a workflow is closed, IQ Archivist automatically selects the relevant electronic data and objects to archive as an immutable copy, including documents, attachments, correspondence, report summaries and more. An original record can be reopened for editing, creating an amended record.*

4) In response to this question Lockheed Martin has provided additional information on the IQ Archivist located in the following document labeled "Agenda Item #25959 Supplemental Attachments"

Several places in the requirements and in the response address records management. The IQ Documents feature as described on page 38 of the response discusses broad data and content management capabilities.

5. Does this envision management of ALL of the city information or just of copies of the information that is collected as responsive to the PIR? 5) Only PIR and related communications for PIR will be managed by the PIR system.
6. Based upon the fact that our City Clerk is the city's expert in records management, what opportunity has

there been for the City Clerk to provide feedback on the proposal and what has that feedback been? 6) The Law Department is overseeing the implementation of the PIR system. Law has been in communication with the City Clerk's Office regarding this project. The City Clerk's Office will be heavily involved in the implementation phase of the new PIR system.

IQ Archivist

All government agencies have record management responsibilities that require transferring office records to another agency for longer term record retention. IQ Archivist's universal export capabilities enable you to easily export records to a variety of media. IQ's capabilities put critical information in the hands of government and its constituents in an efficient and timely manner.

- Configurable Record Retention
  - Pulls information directly and automatically from IQ based on configurable document retention parameters.
  - Selects the electronic data to archive as a record including documents, attachments, correspondence and more.
  - Transfer content from other software applications to manage all records in one system.
- Dependable retention Schedules for Each Record
  - Automated or manual retention schedules can be created
  - Rules are integrated with the standard business process from the start of the business process.
- Fast Access to Your Organization's Record
  - Records retained in a central repository for easy access.
  - Indexed records allow easy access to records including emails, faxes, scanned documents and business process workflows.
- Export Records to official archiving agency.
  - Universal export capability allows for simple and easy exporting of retained records.
  - Export to variety of external media, CDs, DVDs, or FTP.
- Electronic Records Let You Go Green
  - IQ eliminates the need for paper records traditionally retained in archives.
  - Documents can be scanned into IQ and stored electronically removing the need for paper copies.

LOCKHEED MARTIN

IQ Archivist

Your organization is challenged everyday to effectively manage your office records. IQ Archivist is an integrated records management system that enables you to effortlessly create, preserve, manage, dispose, and transfer electronic records. An add-on module to the Intranet Quorum (IQ) solution, IQ Archivist is not like other records management applications that only provide a data vault for storage and retrieval. It uniquely combines the superior business process management features of IQ with robust records management capabilities for an effective and comprehensive solution to government offices' most critical needs.

Configurable Record Retention

IQ Archivist pulls information for creating records directly and automatically from IQ based on rules you establish. Once a workflow is closed, IQ Archivist automatically selects the relevant electronic data and objects to archive as a new record, including documents, attachments, correspondence, report summaries, and more. You can reopen an original record for editing and create an amended record. By using IQ's repository web service, you can even submit content from other applications to IQ Archivist to manage all of your records in one location.

Fast Access to Your Organization's Records

Paper-based record keeping is bulky and can be difficult to access. IQ Archivist saves you time when performing research and retrieving records. Quickly find what you're looking for by searching through indexed records that are stored in a central repository. Gain access to existing records including e-mails, faxes, scans, and workflows/business processes. Perform ad hoc reports using information within IQ. As with the IQ system, IQ Archivist provides an auditable history of record interactions through workflows so that you can keep track of every action.

Dependable Retention Schedules for Each Record

Maintain control over records when you set retention schedules and categorize them using file plans. IQ Archivist will manage the process of deleting a record after a specified period of time or saving it indefinitely. You can control file plans and retention schedules through an automated, manual process, or a combination, so that rules are integrated with workflow business processes. Once a record reaches the end of its retention schedule, IQ Archivist will prompt you to assign a final disposition status.

Export Records to NARA or External Media

All government agencies have record management responsibilities that require transferring office records to another agency or to the National Archives and Records Administration (NARA). IQ Archivist's universal export capability enables you to easily export records to a variety of external media such as CDs, DVDs, or FTP. Streamline your office's export procedures while ensuring complete record management compliance.

Reduce Time Spent Responding to FOIA Requests

Responding to Freedom of Information Act (FOIA) requests can be time consuming and in some cases, finding a specific record is nearly impossible. IQ Archivist's robust search feature eliminates spending weeks and possibly months searching for records. Because e-records are automatically generated when a workflow is closed, the process of retrieving a record happens in a matter of seconds. Records that are involved in the FOIA process or under legal review can be placed on hold for later retrieval. IQ Archivist puts critical information in the hands of government and its constituents in an efficient and timely manner.

intranet QUORUM

Contact Us Today for More Information

Lockheed Martin Desktop Solutions, Inc.
Phone: 703/206-0030
E-mail: IQ.INFO@lmco.com

www.intranetquorum.com

Number	Requirement	IQ Meets	Notes
1.	Manage official records of Agencies	Yes	IQ contains an integrated records management system that enables you to effortlessly create, preserve, manage, dispose, and transfer electronic records.
2.	Create official electronic records	Yes	Once a workflow is closed, IQ automatically selects the relevant electronic data and objects to archive as new records.
3.	Automatically select data and objects to archive	Yes	IQ pulls information for creating records directly and automatically from IQ based on rules defined by the Records Manager(s).
4.	Records may include different types of files	Yes	Records can include a variety of data files such as documents, attachments, correspondence, report summaries, and more.
5.	Store records	Yes	IQ stores records in a central repository. Everything is available when you need it because it is safely stored in IQ's secured environment.
6.	Search for records	Yes	IQ saves you time when performing research and retrieving records. Quickly find what you're looking for by searching through indexed records that are stored in a central repository.
7.	Designate retention schedules	Yes	Maintain control over records when you categorize them using file plans and set retention schedules. You can control file plans and retention schedules through an automated or manual process, or a combination, so that rules are integrated with workflow business processes. Once a record reaches the end of its retention schedule, IQ will prompt you to assign a final disposition status.
8.	Export Records to NARA or External Media	Yes	Government agencies have record management responsibilities that require transferring office records to another agency or to the National Archives and Records Administration (NARA). IQ's universal export capability enables you to easily export records to a variety of external media such as CDs, DVDs, or FTP. Streamline your office's export procedures while ensuring complete record management compliance.
9.	Respond to FOIA requests	Yes	Responding to Freedom of Information Act (FOIA) requests can be time consuming and in some cases, finding a specific record is nearly impossible. IQ's robust search feature eliminates spending weeks and possibly months searching for records. Because e-records are automatically generated when a workflow is closed, the process of retrieving a record happens in a matter of seconds.
10.	Properly dispose of records	Yes	IQ will manage the process of disposing a record after a specified period of time or saving it indefinitely.
11.	Access existing records	Yes	Gain access to existing records including e-mails, faxes, scans, and workflows/business processes, in addition to perform ad hoc reports using information within IQ.
12.	Create reports	Yes	Perform ad hoc reports on all of your office's information that is stored within IQ.
13.	Obtain auditable history of record	Yes	IQ provides an auditable history of record interactions through workflows so that you can keep track of every action.
14.	Submit content from other applications	Yes	By using the repository web service, you can submit content from other applications to IQ to manage all of your records in one location.

15.	Place records on hold	Yes	Records that are involved in the FOIA process or under legal review can be placed on hold for later retrieval.
16.	Recall a record	Yes	Records can be recalled from the repository as long as they have not been forwarded to another agency. When recalled, all normal actions can be performed and once completed, new records will be produced.
17.	Additional business process management capabilities	Yes	IQ is not like other records management applications that only provide a data vault for storage and retrieval. It uniquely combines the superior business process management features of IQ with robust records management capabilities for an effective and comprehensive solution to government offices' most critical needs.
18.	Eliminate the need for use and storage of bulky paper records	Yes	IQ enables offices to eliminate the major drawbacks that come with maintaining a paper filing system: storing bulky paper records and remembering where they are warehoused. With IQ, all records are stored electronically, so creating, searching, and storing files is quick and easy.
19.	Integration with Outlook	Future	Future plans include integration with IQ Outlook Add-In for ad hoc e-mail archiving.
20.	Integration with Enterprise Records Management System	Future / Custom	Future plans include custom integration with 5015-compliant Records Management products.

RFP BKH0156 Public Information Request Management System

Confidential

LHMDSI - CSDC Cost Comparison

	Lockheed Martin			CSDC *		
Cost Description	**Year 1**	**Year 2**	**Year 3**	**Year 1**	**Year 2**	**Year 3**
Monthly and/or Annual Fees: Describe any recurring monthly or annual fees associated with the system.	$62,803	$62,803	$62,803	$15,800	$16,275	$16,765
Setup/Termination Fees: Detail any setup, configuration or termination fees associated with the system.	$1,141	$0	$0	$34,200	$0	$0
Support and Maintenance Fees: Describe any support costs (per incident or other) or system maintenance/upgrade fees associated with the system.	$41,911	$13,843	$14,396	$0	$0	$0
Storage Fees: Describe any fees associated with storage of real time or archived data. Include any tiered discounts or cost structures based on type and amount of data storage.	$0	$0	$0	$0	$0	$0
Additional Fees: Describe any additional fees that are not included in any of the other fee categories listed above.	$4,223	$0	$0	$12,600	$0	$0
Software Licenses	$0	$0	$0	$69,000		
COA estimated server cost for hosting application	$0	$0	$0	$14,000	$4,000	$4,000
Discount	-$11,000	-$1,000	-$1,000			
Total	**$99,078**	**$75,646**	**$76,200**	**$145,600**	**$20,275**	**$20,765**
	$99,078	**$174,724**	**$250,923**	**$145,600**	**$165,875**	**$186,640**

Lockheed Martin - Additional User Fees

upto 99 (per user/per month)	$	65.42
100-149	$	53.00
150-299	$	46.00

Lockheed Martin - Additional Storage Fee

Each 60 GB (per year)	$	1,872.00

* CSDC did not quote a hosted solution.

*WebQA Proposal Comments

1) Requires a manual purge
2) Low product maturity
3) Experience was mostly with small implementations
4) Only handles basic information
5) WebQA is not as user friendly as Lockheed Martin's IQ
6) Tech searches were limited (optical recognition)
7) The PIR audit capability in the WebQA system is not as strong as Lockheed Martin's. WebQA does not have the functionality to track status and assignment of a PIR.

* WebQA Proposal withdrawn by request by vendor

Redaction Software Comparison			
Software	Adobe Acrobat XI Adobe Acrobat XI Pro is more than just the leading PDF converter. It's packed with smart tools that give you even more power to communicate. It features: • Edit PDF files • Export from PDF files • Create PDF files • Create and analyze forms • Merge and combine files • Simplify reviews & approvals • Password Protect PDF files • Create compliant PDF files	Redact-It Desktop Redact-It Desktop is an easy-to-use desktop application that helps you quickly remove sensitive content and privacy information from documents—including PDFs, office documents and scanned images. It creates a new PDF or TIFF rendition of the redacted file, leaving the source file untouched. As you work, Redact-It Desktop will create an audit log to show all steps taken during the redaction process, proving due diligence. It can also create a redaction log that can be imported into larger reports, like a privilege log or Vaughn index.	RapidRedact RapidRedact Desktop is an easy to use software application for irreversibly removing sensitive information from ALL electronic document types. The software completely removes any information marked for redaction and cleans hidden code, author's changes and data from 'behind' the document. Since the content is no longer in the document, snooping or hacking into the file cannot reveal the information
Features	Redaction Tools • Redaction across pages • Repeat a redaction through a document • Useful for redacting headers and footers from documents • Partial pattern redaction • Redaction mark appearance • Overlay text in Comments list • View overlay text in the Comment list for quick review • Automatically copying redacted text to a sticky note • Redacting text and graphics • Changing the appearance of redactions • Deleting or changing multiple	Redaction Tools • Add customized search patterns and macros • Two methods of verification • Ability to search for words or phrases, or a list of search terms • Ability to highlight text while reading and automatically redact all instances of that text throughout the document • Ability to create custom search patterns • Ability to redact between patterns • Ability to interactively select text in the document to redact, automatically find all other matches in the document and redacts those,	Redaction Tools • Automatic redaction using regular expressions • Automatic redaction of any word or phrase using OCR technology • Redaction Templates for redacting structured forms • Manual redaction tools • Text redaction • Redact entire pages • Redaction selection tool for modifying redactions • Redaction colors • Reasons for redaction (Exemption Codes) • 'Working Copy' for checking documents before finalizing

	redaction marks simultaneously • Search and Remove Text feature allows you to search for single or multiple text strings and patterns • You can search for particular patterns to find information • Adding overlay text and exemption codes to a redaction mark	too • Ability to redact all pages, a specified page range or just a page • Ability to assign reason, or exemption codes • Ability to create a Vaughn index, privilege log or FOIA release report detailing what was redacted in each document • Document Review feature to review the entire document in a limited view, creating a log entry upon completion • Collaborative Review • Review Draft • Audit log, which details what redaction searches were performed, what was found and redacted, whether a complete document verification was performed and the total time spent on the document • Add watermarks, margin banners, image stamps and Bates number to the finalized output • Removes all redacted information in the redaction process without any danger of overwriting the original file	redactions • 'Audit copy' for retaining audit trails • Create reports • Individual documents at time of redaction • Historically for multiple documents over a time period
Cost	Already Available for Adobe Pro XI users; unsure of licensing costs.	$3,105	unknown
Number of Users	unsure	10 Users	unknown

Council Question and Answer

Related To	AHFC Agenda Item #3 & #4	Meeting Date	August 8, 2013

Additional Answer Information

For the Rental Housing Development Assistance program, the maximum possible score an application can receive is 225. The threshold score is 150.

Oak Creek Village received a score of 156.
Homestead Apartments received a score of 150.

Scoring panelists: Regina Copic, Sandra Harkins, Susan Kinel

Performance Measures
Oak Creek Village: Demolition of 170 existing rental housing units and new construction of 173 rental housing units for extremely low-income households
Homestead Apartments: Acquire 29-acre property and construct 138 units of new affordable rental housing.

Attached below are copies of the applications for Items #3 and #4 on the AHFC Board Agenda for August 8, 2013.

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 2011-12 Action Plan goals and policy direction from the Austin City Council.

City of Austin
JAN 11 2013
NHCD / AHFC

Project Name: Oak Creek Village

Project Address: 2324 Wilson Street **Zip Code** 78704

Total # units in project/property: 170
Total # units to be assisted with RHDA Funding: 170

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

Amount of funds requested: _____ **Terms Requested:** _____

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).

Eureka Holdings
Name

3001 Knox Street, Suite 400
Street Address

Dallas	Texas 75205	214 606 2936
City	**State, Zip**	**Telephone #**
Mark Rogers	214/606-2936	mrogers972@gmail.com
Contact Person	**Contact Telephone #**	**E-mail address**

__REQUESTED_____
Federal Tax ID Number or SS#

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.***

Eureka Holdings
Legal Name of Developer/Entity

Sarah Andre, on behalf of Rene Campos
Signature of Authorized Officer

1/10/2012
Date

Principal, Eureka Holdings
Title

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. SEE ATTACHED.

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 ½" x 11") indicating the property location and the distance to the nearest Capital Metro Transit Stop to which residents will have access.

l. Locate on the "Opportunity Map of Austin" the census tract in which the property lies. The map is attached to the Program Guidelines.

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.

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.

Council approved Zoning change on June 27, 2013

Attachment 1: Project Description

Oak Creek Village – Project Description

Oak Creek Village is a 170-unit apartment complex in the Bouldin neighborhood of Austin. The property is forty years old and at the end of its useful life. According to Travis County Appraisal District the Property was built in year 1970. Eureka Holdings will completely redevelop the property by razing the current structures and rebuilding 170 affordable units with covered parking and upgraded amenities.

The property is currently in use as affordable housing with a HAP contract monitored by Southwest Housing Compliance Corporation. Currently all tenants earn 50 percent or less of the median income. This is a requirement of the HAP contract. The owner will continue the HAP contract after redevelopment. We will not reserve units for voucher holders since use of a voucher would be redundant with a HAP unit. A relocation plan is in place for the redevelopment and all current tenants will be given preference to reoccupy the units after re development.

The 9 acre property is zoned MF 3 and can accommodate up to 328 units at that zoning. The owner is seeking a zoning change in order to provide a denser, more modern product. However, even without the zoning change the 170 units may be rebuilt or renovated. The property is in the Bouldin Creek Neighborhood planning area and the Future Land Use Map shows the property as multi family. Affordable housing is one of the stated goals in the plan. The owner has been meeting with the BCNA since August to discuss the project. The property is not in a PUD, VMU Corridor or TOD although it is in a dense, walkable, urban neighborhood with access to amenities, jobs and public transportation.

All 170 units will be replaced with the same mix of one, two, three and four bedroom units that are currently on site. At least five percent of units will be accessible to persons with mobility impairments and two percent for persons with visual or hearing impairments. All remaining units will be adaptable and visit able. The planned unit mix and sizes is as follows:

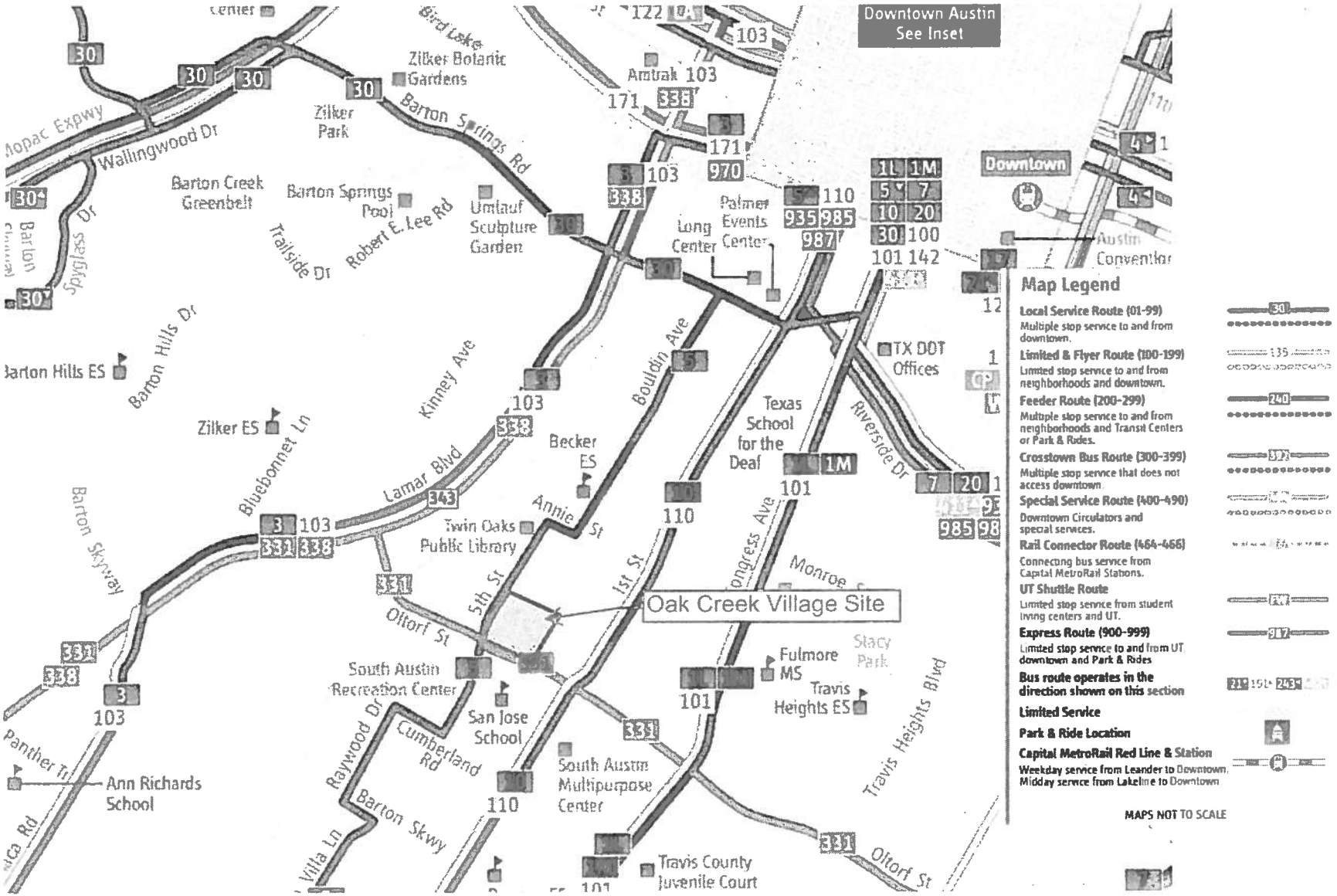
Unit Mix

Number of Units	Bedroom	Bath	SF
48	1	1	650
58	2	2	850
48	3	2	1,050
16	4	2	1,250

The total development costs are 32 million. Construction costs are 18 million, relocation costs are 2.5 million, the developer fee is 3 million. The remainder of costs are for acquisition, soft costs and financing fees. The owner is applying for 2 million in low income housing tax credits that will bring 19 million in equity to the project. The permanent loan will be 11 million and will come from a private lender. We are requesting 2 million from the City of Austin. We are talking to several lenders at this time. Eureka Holdings has a strong financial background and has secured loans in this range for multiple projects.

Attachment 2: Proximity to Public Transit

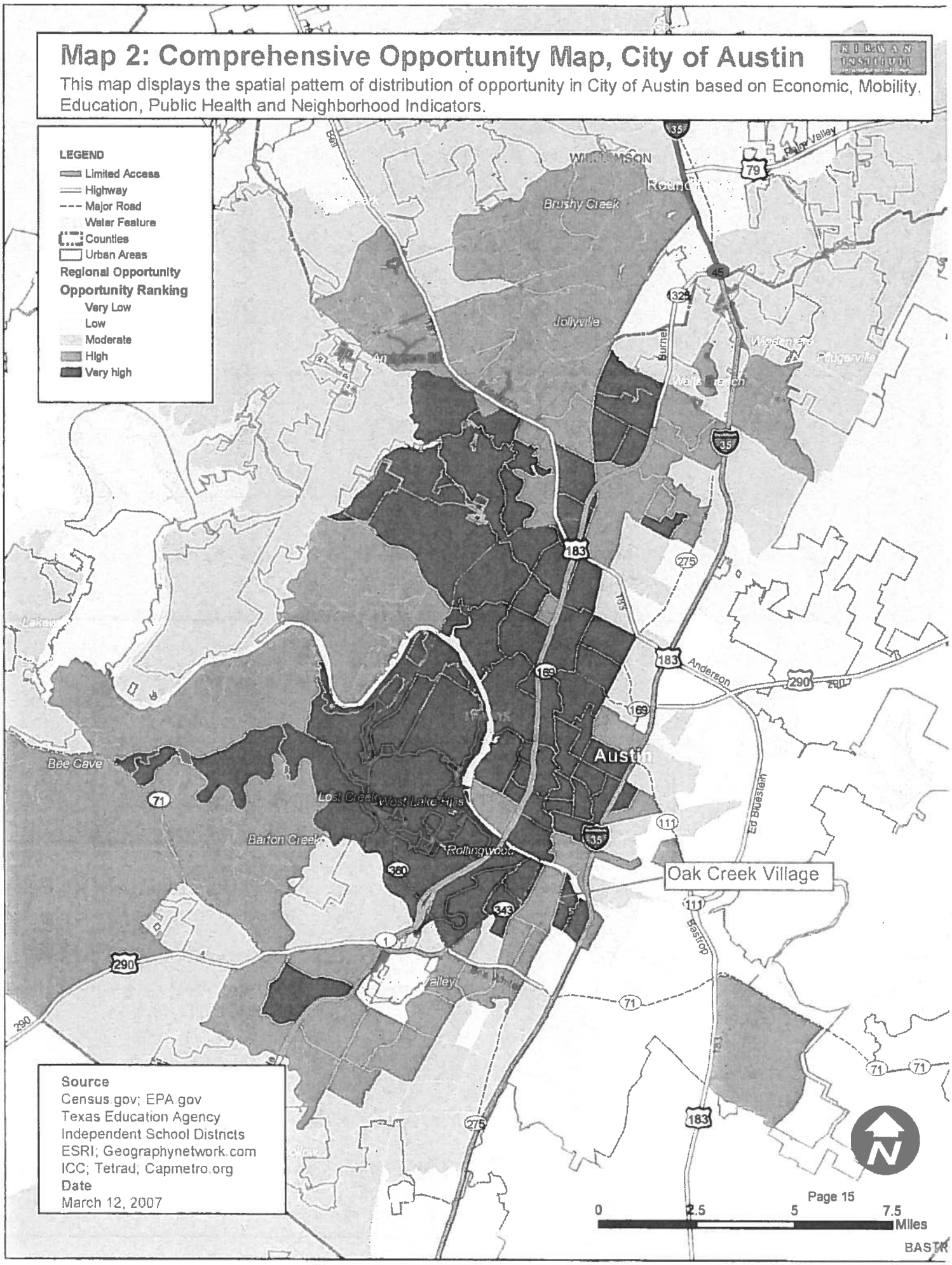
Proximity to Public Transit



Attachment 3: Opportunity Map of Austin

Map 2: Comprehensive Opportunity Map, City of Austin

This map displays the spatial pattern of distribution of opportunity in City of Austin based on Economic, Mobility, Education, Public Health and Neighborhood Indicators.



Attachment 4: Warranty Deed

10

2700467WE

SPECIAL WARRANTY DEED

COPY

ORIGINAL FILED FOR RECORD

STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS THAT:
COUNTY OF TRAVIS §

OAK CREEK AUSTIN HOUSING, INC., a Texas corporation ("Grantor"), for and in consideration of the sum of Ten and No/100 Dollars ($10.00) and other good and valuable consideration in hand paid by **2007 TRAVIS HEIGHTS, LP**, a Texas limited partnership ("Grantee"), whose mailing address is 8100 Lomo Alto, Suite 210, Dallas, Texas 75225, the receipt and sufficiency of which are hereby acknowledged, has GRANTED, SOLD AND CONVEYED and by these presents does GRANT, SELL AND CONVEY unto Grantee that certain real property situated in Travis County, Texas, and more particularly described on Exhibit A attached hereto, together with Grantor's rights and interests in all improvements, structures and fixtures located thereon, if any, and all rights, titles and interests of Grantor appurtenant thereto (collectively, the "Property"). This conveyance is made and accepted subject to (a) general real estate taxes on the Property for the current year which Grantee assumes and agrees to pay, (b) zoning laws and regulations and ordinances of municipal and other governmental authorities, if any, affecting the Property, and (c) the matters set forth on Exhibit B attached hereto (collectively, the "Permitted Encumbrances").

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereto in any wise belonging unto Grantee, its successors and assigns forever and subject to the Permitted Encumbrances, Grantor does hereby bind itself, its successors and assigns, to WARRANT AND FOREVER DEFEND all and singular the Property unto Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through or under Grantor, but not otherwise.

EXECUTED as of this 20th day of June, 2007.

GRANTOR:

OAK CREEK AUSTIN HOUSING, INC.,
a Texas corporation

By: Sheltering A Nation, Inc.,
its sole stockholder

By: _____
William P. Wenson
Director

Address: Oak Creek Austin Housing, Inc.
c/o William P. Wenson
Wenson & Associates, Inc.
3821 Juniper Trace, Suite 208
Austin, Texas 78738

EXHIBITS:

Exhibit A - Description of the Land
Exhibit B - Permitted Encumbrances

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

This instrument was acknowledged before me on this 21 day of June, 2007, by William P. Wenson, Director of Sheltering A Nation, Inc., a Texas corporation and Sole Stockholder of **OAK CREEK AUSTIN HOUSING, INC.**, a Texas corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and as the act and deed of said partnership.

[SEAL]

Notary Public Signature

SARA KELLY
MY COMMISSION EXPIRES
June 5, 2010

AFTER RECORDING RETURN TO:
Chicago Title Insurance Company
1501 S. Mopac, Ste. 130
Austin, Texas 78746

EXHIBIT A
TO SPECIAL WARRANTY DEED

LEGAL DESCRIPTION

Attached.

EXHIBIT "A"
LEGAL DESCRIPTION

Being all of LOT 1, OAK CREEK VILLAGE, A SUBDIVISION IN TRAVIS COUNTY, TEXAS, according to the map or plat of record in Volume 50, Page 11, Plat Records of Travis County, Texas.

EXHIBIT B
TO SPECIAL WARRANTY DEED

PERMITTED ENCUMBRANCES

Attached.

EXHIBIT "B"

1. Volume 12432, Page 1606, Real Property Records of Travis County, Texas.

2. Rights of tenants in possession, as tenants only, under unrecorded lease agreements.

3. A 25' Storm Water and Drainage Easement along the Northeast property line as shown on plat recorded in Volume 50, Page 11, Plat Records of Travis County, Texas, and granted in Volume 1412, Page 140, Deed Records of Travis County, Texas, as shown on survey prepared by David C. Dick, RPLS #2357, dated April 18, 2007, last revised June 08, 2007.

4. A 25' Sanitary Sewer Easement along the Northwest property line as shown on plat recorded in Volume 50, Page 11, Plat Records of Travis County, Texas, and granted in Volume 1200, Page 90, Deed Records of Travis County, Texas, as shown on survey prepared by David C. Dick, RPLS #2357, dated April 18, 2007, last revised June 08, 2007.

5. A 5' Electrical & Telephone Line Easement granted to the City of Austin as recorded in Volume 4012, Page 184, Deed Records of Travis County, Texas, as shown on survey prepared by David C. Dick, RPLS #2357, dated April 18, 2007, last revised June 08, 2007.

6. All of the terms, conditions and provisions of Short Form Lease executed by and between Federal SMI (Lessor) and Kwik Wash Laundries, Inc. (Lessee), dated October 29, 1973, recorded in Volume 4762, Page 2268, Deed Records of Travis County, Texas.

7. All of the terms, conditions and provisions of Short Form Leases executed by and between Oak Creek Village Ltd. (Lessor) and Kwik Wash Laundries, Inc. (Lessee), dated August 16, 1990, recorded in Volume 11292, Page 306, Real Property Records of Travis County, Texas, said agreement is an extension, renewal and modification of that certain Lease Agreement dated October 30, 1979, by Lessor and Lessee.

8. All of the terms, conditions and provisions of Cable Television Installation Agreement executed by and between Oak Creek, Ltd. (Owner) and American Television and Communications Corporation dba Austin Cablevision (Cablevision), dated October 7, 1985, recorded in Volume 9843, Page 47, Real Property Records of Travis County, Texas.

9. All of the terms, conditions and provisions of Memorandum of Lease executed by Coinmach Corporation, dated April 6, 1999, recorded in Document No. 1999032165, Official Public Records of Travis County, Texas.

Attachment 5: Zoning Map

Zoning: MF-3 NP

A zoning letter from the City of Austin has been requested.

Attachment 6: Developer Qualifications

EUREKA HOLDINGS ACQUISITIONS, LP

EUREKA

Eureka Holdings Acquisitions is a private investment company based in Dallas, with assets in Dallas, Houston, Austin, San Antonio, Oklahoma, Ohio, Mississippi, and Louisiana. Our focus is large multifamily assets, especially those under HUD Housing Assistance Program (HAP) contracts.

Our assets include: as of October 2012

Mountain Valley Dallas, TX	Owned and managed • acquired October 2002 312 units (64 units under HAP contract administered by City of Dallas Housing Authority)
Coppertree Village Houston, TX	Owned and managed • acquired July 2005 324 units (263 units under HUD HAP contract)
Red River Estates Coushatta, LA	Owned and managed • acquired December 2006 100 units (100% HUD HAP contract)
Desoto Estates Mansfield, LA	Owned and managed • acquired December 2006 130 units (100% HUD HAP contract)
Oak Creek Village Austin, TX	Owned and managed • acquired June 2007 176 units (173 units under HUD HAP Contract)
Granada Terrace Houston, TX	Owned and managed • acquired September 2007 156 units (100% units under HUD HAP Contract)
Belle Oaks Belton, TX	Owned and managed • acquired November 2007 202 units (181 units under HUD HAP Contract)
Mount Carmel Austin, TX	Owned and managed • acquired June 2008 100 units (99 units under HUD HAP Contract)
Union Park & Union Pines San Antonio, TX	Owner of GP interests and managed • acquired April 2009 252 units (100% under HUD HAP Contract)
Trendwood Waco, TX	Owned and managed • acquired September 2009 152 units (100% under HUD HAP Contract)
Oakridge Oklahoma City, OK	Owned and managed • acquired November 2010 200 units (192 units under HUD HAP Contract)
Westwick I & II Jackson, MS	Owned and managed • acquired August 2011 200 units (191 units under HUD HAP Contract)
Southlawn Palms Houston, TX	Owned and managed • acquired October 2011 243 units (240 units under HUD Mod-Rehab HAP Contract
Plaza del Lago Dallas, TX	Owned and managed • acquired May 2012 320 units: Conventional property
Chips I & II Canton, OH	Owned and managed • acquired June 2012 150 units (100% HUD HAP):
Sterling Point Houston, TX	Owned and managed • Acquired July 2012 921 units: Conventional Property
Skyline Canton, OH	Owned and managed • acquired October 2012 416 units: (100% HUD HAP)

3001 Knox Street, Suite 400 + Dallas, TX 75205 + Phone: (214) 363-2628 + Fax: (214) 363-9522

EUREKA

PERFORMANCE OVERVIEW 2012

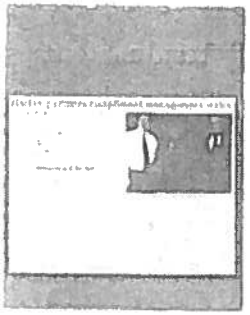
"BUILDING LASTING VALUE"

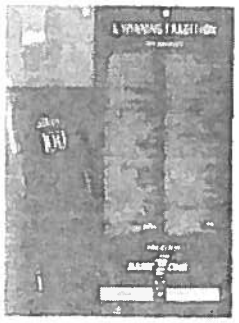
MISSION STATEMENT

"Building Lasting Value"

HISTORY

Eureka Holdings was founded in 2001, and its subsidiary, Eureka Multifamily Group (EMG), was founded in 2002, collectively referred to herein as "Eureka." EMG's General Partner, Rene Campos, previously founded Hartex Property Group. Hartex was featured in the Wall Street Journal, Dallas Business Journal, Inc., D Magazine, and Success Magazine, all of which cited the founders' entrepreneurial spirit and accomplishments. Hartex focused on identifying undervalued and under-managed, quality apartment properties, at below-market values, and then purchased and renovated the properties, increasing and adding value. Hartex's management practices and investment strategies are at the heart of Eureka's current strategies. Each partner of EMG agrees company pride, employee education and training, and team involvement are key elements of the company's growth and operating strategy.





OVERVIEW

From 15 property employees and 4 professionals to over 105 property employees and 10 professionals, Eureka has experienced tremendous growth since it was founded in 2001. This success is attributable to the experience and knowledge of its management team.

Currently EMG manages 4,354 units, of which 2,759 units are under the Housing and Urban Development (HUD) / Housing Assistance Program (HAP).

PHILOSOPHY

We strive to provide clean, safe, and affordable housing to working class families and seniors.

Through the execution of these principals, we are able to increase each individual property's Net Operating Income (NOI) and value.

INVESTMENT STRATEGY

Eureka's primary investment strategy is to acquire assets substantially below their true or potential value. Only opportunities to add value are considered for purchase. A typical acquisition for Eureka involves moderate to extensive renovation and the implementation of our management plan, which secures annual rent increases.

OVERVIEW

Eureka concentrates its investments on properties with Housing and Urban Development (HUD), Project-Based Section 8 Housing Assistance Program (HAP) contracts. Eureka builds value through revenue streaming and rent increases, which are guaranteed by the US Government in these contracts.

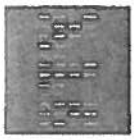
Currently, 78.4% of our revenues are derived from these programs.

POTENTIAL UPSIDES

- Payments are guaranteed by the Federal Government
- Federal program can only be changed if Congress and the President pass legislation
- Cost of living adjustments are assured to occur annually
- Extremely low vacancy rates with limited down time due to wait lists at all communities

POTENTIAL DOWNSIDES

- Subject to annual appropriations, as is every other Federal Agency
- Slow moving bureaucratic agency
- Rental rates are only able to be adjusted annually, regardless of current market fluctuations
- Reduction in rental rates are unlikely, but possible if subject property rents are above market comparables, re-adjusted over a 5-year period



RENE CAMPOS
GENERAL PARTNER

Mr. Campos founded Eureka Holdings in 2001, and has been active in the multifamily residential industry since 1990. Previously, Mr. Campos co-founded Hartex Property Group in 1991, where he was Managing Partner for 10 years before successfully selling the company in 2001. Hartex Property Group, an acquirer and manager of multifamily residential complexes, acquired a portfolio of over 14,000 residential units valued at over $500 million. Mr. Campos earned a BBA in Marketing and International Business from the University of Texas and a MBA from Harvard.

JIMMY K. ARNOLD
PRESIDENT

Mr. Arnold joined EMG in 2009, and has been active in the multifamily residential industry since 1985. Before joining EMG, Mr. Arnold was a Regional Vice President for Aimco, one of the largest owners and operators of apartment communities in the United States, with over $14 billion in assets. During his 15 year tenure at Aimco, Mr. Arnold rose from District Manager to lead Aimco's Gulf Coast and West Regions. Prior to joining Aimco in 1993, he was Director of Multifamily Operations for four years at Duddelsten Management Company of Dallas, where he managed 52 properties. Prior to Duddelsten, he was a Regional Property Manager for four years for Security *Properties Inc. Mr. Arnold recieved his B.S. in Mathematics from Southwestern* Oklahoma State University.

HARRIS BLOCK
VICE PRESIDENT OF ACQUISTIONS

Mr. Block joined Eureka Holdings in 2002, and has been active in the multifamily and commercial real estate industries since 1985. Prior to joining Eureka Holdings, Mr. Block co-founded Acuity Solutions, a real estate marketing and technology company. Prior to co-founding Acuity, Mr. Block worked as a real estate broker with Kennedy Wilson, a leader in the leasing and sales of commerical and multifamily property, for four years, and worked independently as a broker for 11 years. He currently serves on the Board of Directors of the National Leased Housing Association and is a member of the National Multi-Housing Council. Since joining Eureka Holdings, he has closed over $125MM in transactions, involving 24 acquisitions and dispositions, and settled numerous complicated situations with Lenders' Special Services and US Department of HUD. Mr. Block received his B.A. in Economics from University of Colorado, and his M.A. in Economics from Georgetown University.

MICHAEL WALLIS
VICE PRESIDENT OF FINANCE

Mr. Wallis joined Eureka Holdings in 2001, and has been active in the real estate industry for over 17 years with Eikon/Campos Properties, Inc., Heller Financial, Amresco, Texas American Bank, and Republic Bank. He also worked for two years as Development Partner of Cencor Realty, a Dallas-based real estate brokerage, management, and development firm. He currently serves on the Board of Directors of the Dallas Area Habitat for Humanity. Mr. Wallis earned a BA in English and *Educalton from Bethany College and an MBA in Finance from the University* of Kansas.

STEWART GROUNDS
CHIEF FINANCIAL OFFICER

Mr. Grounds joined EMG in 2009, and has been active in the multifamily residential industry since 1987. Prior to joining EMG, Mr. Grounds was a Regional Vice President of Operations for Aimco and before this, served as the company's Regional Financial Officer and then as Vice President of Finance. During his tenure, he was responsible for over 15,000 apartment units in Texas, Arkansas, and Louisiana. Prior to Aimco, Mr. Grounds was the Director of Asset Management Reporting and Analysis for Crescent Real Estate Equities in Fort Worth TX. Prior to Crescent Real Estate, Mr. Grounds was a Regional Asset Manager for ProLogis, which at the time, was the largest owner and operator of industrial warehouse distribution centers in the U.S. Preceding ProLogis, Mr. Grounds was the Controller for Fidinam Investment Consulting in Houston, a private investor in multifamily, commercial, and retail real estate. Prior to Fidinam, Mr. Grounds began his career as an auditor at Ernst & Young. Mr. Grounds received his B.A., with High Honors, in the Business Honors Program at the University of Texas.

BRENT BOWEN
CONSTRUCTION MANAGER

Mr. Bowen has been with Eureka since its founding. He provides oversight to all of Eureka's assets including crew management, scope of work preparation, due diligence reporting, and insurance settlements. Before Eureka, Mr. Bowen also worked with Mr. Campos since 1991 as a Senior Project Manager at Hartex Property Group. Mr. Bowen has specialized in major apartment renovations and new construction projects, having managed over $250MM of construction. Prior to Hartex Property Group, Mr. Bowen worked for Richard Strauss of RCS Investments as Building Manager where he oversaw building renovations and capital improvements. Before RCS Investments, he was District Manager for Anheuser Busch in 1987. Mr. Bowen earned a BBA from Louisiana State University.

OAK CREEK VILLAGE

LOCATION
Oak Creek Apartments
2324 Wilson Street
Austin, TX 78704

SITE AREA
9.02 acres

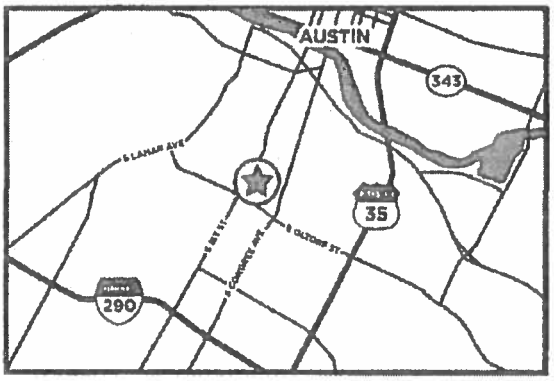
YEAR BUILT
1970

CONSTRUCTION
Two-story buildings of wood frame construction with brick veneer, wood trim and flat, mansard roofs, and chill tower added in 2012

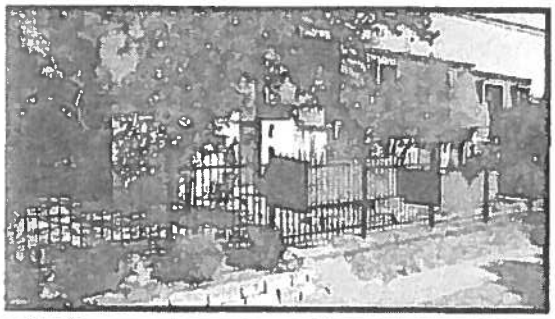
PROJECT AMENITIES
On-site leasing office, perimeter fence, community center, basketball court, playground, laundry facility

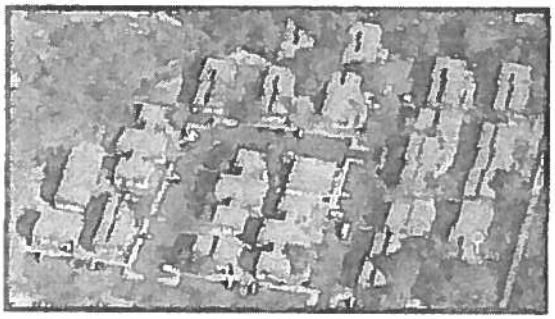
UNIT AMENITIES
Refrigerator, stove, garbage disposal, fenced-in patios

LOCATION MAP



EXTERIOR & AERIAL PHOTOGRAPHY





MOUNT CARMEL VILLAGE

LOCATION
Mount Carmel Apartments
2504 New York Drive
Austin, TX 78702

SITE AREA
9.6 acres

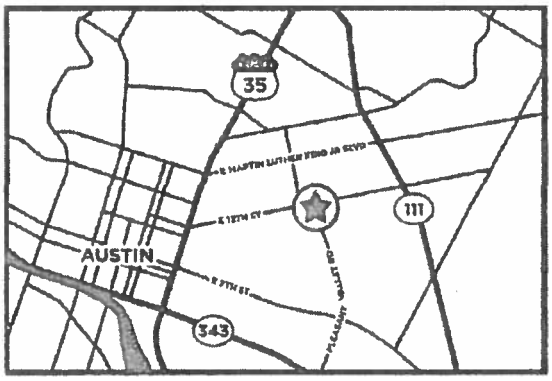
YEAR BUILT
1971, and 3 of the 4 buildings were rebuilt in 2004 due to tornado damage. $500,000 weatherization upgrade in 2011.

CONSTRUCTION
One and two-story buildings of wood frame construction with brick veneer, wood trim, and flat mansard roofs, three of the buildings have pitched composition roofs.

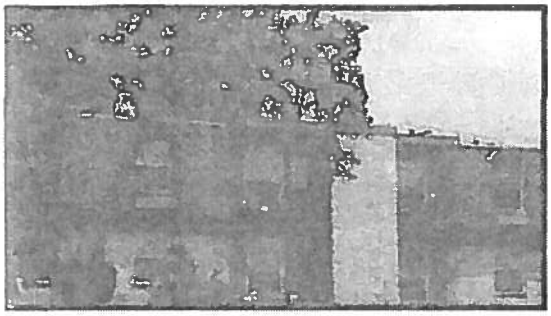
PROJECT AMENITIES
On-site leasing office, perimeter fence, community center, laundry facility

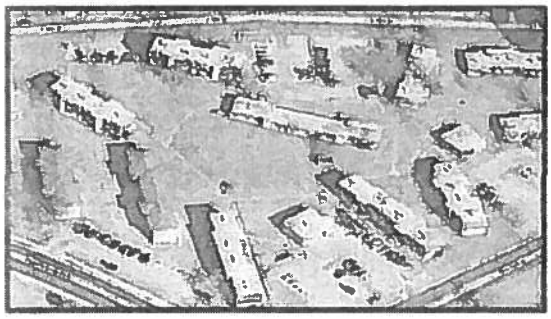
UNIT AMENITIES
Refrigerator, stove and vent hood, patio/balcony

LOCATION MAP



EXTERIOR & AERIAL PHOTOGRAPHY





MOUNTAIN VALLEY APARTMENTS

LOCATION
Mountain Valley Apartments
5875 Mountain Valley Lane
Dallas, TX 75211

SITE AREA
17.3 acres

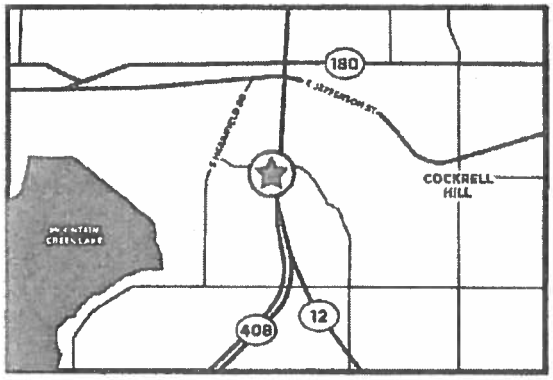
YEAR BUILT
1969

CONSTRUCTION
Steel reinforced slab-on-grade foundation., wood framing with brick veneer and wood siding with aluminum framed windows, pitched roof with replacement of composition shingle roofing and insulation, and water saving feature retro fitted in 2011

PROJECT AMENITIES
Clubhouse/leasing office, computer room, playground, laundry facilities

UNIT AMENITIES
Electric stove/oven, refrigerator, dishwasher, stainless steel sink, carpet, new toilets and shower heads in 2011

LOCATION MAP



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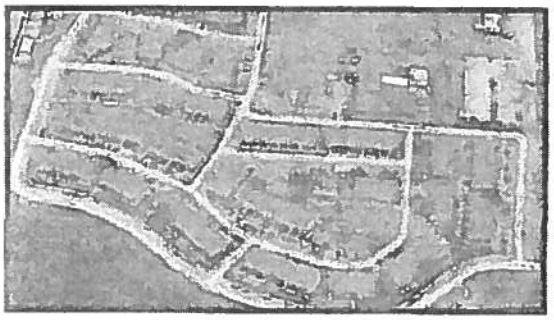


PLAZA DEL LAGO APARTMENTS

LOCATION
Plazo Del Lago Apartments
3333 Webb Chapel Extension
Dallas, TX 75220

SITE AREA
6.62 acres

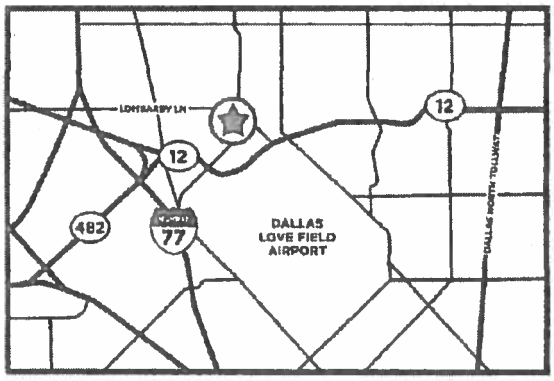
YEAR BUILT
1982

CONSTRUCTION
14 buildings consisting of 2 and 3 stories with stuco and brick exterior, pitched roofs

PROJECT AMENITIES
Clubhouse / leasing office, 2 pools, 4 laundry facilities, picnic area with BBQ grills, playground

UNIT AMENITIES
Balcony, electric stove/oven, refrigerator, dishwasher, disposal, ceiling fans, wood flooring, window treatments, pantry

LOCATION MAP



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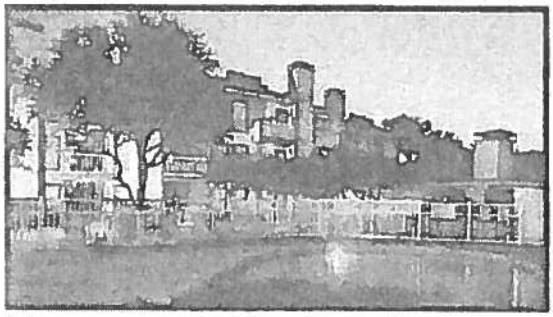
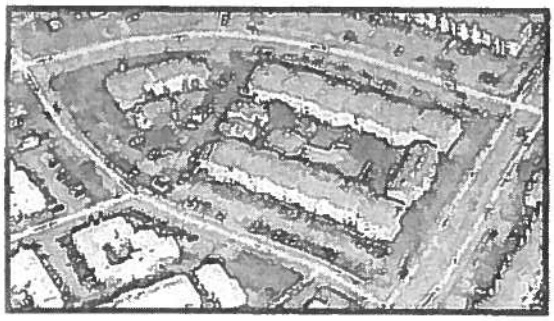




COPPERTREE APARTMENTS

LOCATION
Coppertree Apartments
1415 West Gulf Bank
Houston, TX 77088

SITE AREA
14.9 acres

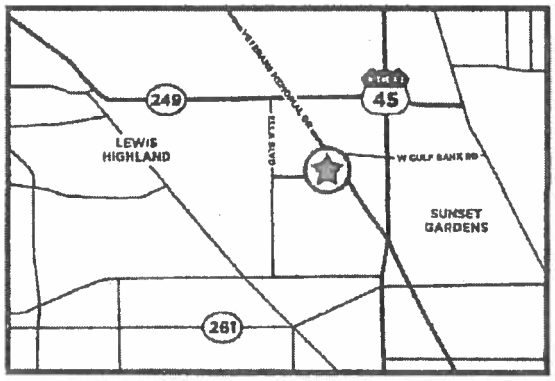
YEAR BUILT
1972, renovated in 2006

CONSTRUCTION
Slab-on-grade foundation, wood frame with brick veneer and hard plank accents and trim, sixteen of nineteen buildings received over $1 MM in weatherization, including HVAC and window replacement, all buildings have flat roofs with a built-up composition shingle covering

PROJECT AMENITIES
Playground, laundry room, perimeter fence

UNIT AMENITIES
Range/oven, frost-free refrigerator, garbage disposal, walk-in closets, mini-blinds, patio/balcony

LOCATION MAP



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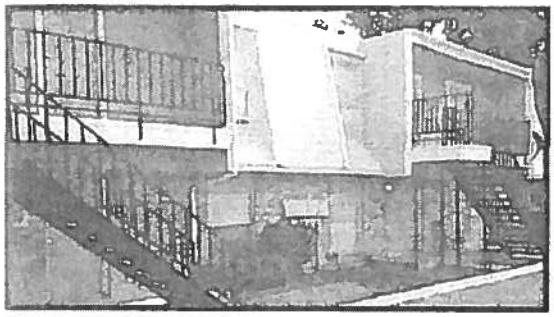
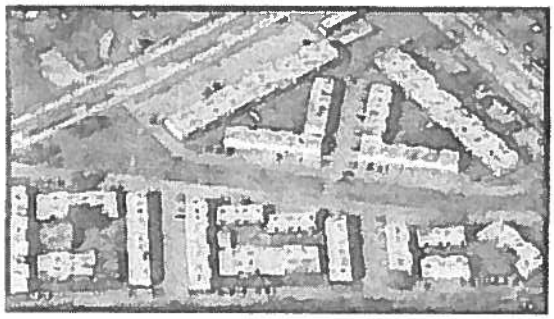




GRANADA TERRACE APARTMENTS

LOCATION
Granada Terrace Apartments
1301 Avenue A
South Houston, TX 77587

SITE AREA
4.8 acres

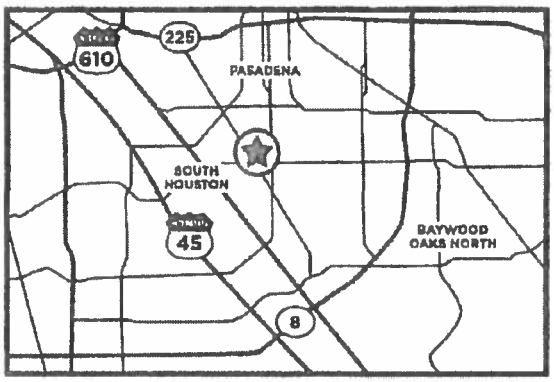
YEAR BUILT
1962

CONSTRUCTION
Wood frame, brick veneer, flat roofs with tar & gravel, weatherization upgrades in 2011 of over $600,000, including HVAC, windows & appliances

PROJECT AMENITIES
Two community swimming pools, playground, carport covered parking, three laundry rooms

UNIT AMENITIES
Range/oven, frost-free refrigerator, garbage disposal, dishwasher, walk-in closets, mini blinds

LOCATION MAP



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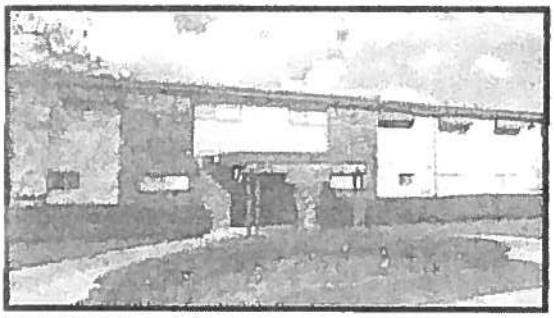
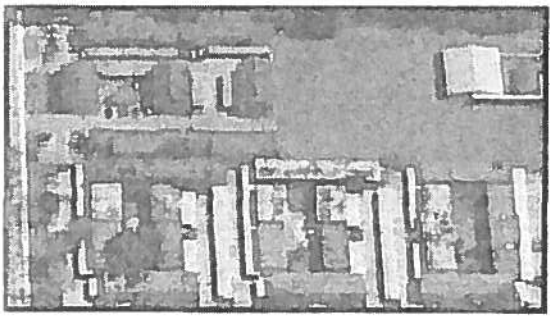




STERLING POINT APARTMENTS

LOCATION
Sterling Point Apartments
6601 Dunlap Street
Houston, TX 77074

SITE AREA
20.46 acres

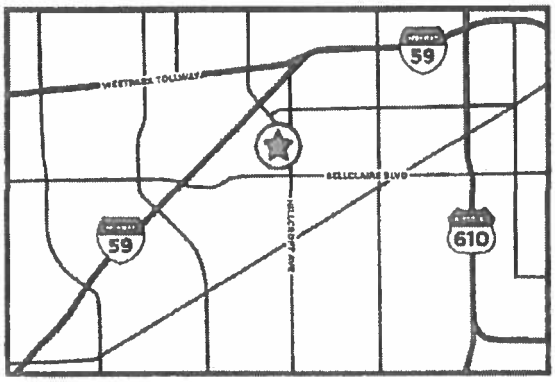
YEAR BUILT
1978

CONSTRUCTION
921-unit, three-story garden-style, slab-on-grade foundation, wood frame, brick and wood siding, flat roofs covered with composition shingle

PROJECT AMENITIES
Leasing office, 5 swimming pools, 13 laundry facilities, covered parking, 12 elevators, access gates

UNIT AMENITIES
1 and 2 bedroom units, w/d connections, faux-wood and ceramic floors, ceiling fans, window treatments, disposals, patio/balconys

LOCATION MAP



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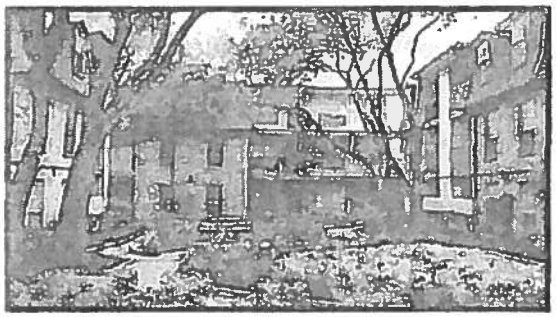
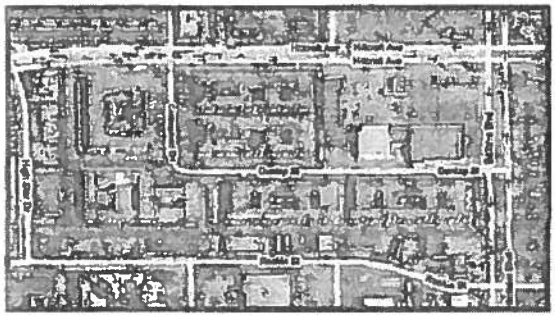




SOUTHLAWN PALMS APARTMENTS

LOCATION
Southlawn Palms Apartments
7006 Scott Street
Houston, TX 77021

SITE AREA
11.5 acres

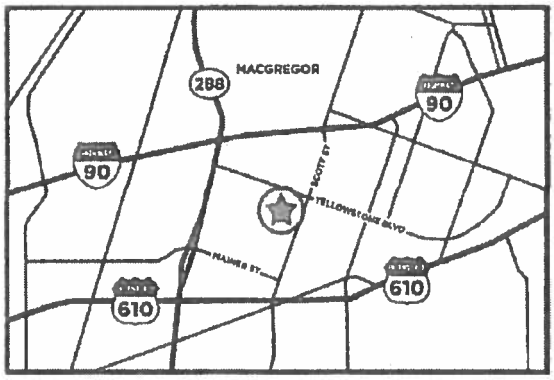
YEAR BUILT
1980

CONSTRUCTION
Slab-on-grade foundation, wood frame, single-story buildings with masonite and cementitious fiber board siding, pitched roofs covered with composition shingle

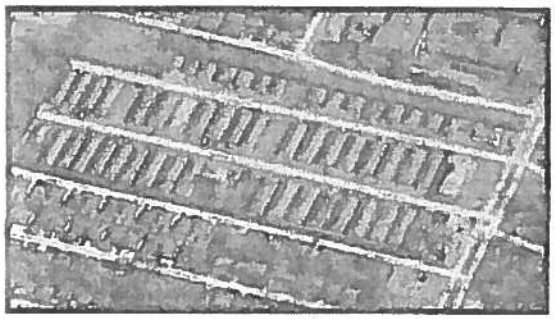
PROJECT AMENITIES
Leasing office, laundry facility

UNIT AMENITIES
PTAC air-conditioning

LOCATION MAP



EXTERIOR & AERIAL PHOTOGRAPHY



MILAGRO APARTMENTS (ACQUISITION)

LOCATION
Milgro Apartments
6500 Dunlap St.
Houston, TX 77074

SITE AREA
5.32 acres

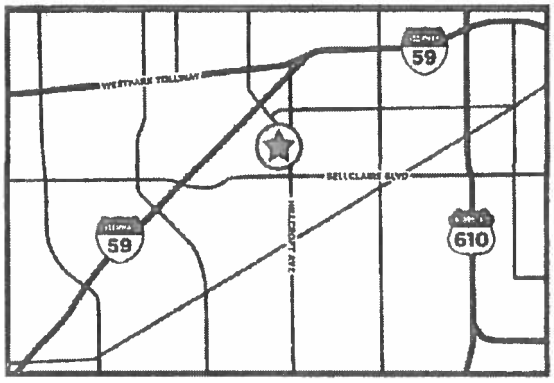
YEAR BUILT
1978

CONSTRUCTION
258 unit, Class C Garden Style Apartment Complex. Construction completed by Harold Farb, one of Houston's most active builders

PROJECT AMENITIES
This access-gated property provides covered parking, elevators, pools, storage areas, laundry rooms, a clubhouse, and patios / balconies in addition to a perimeter fence and intrusion alarms. The property also has an elevator system.

UNIT AMENITIES
Walk-in closets, mini-blinds, washer / dryer connections, ceiling fans, dishwashers, and disposals

LOCATION MAP



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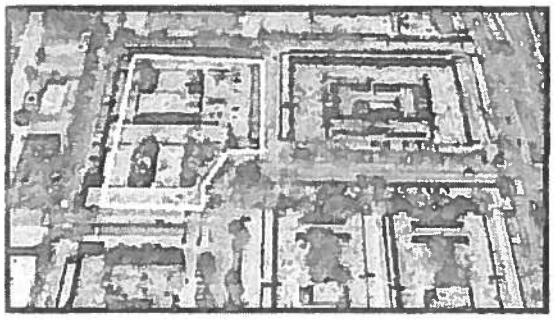


UNION PARK APARTMENTS

LOCATION
Union Park Apartments
4622 South Hackberry
San Antonio, TX 78223

SITE AREA
10.1 acres

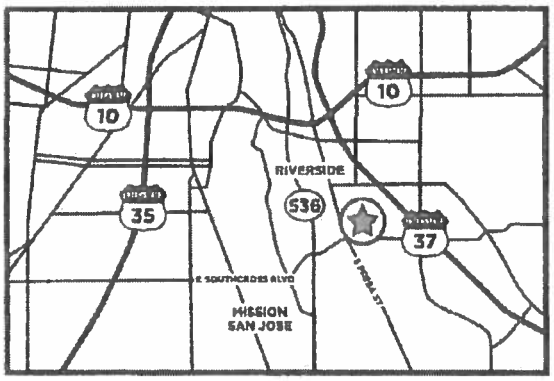
YEAR BUILT
1969, renovated in 2006

CONSTRUCTION
Slab-on-grade, wood frame with hard plank and brick veneer accents, the buildings have double pane vinyl frame windows, the roofs are pitched composition shingle roofs over plywood decking

PROJECT AMENITIES
On-site leasing office, community center, playground, laundry facility

UNIT AMENITIES
Standard appliances, dishwasher, disposal, ceiling fans, central A/C, window-blinds

LOCATION MAP



EXTERIOR & AERIAL PHOTOGRAPHY

UNION PINES APARTMENTS

LOCATION
Union Pines Apartments
1707 Pleasanton Rd
San Antonio, TX 78221

SITE AREA
9.6 acres

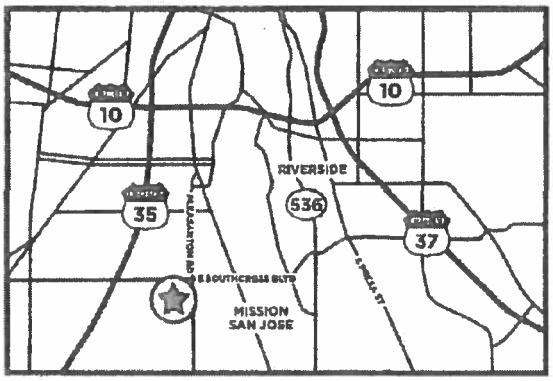
YEAR BUILT
1972, renovated in 2006

CONSTRUCTION
Slab-on-grade, wood frame with brick veneer and hard plank, the gabled roofs are covered with composition shingle, the buildings have double pane vinyl frame windows

PROJECT AMENITIES
On-site leasing office, community center, computer room, playground, laundry facility

UNIT AMENITIES
Standard appliances, dishwasher, disposal, central A/C, windowblinds

LOCATION MAP



EXTERIOR & AERIAL PHOTOGRAPHY

BELLE OAKS APARTMENTS

LOCATION
Belle Oaks Apartments
1100 Shady Lane
Belton, TX 76513

SITE AREA
30.3 acres

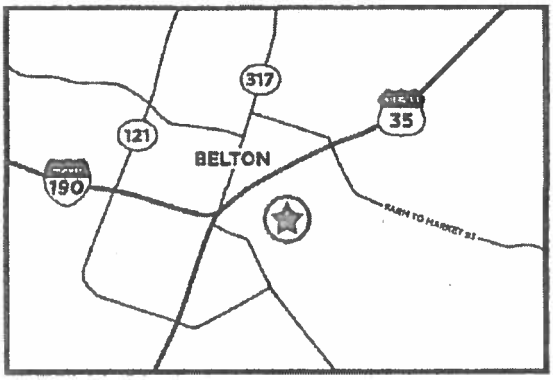
YEAR BUILT
1971

CONSTRUCTION
Poured reinforced concrete / perimeter footings and column pads, wood frame with brick and siding veneer with wood accents and trims, the buildings have single pane aluminum frame windows, flat roof with a built-up tar and gravel covering

PROJECT AMENITIES
Three playgrounds, basketball court, picnic area, laundry facility

UNIT AMENITIES
Range / oven, vent-hood, refrigerator, garbage disposal, dishwasher

LOCATION MAP



EXTERIOR & AERIAL PHOTOGRAPHY

TRENDWOOD APARTMENTS

LOCATION
Trendwood Apartments
1700 Dallas Circle
Waco, TX 76704

SITE AREA
9.04 acres

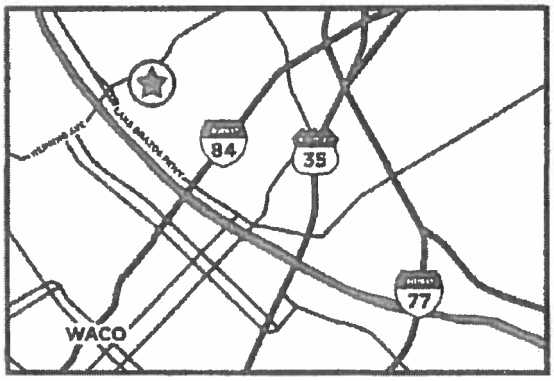
YEAR BUILT
1963

CONSTRUCTION
Foundation pier and wood beam, wood frame with brick veneer, the buildings have single pane aluminum frame windows, pitched roof with asphalt composition shingles (replaced in 2009). $500,000 weatherization rehab completed in 2012.

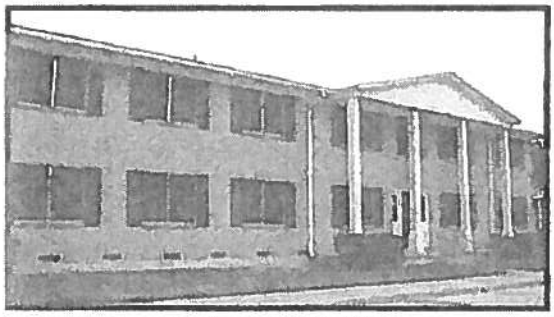
PROJECT AMENITIES
Leasing office, community center, playground, basketball court, picnic / barbeque area, laundry facility

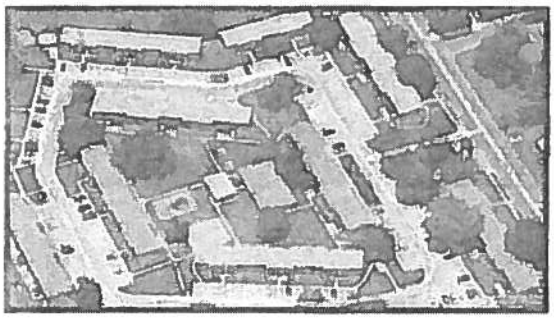
UNIT AMENITIES
Electric range / oven, venthood, refrigerator, garbage disposal

LOCATION MAP



EXTERIOR & AERIAL PHOTOGRAPHY





SWEET UNION APARTMENTS (ACQUISITION)

LOCATION
Sweet Union Apartments
1011 N. Jackson St
Jacksonville, TX 75766

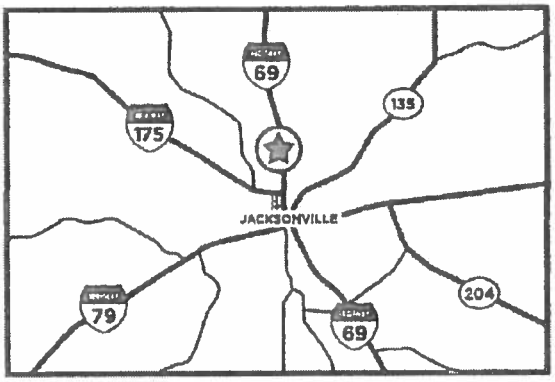
SITE AREA
10 acres

YEAR BUILT
1968

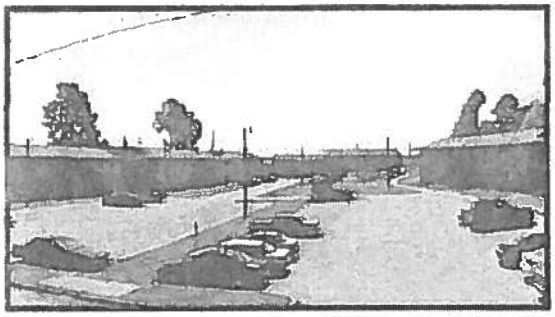
CONSTRUCTION
There are a total of 100 apartment units at the property with one one-unit building being designated as the onsite community room. There are a total of twelve apartment buildings. Each apartment building is two-story.

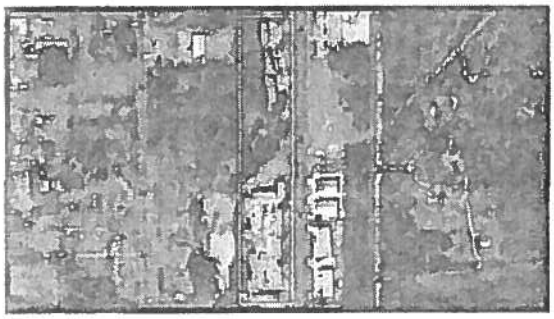
PROJECT AMENITIES
Project amenities include a concete paved basketball court along with a swing set is provided near the center of the property.

LOCATION MAP



EXTERIOR & AERIAL PHOTOGRAPHY





OAK RIDGE APARTMENTS

LOCATION
Oak Ridge Apartments
3340 South Bryant
Del City, OK 73115

SITE AREA
12.99 acres

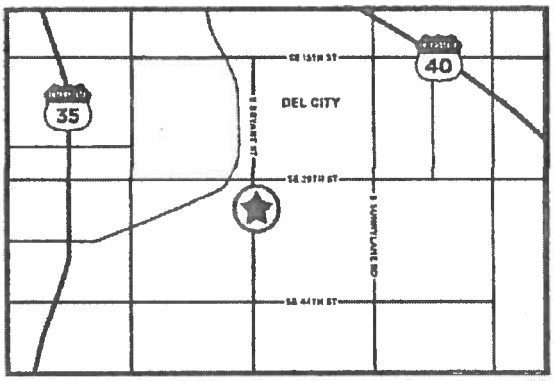
YEAR BUILT
1972

CONSTRUCTION
Two-story, wood frame buildings with brick veneer exterior walls and mansard rooms

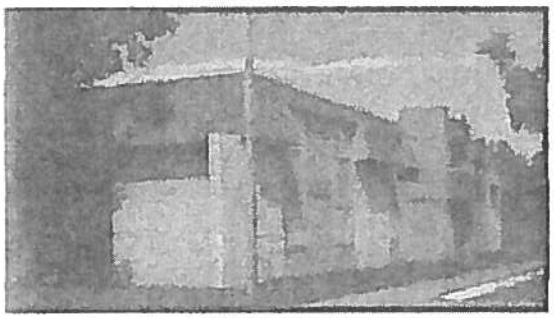
PROJECT AMENITIES
Leasing office, laundry facilities, surface parking

UNIT AMENITIES
Electric range, refrigerator, carpeting, central air and heating

LOCATION MAP



EXTERIOR & AERIAL PHOTOGRAPHY



DESOTO ESTATES APARTMENTS

LOCATION
DeSoto Estates Apartments
916 Jacob Street
Mansfield, LA 71052

SITE AREA
17.11 acres

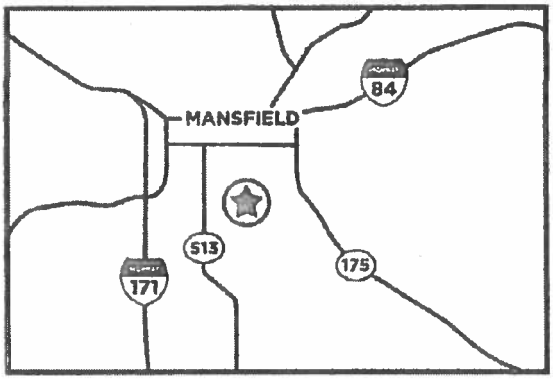
YEAR BUILT
1978

CONSTRUCTION
Slab-on-grade one-story buildings, wood frame construction with brick exteriors and shingle roofs

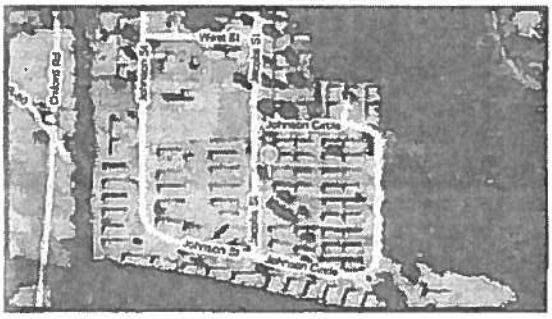
PROJECT AMENITIES
Leasing office, playground, laundry facilities

UNIT AMENITIES
Range, frost-free refrigerator, central heat, ceiling fans, individual water heaters, mini-blinds

LOCATION MAP



EXTERIOR & AERIAL PHOTOGRAPHY



RED RIVER ESTATES

LOCATION
Red River Apartments
100 East Riddle Street
Coushatta, LA 71019

SITE AREA
13.395 acres

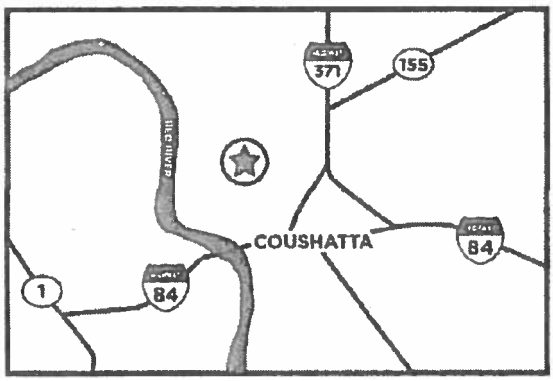
YEAR BUILT
1978

CONSTRUCTION
Continuous footings with reinforced concrete slab-on-grade, brick veneer with vinyl siding, the pitched roofs are covered with composition shingle over plywood decking

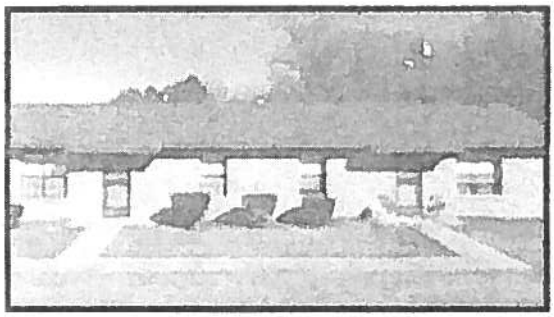
PROJECT AMENITIES
Leasing office, playground, laundry facility

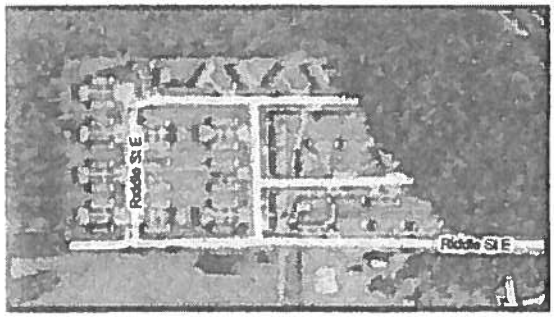
UNIT AMENITIES
Range, frost-free refrigerator, central heat, ceiling fans, individual water heaters, mini-blinds

LOCATION MAP



EXTERIOR & AERIAL PHOTOGRAPHY





SKYLINE TERRACE APARTMENTS

LOCATION
Skyline Terrace Apartments
635 East Alan Page Drive SE
Canton, OH 44707

SITE AREA
6 properties totaling 25.36 acres

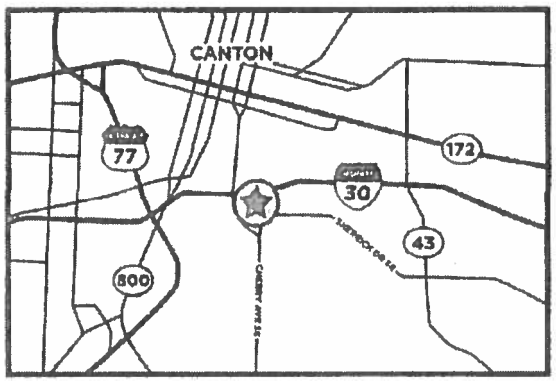
YEAR BUILT
1966 - 1975

CONSTRUCTION
Slab foundation, brick, wood particle with cinderblocks creating a double firewall between the units, roofs are pitched composite

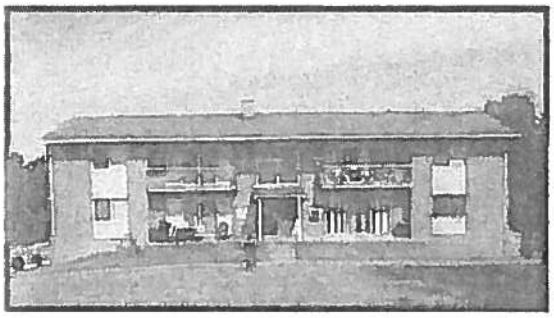
PROJECT AMENITIES
Leasing office / community room, laundry facilities, surface parking

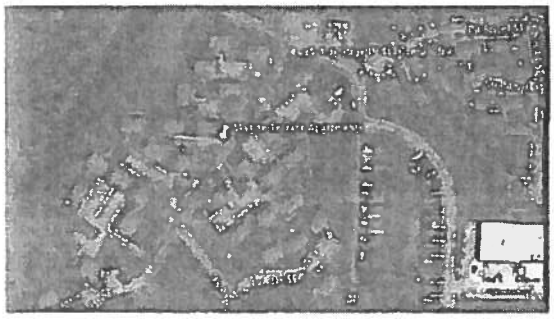
UNIT AMENITIES
Electric range, refrigerator, carpeting and vinyl in select units, central heat

LOCATION MAP



EXTERIOR & AERIAL PHOTOGRAPHY





CHIPS TOWNHOMES

LOCATION
Chips Townhomes
Kalahari Street NE
Canton, OH 44705

SITE AREA
11.02 acres

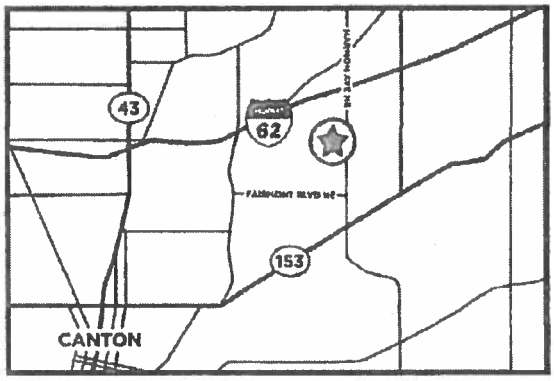
YEAR BUILT
1970

CONSTRUCTION
Slab foundation, Phase I has basements, 25% brick and siding, pitched roof with composite covering

PROJECT AMENITIES
Leasing office / community room, laundry facilities, surface parking

UNIT AMENITIES
Gas range, refrigerator, carpeting, central heat

LOCATION MAP



EXTERIOR & AERIAL PHOTOGRAPHY

WESTWICK APARTMENTS

LOCATION
Westwick Apartments
348 Flag Chapel Rd
Jackson, MS 39209

SITE AREA
14.52 acres

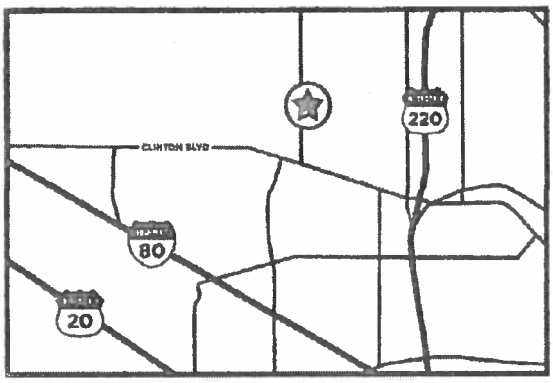
YEAR BUILT
Phase I in 1971
Phase II in 1975

CONSTRUCTION
Two and three story buildings constructed of wood framing members with flat wood roof framing, concrete perimeter footings along the exterior and interior bearing walls with a poured non-load bearing concrete floor slab on grade, brick vaneer an vinyl siding, double pane glass in aluminum frame windows, in 2004, 13 of the property buildings received new roofs and asphalt shingles on the mansards, vinyl siding and trim, building R had extensive fire damage and the interior was completely renovated.

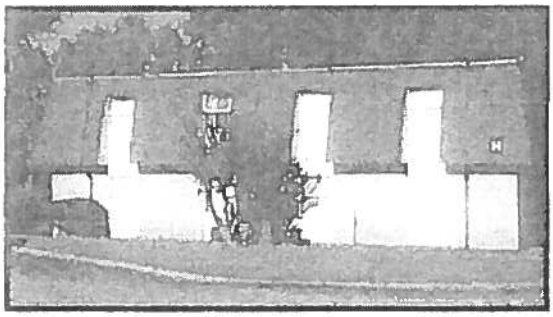
PROJECT AMENITIES
Clubhouse/leasing office with community room, two laundry facilities, two playgrounds with wrought iron fencing.

UNIT AMENITIES
Electric stove / oven, refrigerator, stainless steel sink, carpet

LOCATION MAP



EXTERIOR & AERIAL PHOTOGRAPHY



TOWNE TOWER (ACQUISITION)

LOCATION

Towne Tower
434 Franklin Ave.
Aliquippa, PA 15001

North side of Franklin Ave, just east of Highway 51.

SITE AREA

0.46 acres

YEAR BUILT

1910

CONSTRUCTION

This multi-family property has one five-story building containing 60 units and an office. Property identification is provided by a canopy sign covering the main entrance and building mounted signs located along the exterior elevations of the buildings. Exterior building and site illumination is provided by light fixtures surface-mounted on the exterior walls.

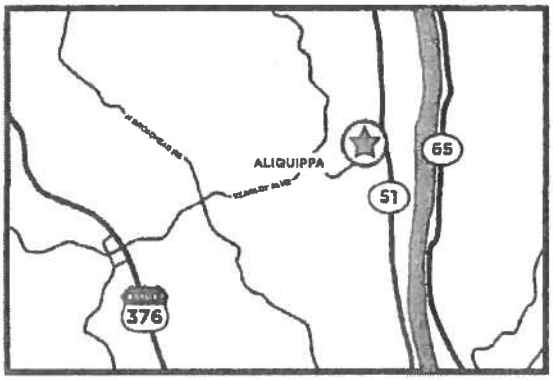
PROJECT AMENITIES

Laundry rooms are located on the second through fifth floors. There are a total of eight clothes dryers. A laundry sink is provided each laundry room. There are also two traction passenger elevators located in the building.

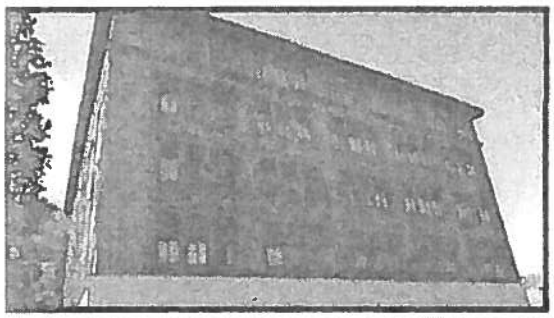
UNIT AMENITIES

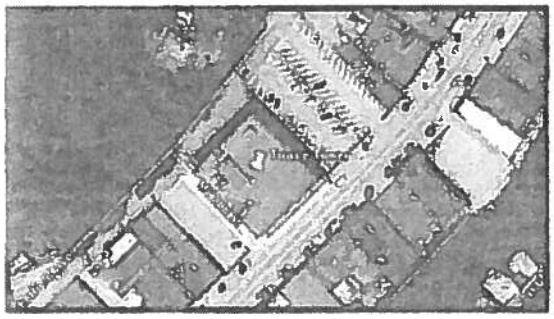
The property has had an active capital improvement expenditure program over the past three years, primarily consisting of corridor carpeting, apartment unit carpeting and cabinetry where needed.

LOCATION MAP



EXTERIOR & AERIAL PHOTOGRAPHY





VALLEY TERRACE APARTMENTS (ACQUISITION)

LOCATION

Valley Terrace Apartments
400 Superior Ave
Aliquippa, PA 15001

SITE AREA

23.07 acres

YEAR BUILT

1975

CONSTRUCTION

The multi-family property has four three-story buildings containing 144 apartment units and a single-story leasing office and maintenance building.

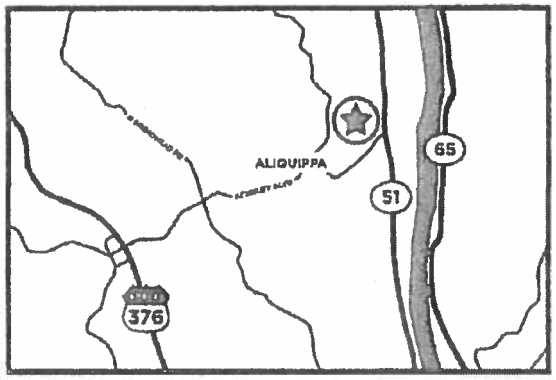
PROJECT AMENITIES

Project amenities include multiple laundry rooms, two playgrounds and two mailbox kiosks.

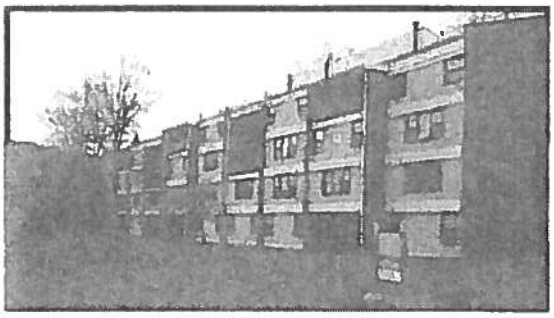
UNIT AMENITIES

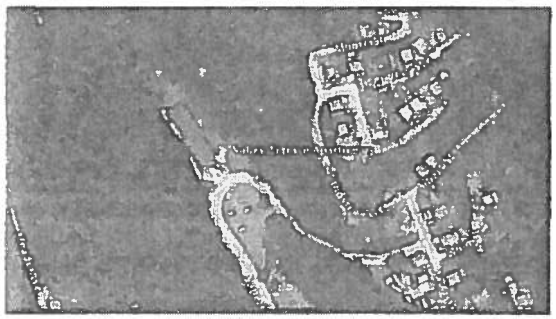
The property has had an active capital improvement expenditure program over the past three years, primairly consisting of limited cabinet replacement, bathroom upgrades, and vinyl tile replacement.

LOCATION MAP



EXTERIOR & AERIAL PHOTOGRAPHY





EUREKA

3001 Knox Street, Suite 400
Dallas, TX 75205

Office 214.363.2628
Fax 214.363.9522

Attachment 7: Project Financials

498 units with 170 HAP units

1/4/13

Unit Type	HAP Units units	HAP Units %	Market Rate units	Market Rate %	Total Units	HAP UNITS SF	HAP UNITS TOTAL	HAP UNITS Rents	HAP UNITS rent/sf	Market rate units SF	Market rate units TOTAL	Market rate units rents 5.00%	Market rate units disc rent/sf	Market rate units full rent/sf
Efficiency			0.0	0.0%	0.0	600	-	-	$ -	500	-	1,045	$ 2.09	$ 2.20
1Br	48.0	28.2%	200.0	61.0%	248.0	700	33,600	1,365	$ 1.95	650	130,000	1,235	$ 1.90	$ 2.00
2Br	58.0	34.1%	112.0	34.1%	170.0	950	55,100	1,663	$ 1.75	1,050	117,600	1,696	$ 1.62	$ 1.70
3Br	48.0	28.2%	16.0	4.9%	64.0	1,050	50,400	1,680	$ 1.60	1,250	20,000	1,853	$ 1.48	$ 1.56
4Br	16.0	9.4%		0.0%	16.0	1,250	20,000	1,813	$ 1.45	1,350	-	1,924	$ 1.43	$ 1.50
TOTAL	170.0	100.0%	328.0	100.0%	498.0	936	159,100	1,598	$ 1.71	816	267,600	$ 1,422	$ 1.74	$ 1.84

Unit Type	HAP units	market rate units	Total Units	HAP Rents	Market Rents	Total Rents
		0.0	0.0	0	-	-
1Br	48.0	200.0	248.0	65,520	247,000	312,520
2Br	58.0	112.0	170.0	96,425	189,924	286,349
3Br	48.0	16.0	64.0	80,640	29,640	110,280
4Br	16.0	0.0	16.0	29,000	-	29,000
TOTAL	170.0	328.0	498.0	271,585	466,564	738,149
Rent per sf				$ 1.71	$ 1.74	$ 1.73

		1st Phase - 170 HAP		2nd Phase - 328 Mkt		Combined		QAP	
			Proforma		Proforma		Proforma		Proforma
TOTAL Rental Income			271,585		466,564		738,149		134,152
Non Rental Income		$ 20.00	3,400	$ 20.00	6,560	$ 20.00	9,960	$ 20.00	3,400
Non Rental Income									
Parking garage rents					-		-		
+ TOTAL NONRENTAL INCOME			3,400		6,560		9,960		3,400
= POTENTIAL GROSS MONTHLY INCOME			274,985		473,124		748,109		137,552
- Provision for Vacancy & Collection loss		5.00%	13,749	5.00%	23,656	5.00%	37,405	5.00%	6,878
- Rental Concessions									
= EFFECTIVE GROSS MONTHLY INCOME			261,236		449,468		710,704		130,674
x 12 = EFFECTIVE GROSS ANNUAL INCOME		18,440	3,134,829	16,444	5,393,614	17,125	8,528,443		1,568,093
Expenses									
General & Administrative	/ unit	103	17,466	103	33,700	103	51,166	103 / unit	17,466
Management Fee	EGI	2.44%	76,500	4.00%	215,745	587	292,245	5.00% EGI	78,405
Payroll	/ unit	835	141,986	835	273,950	835	415,938	835 / unit	141,986
Repair & Maintenance	/ unit	325	55,250	325	106,600	325	161,850	325 / unit	55,250
Utilities	/ unit	325	55,250	325	106,600	325	161,850	325 / unit	55,250
Insurance	/ unit	200	34,000	200	65,600	200	99,600	200 / unit	34,000
Taxes	/$1000	2.38% 3,359	571,052	2,891	948,215	3,051	1,519,266	2.38% /$1000	193,990
Reserves for Replacement	/ unit	325	55,250	325	106,600	325	161,850	325 / unit	55,250
Parking - lease payment	/ unit	-	-			-	-	- / unit	-
Other	/ unit	222	37,700	200	65,600	207	103,300	222 / unit	37,700
Total Expenses	/ unit	6,144	1,044,454	5,862	1,922,608	5,958	2,967,062	3,937 / unit	669,297
Controllable Expenses		1,810	307,652	1,788	586,449	1,795	894,101	1,810	307,652
Net Operating Income			2,090,375		3,471,005		5,561,380	3,937	898,796
return on cost			6.52%		7.13%		6.89%		1.11%
Debt Service 15,089,074	30	5.00%	970,729		1,812,868		2,783,596		970,729
28,141,996		DCR	2.15		1.91		2.00		0.93
Asset Mgmt Fee 1.58%	1.00%		48,893		53,936		102,829		48,893
Cash Flow			1,070,753		1,604,201		2,674,955		(120,826)
return on equity			35.11%		9.24%		13.10%		

Valuation/Return Analysis

Valuation	6.00%	34,839,580		57,850,089		92,689,669	14,979,927
Development Cost		32,054,061		48,653,719		80,707,779	LTV 100.60%
Profit		2,785,520		9,196,370		11,981,890	
IRR		5 yr IRR	10 yr IRR	5 yr IRR	10 yr IRR	5 yr IRR	10 yr IRR
Eureka - GP		70.11%	47.44%	40.78%	26.69%	53.84%	32.52%
Equity Investor		#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!

Project Costs

				Phase 1 $	Phase 1 $/NRSF	Phase 1 $/unit	Phase 2 $	Phase 2 $/NRSF	Phase 2 $/unit	Combined $	Combined $/NRSF	Combined $/unit
Acquisition costs				3,050,000	19.17	17,941	5,200,000	19.43	15,854	8,250,000	19.33	16,566
Off-site				100,000	0.63	588	-	0.00	-	100,000	0.23	201
Total Direct Construction costs				18,920,024	118.92	111,294	34,513,200	128.97	105,223	53,433,224	125.22	107,296
Other Construction costs				648,400	4.08	3,814	1,171,300	4.38	3,571	1,819,700	4.26	3,654
Indirect Construction Costs				3,337,102	20.97	19,630	2,412,175	9.01	7,354	5,749,276	13.47	11,545
Developer Fees				3,465,526	21.78	20,385	2,164,834	8.09	6,600	5,630,360	13.20	11,306
Financing				1,855,592	11.66	10,915	2,213,443	8.27	6,748	4,069,035	9.54	8,171
Reserves				677,417	4.26	3,985	978,767	3.66	2,984	1,656,184	3.88	3,326
Total Development Costs				32,054,061	201.47	188,553	48,653,719	181.82	148,335	80,707,779	189.14	162,064
		amount	price									
Tax Credits		2,000,000	$ 0.95	19,000,000			-			19,000,000		
Eureka Equity	25.00%	12,165,000		-			12,165,000			12,165,000		
3rd Equity	0.00%	-		-			-			-		
Loan amount				13,054,061			36,488,719			49,542,779		

Attachment 8: TCAD Information

TaxNetUSA: Travis County

Property ID Number: **305013** Ref ID2 Number: **04030102140000**

Owner's Name	**2007 TRAVIS HEIGHTS LP**
Mailing Address	920 S MAIN ST STE 125 GRAPEVINE, TX 76051-1400
Location	2324 WILSON ST 78704
Legal	LOT 1 OAK CREEK VILLAGE

Property Details

Deed Date	06202007
Deed Volume	
Deed Page	
Exemptions	
Freeze Exempt	F
ARB Protest	F
Agent Code	2006
Land Acres	8.9910
Block	
Tract or Lot	1
Docket No.	2007116822TR
Abstract Code	S09855
Neighborhood Code	08SC1

Data up to date as of 2012-12-18

Value Information

	2012 Certified
Land Value	587,472.00
Improvement Value	5,998,128.00
AG Market Value	0.00
Timber Market Value	0.00
Market Value	6,585,600.00
AG Productivity Value	0.00
Timber Productivity Value	0.00
Appraised Value	6,585,600.00
10% Cap Loss	0.00
Assessed Value	6,585,600.00

Value By Jurisdiction

Entity Code	Entity Name	2011 Tax Rate	Assessed Value	Taxable Value	Market Value	Appraised Value
0A	TRAVIS CENTRAL APP DIST		6,585,600.00	6,585,600.00	6,585,600.00	6,585,600.00
01	AUSTIN ISD	1.242000	6,585,600.00	6,585,600.00	6,585,600.00	6,585,600.00
02	CITY OF AUSTIN	0.502900	6,585,600.00	6,585,600.00	6,585,600.00	6,585,600.00
03	TRAVIS COUNTY	0.500100	6,585,600.00	6,585,600.00	6,585,600.00	6,585,600.00
2J	TRAVIS COUNTY HEALTHCARE DISTRICT	0.078946	6,585,600.00	6,585,600.00	6,585,600.00	6,585,600.00
68	AUSTIN COMM COLL DIST	0.095100	6,585,600.00	6,585,600.00	6,585,600.00	6,585,600.00

Improvement Information

Improvement ID	State Category	Description
253502		APARTMENT 100+
253503		SPECIAL (NODEPR)
253504		SPECIAL (NODEPR)
253505		SPECIAL (NODEPR)
253506		SPECIAL (NODEPR)
253507		SPECIAL (NODEPR)
253508		SPECIAL (NODEPR)
253509		SPECIAL (NODEPR)

Segment Information

Imp ID	Seg ID	Type Code	Description	Class	Effective Year Built	Area
253502	295924	1ST	1st Floor	WV4	1975	75,989

253502	295925	2ND	2nd Floor	WW4	1970	80,811
253502	1340001	011	PORCH OPEN 1ST F	*4	1970	1,680
253502	1340002	012	PORCH OPEN 2ND F	*4	1970	1,680
253502	1340004	142	BATHTUB AVG	AVG*	1970	1
253502	1340005	152	COMMODE AVG	AVG*	1970	1
253502	1340006	162	LAVATORY AVG	AVG*	1970	1
253502	1340007	269	OBS RANGE DRP-IN	**	1970	1
253502	1340008	276	ELEVATOR COM PAS	2A*	1970	1
253502	1340009	303	STAIRWAYS FV	F-V*	1970	1
253502	1340010	539	FENCE FV	F-V*	1970	1
253502	1340011	539	FENCE FV	F-V*	1970	1
253502	1340012	551	PAVED AREA	AA*	1970	75,128
253502	1340013	571	STORAGE DET	WV4	1970	3,248
253502	1340014	611	TERRACE	CA*	1970	11,120
253502	2835141	132	PLBG 5-FIXT AVG	AVG*	1970	1
253502	3029353	SO	Sketch Only	SO*	0	5,740
253502	3029354	SO	Sketch Only	SO*	0	5,740
253502	3029355	SO	Sketch Only	SO*	0	5,781
253502	3029356	SO	Sketch Only	SO*	0	5,781
253502	3029357	SO	Sketch Only	SO*	0	3,977
253502	3029358	SO	Sketch Only	SO*	0	3,977
253502	3029359	SO	Sketch Only	SO*	0	3,977
253502	3029360	SO	Sketch Only	SO*	0	3,977
253502	3029361	SO	Sketch Only	SO*	0	3,977
253502	3029362	SO	Sketch Only	SO*	0	3,977
253502	3029363	SO	Sketch Only	SO*	0	2,419
253502	3029364	SO	Sketch Only	SO*	0	2,419
253502	3029365	SO	Sketch Only	SO*	0	2,419
253502	3029366	SO	Sketch Only	SO*	0	2,419
253502	3029367	SO	Sketch Only	SO*	0	15,908
253502	3029368	SO	Sketch Only	SO*	0	15,908
253502	3029369	SO	Sketch Only	SO*	0	5,289
253502	3029370	SO	Sketch Only	SO*	0	5,289
253502	3029371	SO	Sketch Only	SO*	0	7,954
253502	3029372	SO	Sketch Only	SO*	0	7,954
253502	3029373	SO	Sketch Only	SO*	0	2,419
253502	3029374	SO	Sketch Only	SO*	0	2,419
253502	3029375	SO	Sketch Only	SO*	0	5,289
253502	3029376	SO	Sketch Only	SO*	0	5,289
253502	3029377	SO	Sketch Only	SO*	0	5,289
253502	3029378	SO	Sketch Only	SO*	0	5,289
253502	3029400	SO	Sketch Only	SO*	0	3,977
253502	3029401	SO	Sketch Only	SO*	0	3,977
253502	3029402	SO	Sketch Only	SO*	0	3,977
253502	3029403	SO	Sketch Only	SO*	0	3,977
253502	3029404	SO	Sketch Only	SO*	0	2,419
253502	3029405	SO	Sketch Only	SO*	0	2,419
253503	295926	MISC	Miscellaneous	**	1970	1
253503	3029406	SO	Sketch Only	SO*	0	5,740

253503	3029407	SO	Sketch Only	SO*	0	5,740
253504	295927	MISC	Miscellaneous	**	1970	1
253504	3029408	SO	Sketch Only	SO*	0	5,781
253504	3029409	SO	Sketch Only	SO*	0	5,781
253505	295928	MISC	Miscellaneous	**	1970	1
253505	3029347	SO	Sketch Only	SO*	0	3,977
253505	3029348	SO	Sketch Only	SO*	0	3,977
253506	295929	MISC	Miscellaneous	**	1970	1
253506	3029349	SO	Sketch Only	SO*	0	3,977
253506	3029350	SO	Sketch Only	SO*	0	3,977
253507	295930	MISC	Miscellaneous	**	1970	1
253507	3029351	SO	Sketch Only	SO*	0	2,419
253507	3029352	SO	Sketch Only	SO*	0	2,419
253508	295931	MISC	Miscellaneous	**	1970	1
253508	3029340	SO	Sketch Only	SO*	0	5,289
253508	3029341	SO	Sketch Only	SO*	0	5,289
253508	3029342	SO	Sketch Only	SO*	0	280
253508	3029343	SO	Sketch Only	SO*	0	280
253508	3029344	SO	Sketch Only	SO*	0	280
253508	3029345	SO	Sketch Only	SO*	0	280
253509	295932	MISC	Miscellaneous	**	1970	1
253509	3029346	SO	Sketch Only	SO*	0	3,248
					Total Living Area	**156,800**

Land Information

Land ID	Type Code	SPTB Code	Homesite	Size-Acres	Front	Depth	Size-Sqft
296672	LAND	B1	F	8.991	0	0	391,648

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Get the Inside Track on Mans Clothing! Find Opportunities & Exclusive Information Regarding Mans Clothing. Check Out
Comfort and Style Is Our Specialty Great prices and quality you've come to know and love for men, women, and children.
Hugo Boss Mens Shirts 60% Off Summer Blow Out Sale Hugo Boss Mens Dress Shirts And Save 60% Off +Take An Extra

HELP KEEP AUSTIN AFFORDABLE

SUPPORT THE OAK CREEK VILLAGE REDEVELOPMENT

Eureka Multi-Family Group was founded in 2002 and has been growing steadily ever since. Eureka Currently manages 4,354 housing units - like those seen above - with 2,756 of those under the Housing Assistance Program.

With over a decade of experience, Eureka is committed to providing clean, safe, and affordable housing for seniors and working families while investing in the community.

EUREKA HOLDINGS
DALLAS, TX

(214) 363-2628
3001 Knox Street
Dallas, TX 75235

Come support affordable housing at the meeting of the Bouldin Creek Neighborhood Association.

Staff from Eureka Holdings will be there to answer questions about the proposed redevelopment of Oak Creek Village.

About the Project:

Oak Creek Village is a development in the Bouldin Creek Neighborhood. The development has been providing working families and seniors with an affordable, safe place to live for years but it is in need of renovations. If you support affordable housing, we would appreciate your support at the neighborhood meeting to preserve 170 affordable units in South Austin .

About the Meeting:

When: Saturday, February 23rd at 11:00 am

Where: St. Ignatius Catholic Church,
126 W Oltorf St., Austin, TX

OAK CREEK

2324 Wilson Street, Austin, Texas 78704

RESIDENT NOTIFICATION AND FACT SHEET

Dear Oak Creek Resident,

Eureka Multifamily Group (EMG) has proposed to redevelop Oak Creek Apartments. The proposed $30 million redevelopment will include demolition and complete reconstruction of the property. In addition to the physical improvements at Oak Creek, the new community spaces will include facilities from which we will be able to provide all residents with an array of services. These services will include educational opportunities such as computer technology and literacy programs; career development programs; health and nutrition programs; financial education programs; and resident community activities. We are very excited about this opportunity and hope you will join with us to make this proposal a reality.

EMG was founded in June 2002.. We currently own and operate approximately 28 communities in 5 states including 13 communities in Texas.

EMG will be applying to the Texas Department of Housing and Community Affairs (TDHCA) by March 1 2013 for an allocation of affordable housing tax credits to help with this redevelopment. We wanted to take this opportunity to answer a few questions commonly asked by residents:

1. What is the timing for the renovation proposal?
   The earliest time frame that redevelopment would begin would be summer 2014.
   EMG will promptly notify the residents as more definate time frames are made available.

2. Will I have to move or be displaced as a result of this proposal?
   Yes, all residents will need to relocate to alternate housing, which EMG will assist in finding for you. EMG will also defray relocation costs. In addition, our current residents will be on a "preferred" waiting list. This will ensure that our current residents will have the opportunity to move back into our newly constructed community. The resident will need to be in good standing regarding rent payment, as well as not have any unresolved lease violations.

3. What can I do to support the proposal?
   We will be holding a resident meeting on February 13, 2013 in the community room at Oak Creek at 6pm. Refreshments will be provided. We would ask that you attend and sign a petition next to your unit number if you support the proposal. The more resident support for the proposal we can demonstrate to TDHCA the better. You may also notice some signage going up letting all interested parties know that we are applying to TDHCA for funding for the proposal. You are the people most affected by this and we want you to participate. Please help us spread the word!

Our primary Company value at EMG is to provide an excellent quality of life to our residents.We recognize that our residents are our customers and the reason we are in business. We look forward to working with you to build community and change lives at Oak Creek.

Jimmy Arnold

Jimmy Arnold, President
Eureka Multifamily

TAB 18 - Resident Relocation Plan

The Oak Creek Village resident relocation effort will abide by the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act). The relocation plan guidelines are established to lessen the adverse effects on tenants facing displacement during the execution of contracted demolition. It is the policy of the owner/developer to avoid displacing residents whenever possible, however, due to the state of the building, rehabilitation is not feasible and demolition is required.

To lessen the impact on tenants, demolition will be completed in three phases and only one section of existing buildings will be removed at a time. Phase one of the demolition will take down 64 units along Wilson Street. This is projected to take place in April of 2014. To build the water quality pond and other improvements, up to another 28 units will be demolished in Phase two (which is expected to take place as early as August, 2014). Correspondingly, during Phase two, up to 28 households may be relocated. In both of these phases of demolition, tenants may be relocated for up to but not more than 12 months. As the new housing is built, tenants will move back to Oak Creek Village and move from the non-demolished units into the new building, leaving the old buildings vacant and able to be razed in a third phase of demolition.

Tenants leases are currently for 12 months each. We intend to work with Southwest Housing Compliance Corporation to apply for and obtain a HAP waiver from HUD that would allow the developer to keep his HAP contract in place, enter into master leases with other landlords and sublet those units to the current tenants of Oak Creek Village, who will maintain their current leases with Oak Creek. We will designate a Relocation Coordinator who will serve as a liaison between the relocated tenants and landlords used during the relocation period. All Tenants will maintain certified status under the current HAP contract as required under the guidelines of HUD Handbook 4350.3.

Under this option, tenants who are relocated will be provided with a choice of units in the immediate vicinity, to the extent possible. Because of the tight rental market in Austin, some tenants may have to move further away. All tenants will be given assistance in locating another rental unit. A list of apartment complexes with vacant units will be maintained by the management company to assist in this process. We will also work with parents to obtain permission to leave their children in the schools in which they are currently enrolled. If a suitable rental unit cannot be found in a reasonable amount of time, the Owner would pay all reasonable expenses and provide the required assistance to move an affected tenant into a hotel on a temporary basis until a rental unit became available.

In the event that a Tenant is not satisfied with a decision made by the Owner concerning their temporary relocation, they may appeal such a decision with the Southwest Housing Compliance Corporation, a subsidiary of the Austin Housing Authority. Tenants also have access to a relocation hotline operated by Southwest Housing Compliance Corporation and will be provided with that number by the management company.

The relocation budget is estimated to be $800,000 including moving costs, rental assistance, utility payments, and administrative costs. The following budget outlines the costs identified in the relocation plan. The costs are included in the development budget. The sources for the development budget include equity and the construction loan.

Relocation Estimate

Moving	$335,800
Rental Assistance	$298,632
Utility Payments	$34,600
Administration	$6,840
Contingency	$124,128
Total	$800,000

19 Architectural Drawings

Architectural Drawings Must be Submitted Behind this Tab

- [X] Site Plan which;
  - [X] includes a unit and building type table matrix that is consistent with the Rent Schedule and Building/Unit Configuration forms.
  - [X] identifies all residential and common buildings
  - [X] clearly delineates the flood plain boundary lines and shows all easements
  - [X] if applicable, indicates possible placement of detention/retention pond(s); and
  - [X] indicates the location of parking spaces
- [X] Building Floor Plans
- [X] Unit Floor Plans for each type of Unit
- [X] Elevations for each building type and must include:
  - [X] a percentage estimate of the exterior composition
  - [X] proposed roof pitch
- [NA] Photos of building elevations (for Rehab and Adaptive Reuse developments that will not alter the unit configuration.

Unit Count Summary

Unit Type	Unit Size	Quantity
1 Bedroom	719 SF	51
2 Bedroom	1,037 SF	58
3 Bedroom	1,382 SF	48
4 Bedroom	1,503 SF	16
Total		173 Units

Parking Summary

Parking Required:
289 Spaces

Parking Provided:
256 Underground (6 ADA)
36 Surface Parking (3 ADA)
292 Total Provided (9 ADA)

Drawing Index:

1	Cover Sheet
2	Site Plan
3	Leasing Office Plan
4	1 Bedroom Unit Plan
5	2 Bedroom Unit Plan
6	3 Bedroom Unit Plan
7	4 Bedroom Unit Plan
8	Building Floor Plan: Level 1
9	Building Floor Plan: Level 2
10	Building Floor Plan: Level 3
11	Building Floor Plan: Level 4
12	Building Floor Plan: Level 5
13	Building Floor Plan: Level 6
14	Building Elevations
15	Building Elevations
16	Leasing Office Elevations

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Oak Creek Village Apartments

Eureka Holdings, Inc.

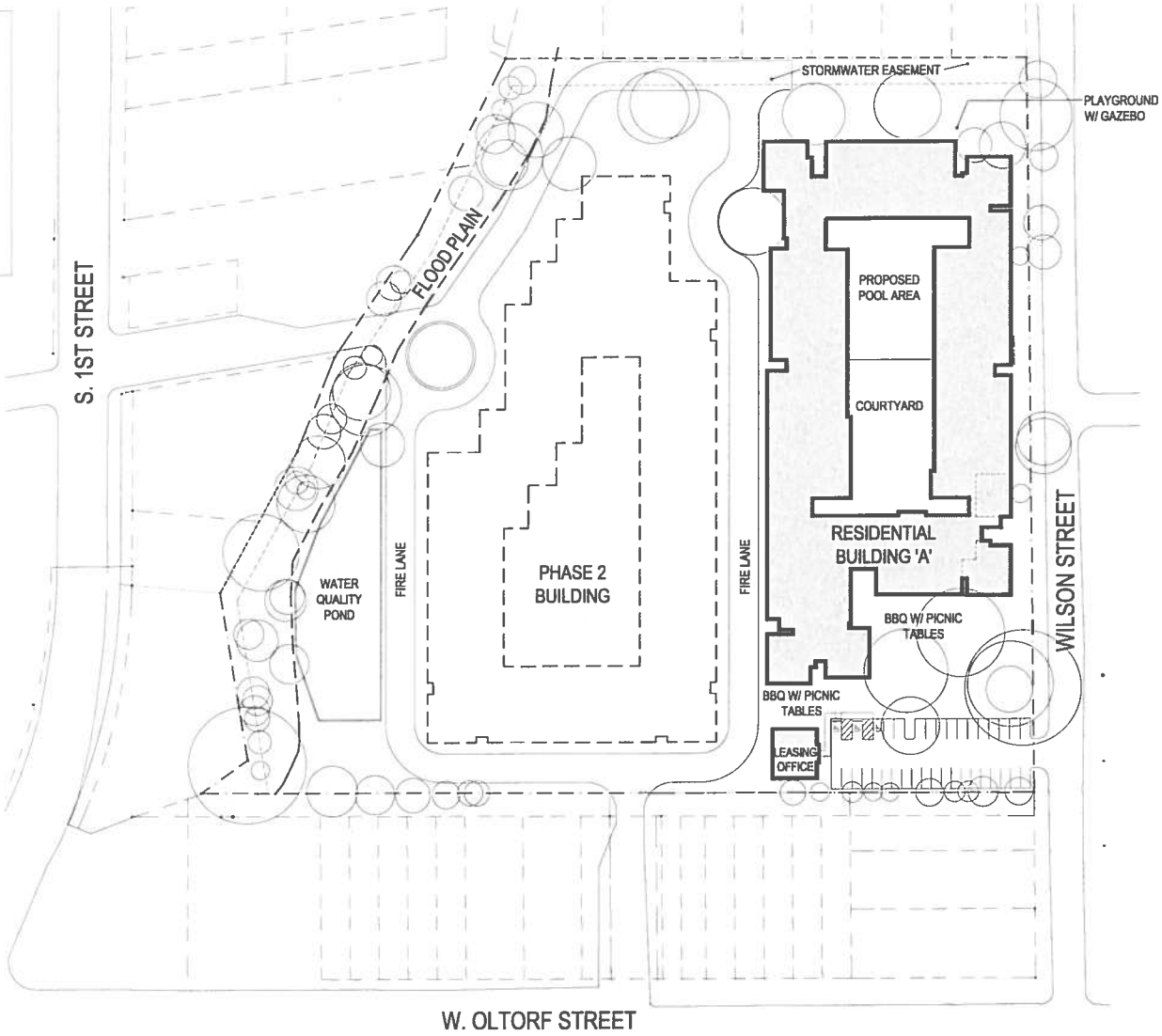
2324 Wilson Street
Austin, TX 78704

Cover Sheet

1

Unit Count Summary

Building Level	1 Bdrm.	2 Bdrm.	3 Bdrm.	4 Bdrm.	Total
Level 1	0	0	0	1	1
Level 2	0	7	6	1	14
Level 3	12	15	12	4	43
Level 4	13	15	12	4	44
Level 5	13	14	12	3	42
Level 6	13	7	6	3	29
Total	51	58	48	16	173



SITE AREA: 8.83 acres

N

01 Site Plan
SCALE: 1"=100'-0"

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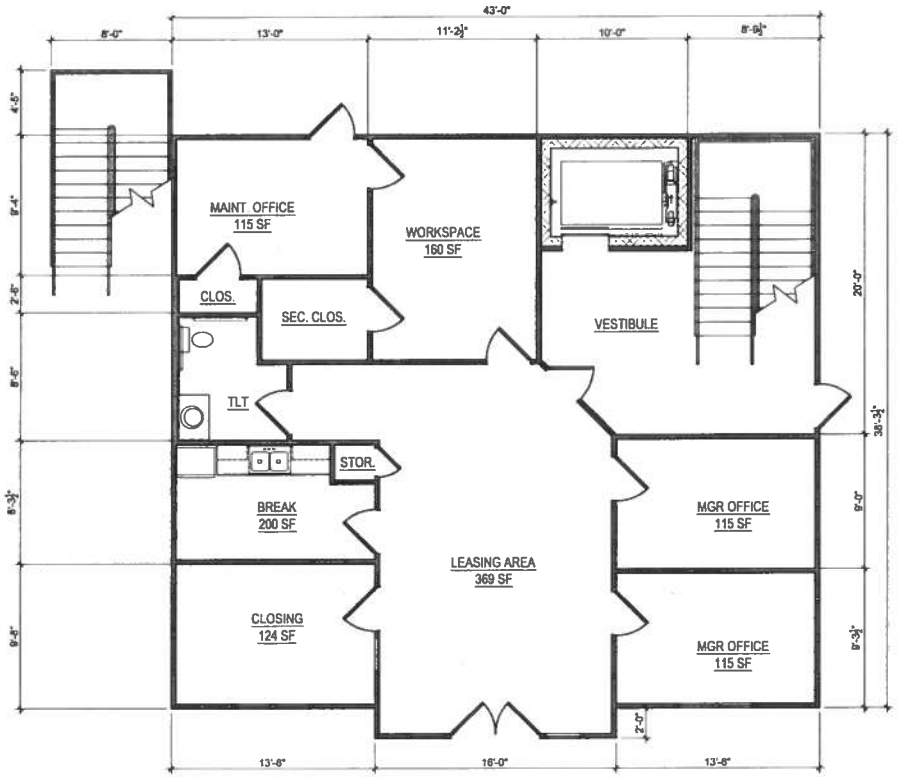
Oak Creek Village Apartments

Eureka Holdings, Inc.

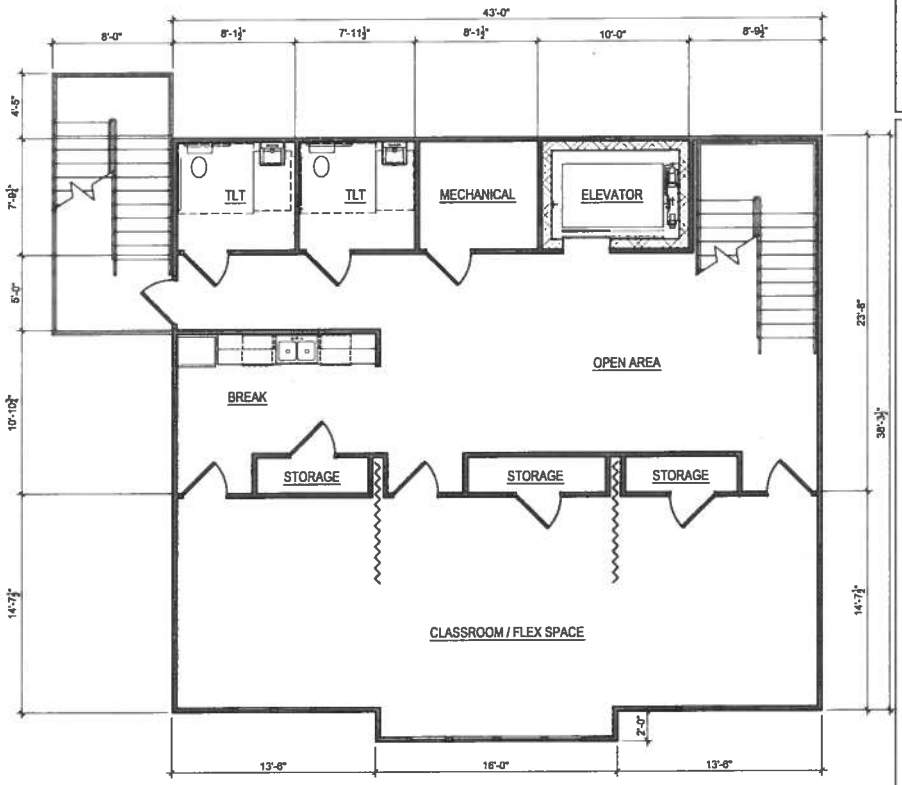
2324 Wilson Street
Austin, TX 78704

Site Plan

2



01 Leasing Office: First Floor
SCALE: 1/8"=1'-0"
1,678 SF



02 Leasing Office: Second Floor
SCALE: 1/8"=1'-0"
1,564 SF

(3,242 SF TOTAL)

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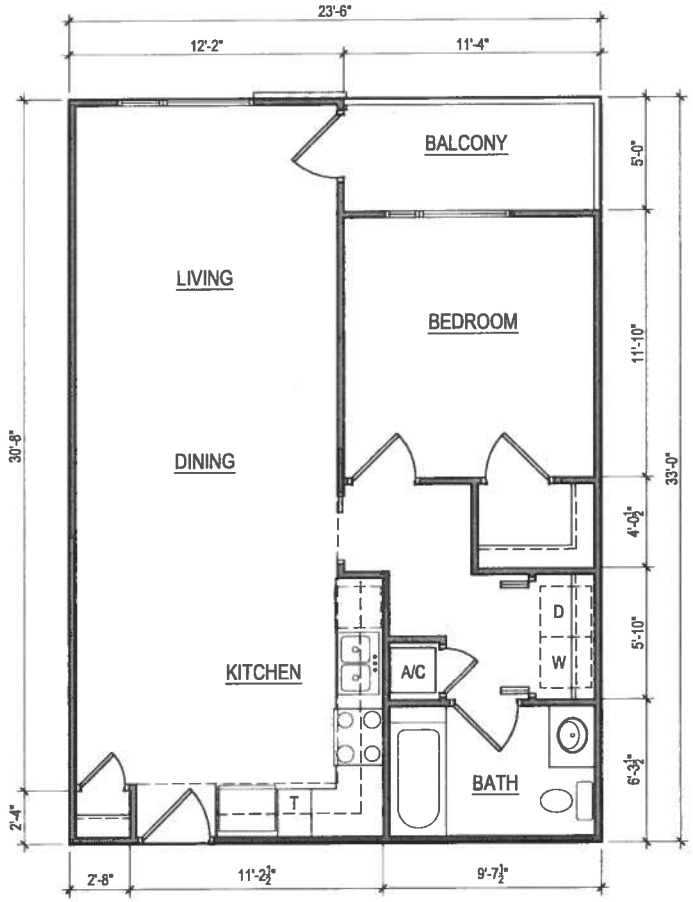
Oak Creek Village Apartments

Eureka Holdings, Inc.
2324 Wilson Street
Austin, TX 78704

Leasing Office

3



1 **1 BEDROOM** 719 sq.ft.

SCALE: 3/16"=1'-0"

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Oak Creek Village Apartments

Eureka Holdings, Inc.

2324 Wilson Street
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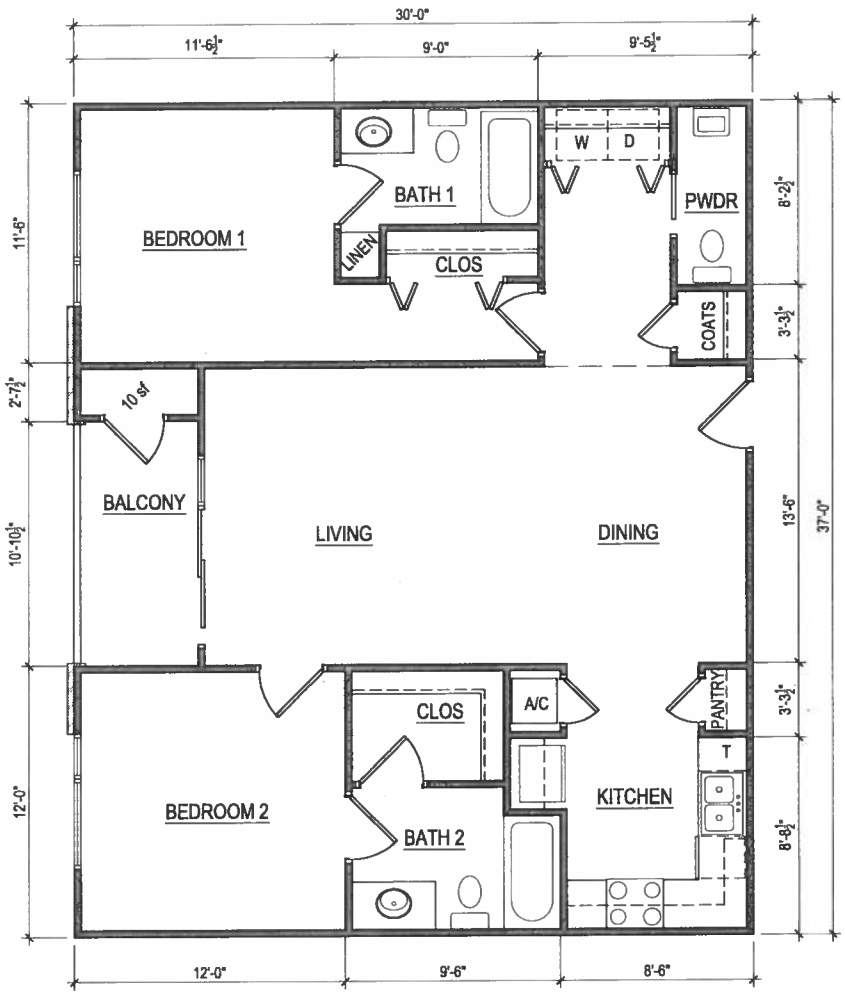
1 Bdrm. Unit

4



2 **2 BEDROOM** 1037 sq.ft.

SCALE: 3/16"=1'-0"

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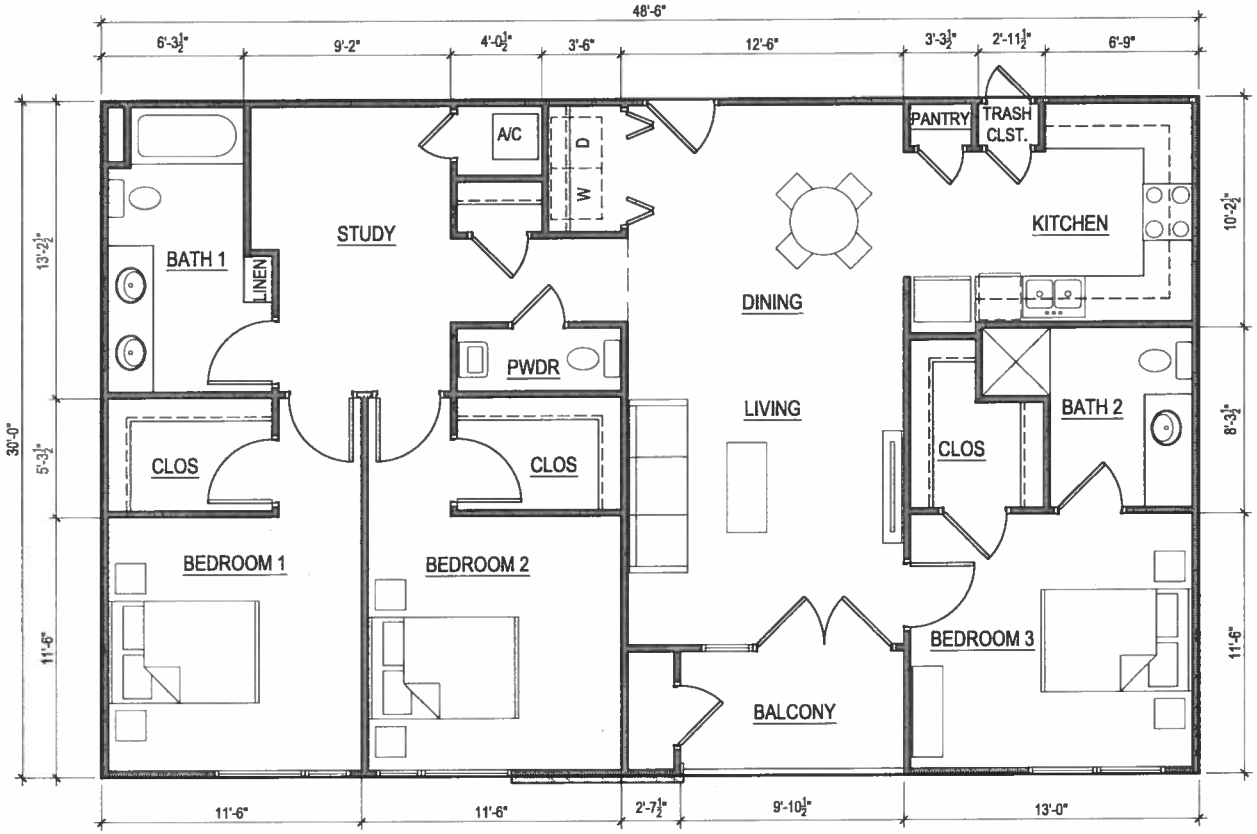
Oak Creek Village Apartments

Eureka Holdings, Inc.
2324 Wilson Street
Austin, TX 78704

2 Bdrm. Unit

5



3 **3 BEDROOM** 1382 sq.ft.

SCALE: 3/16"=1'-0"

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Oak Creek Village Apartments

Eureka Holdings, Inc.

2324 Wilson Street
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3 Bdrm. Unit

4 **4 BEDROOM** 1503 sq.ft.

SCALE: 3/16"=1'-0"

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Oak Creek Village Apartments

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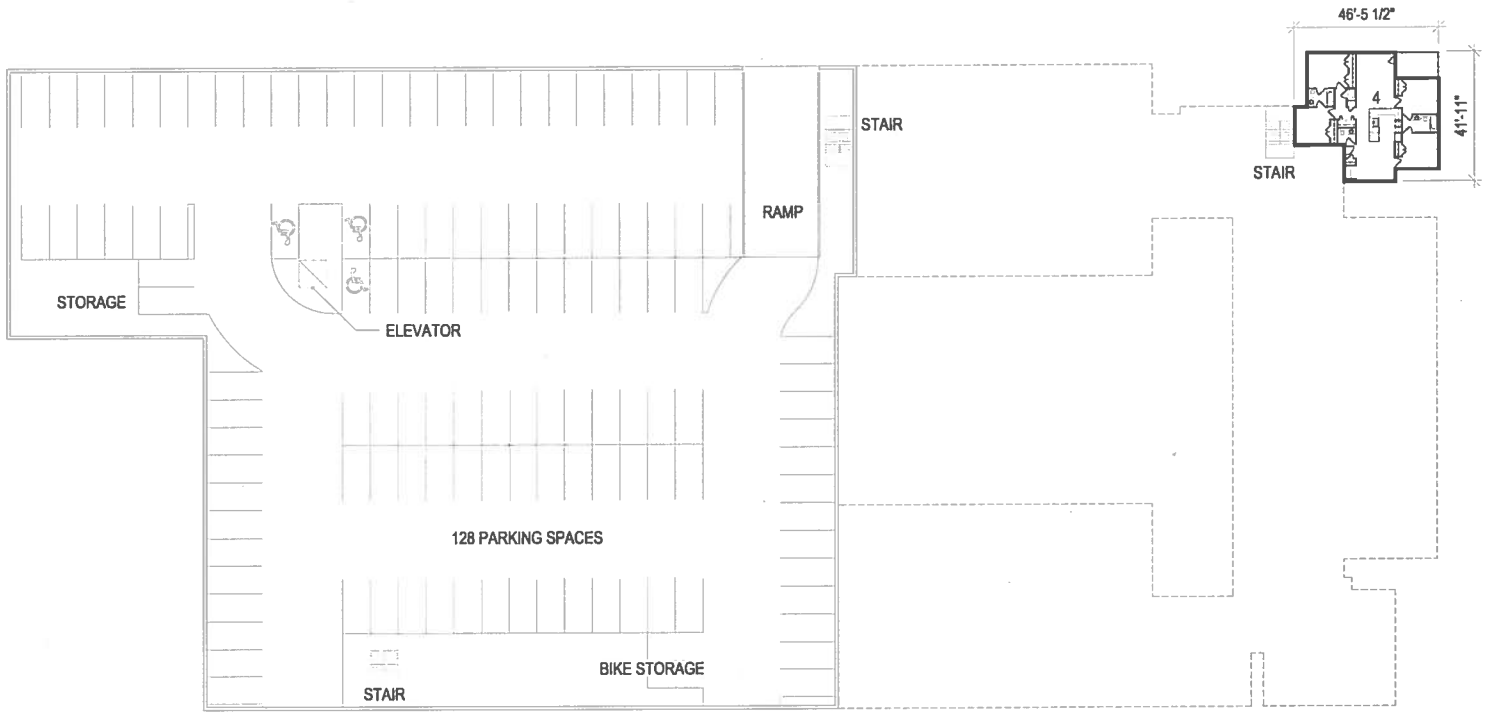
4 Bdrm. Unit



Unit Count Summary: Level 1

Unit Type	Unit Size	Quantity
1 Bedroom	719 SF	0
2 Bedroom	1,037 SF	0
3 Bedroom	1,382 SF	0
4 Bedroom	1,503 SF	1
Total		1

01 Building Plan: Level 1
SCALE: 1"=40'-0"

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Oak Creek Village Apartments

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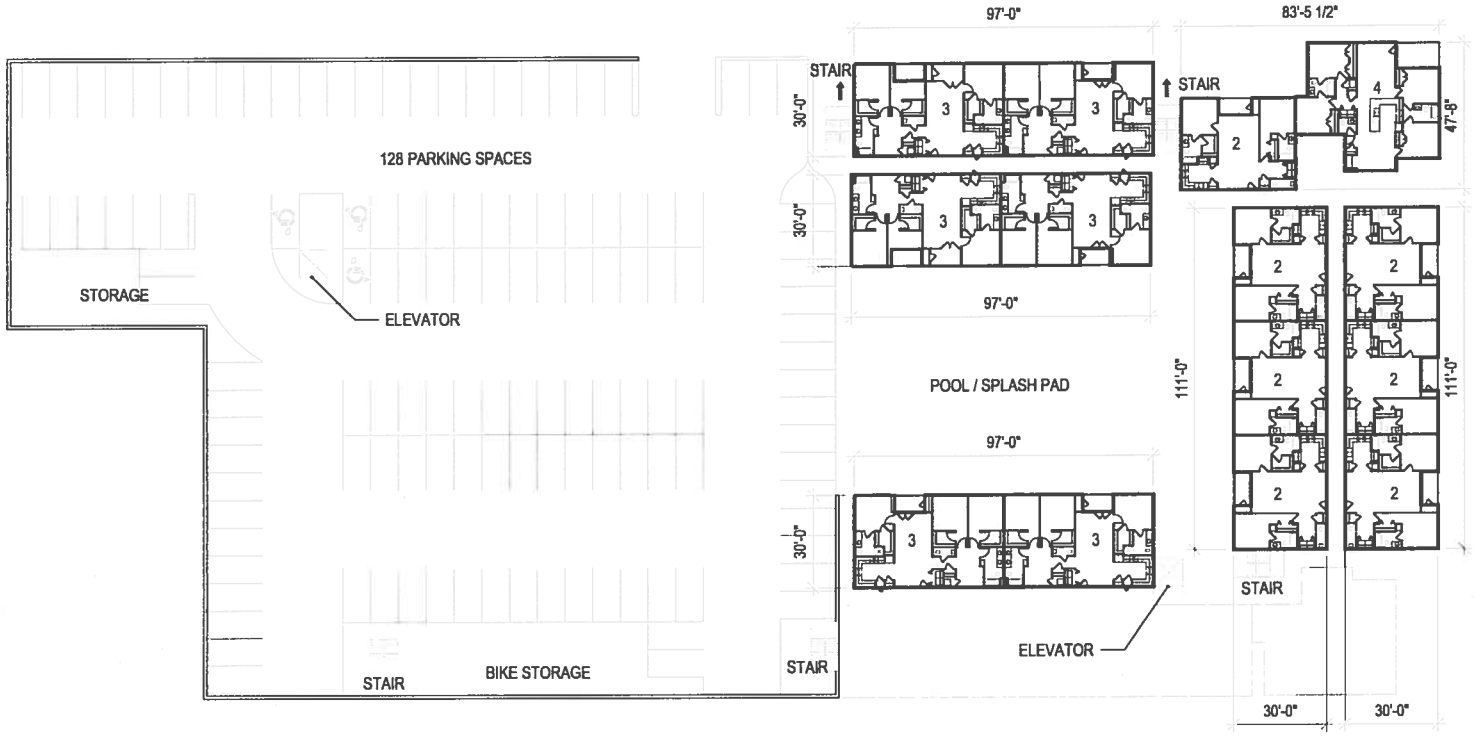
Austin, TX 78704

Building Plan
Level 1



Unit Count Summary: Level 2

Unit Type	Unit Size	Quantity
1 Bedroom	719 SF	0
2 Bedroom	1,037 SF	7
3 Bedroom	1,382 SF	6
4 Bedroom	1,503 SF	1
Total		14

02 Building Plan: Level 2
SCALE: 1"=40'-0"

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Oak Creek Village Apartments

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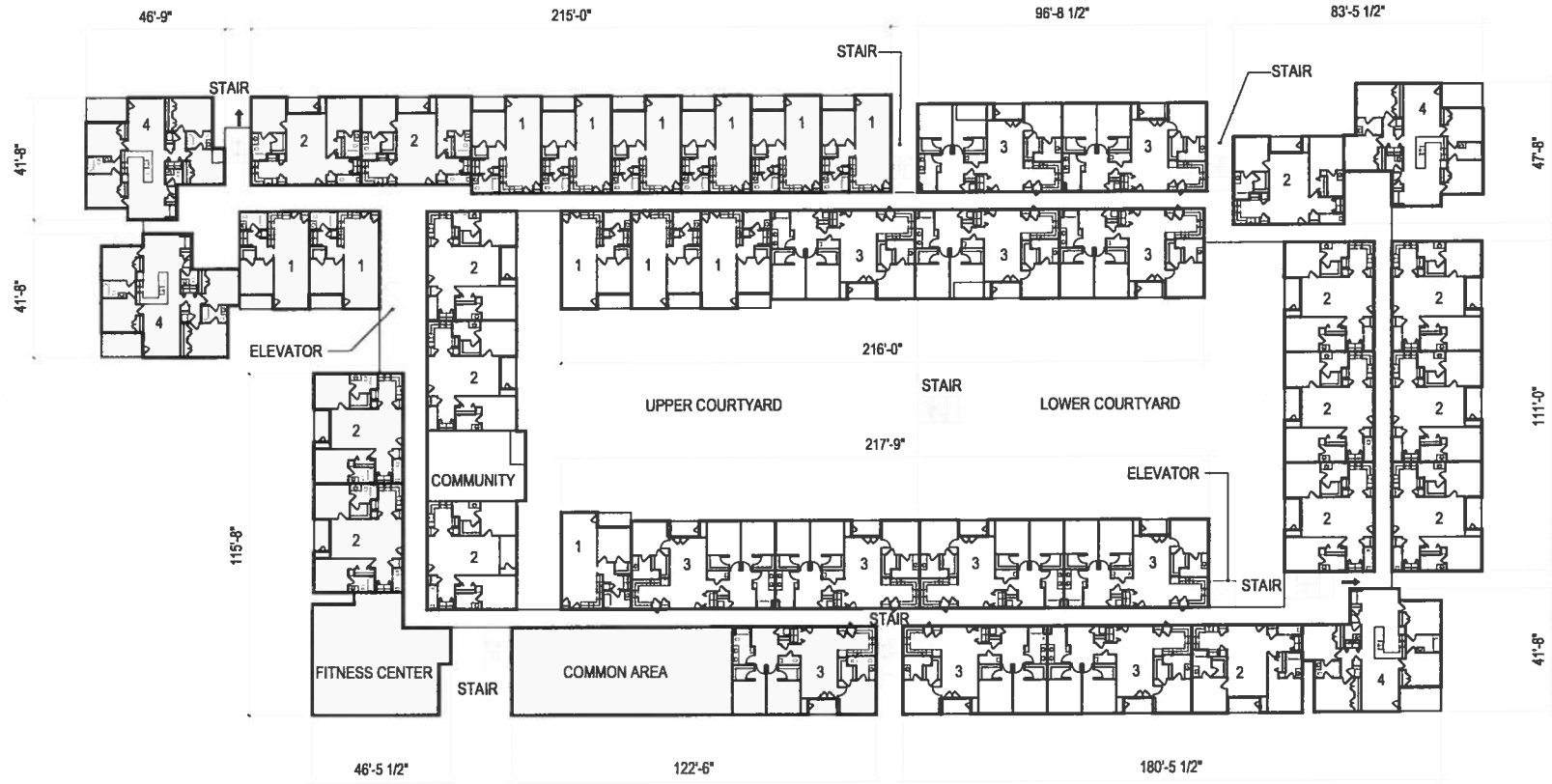
Austin, TX 78704

Building Plan
Level 2



Unit Count Summary: Level 3

Unit Type	Unit Size	Quantity
1 Bedroom	719 SF	12
2 Bedroom	1,037 SF	15
3 Bedroom	1,382 SF	12
4 Bedroom	1,503 SF	4
Total		43

03 Building Plan: Level 3
SCALE: 1"=40'-0"

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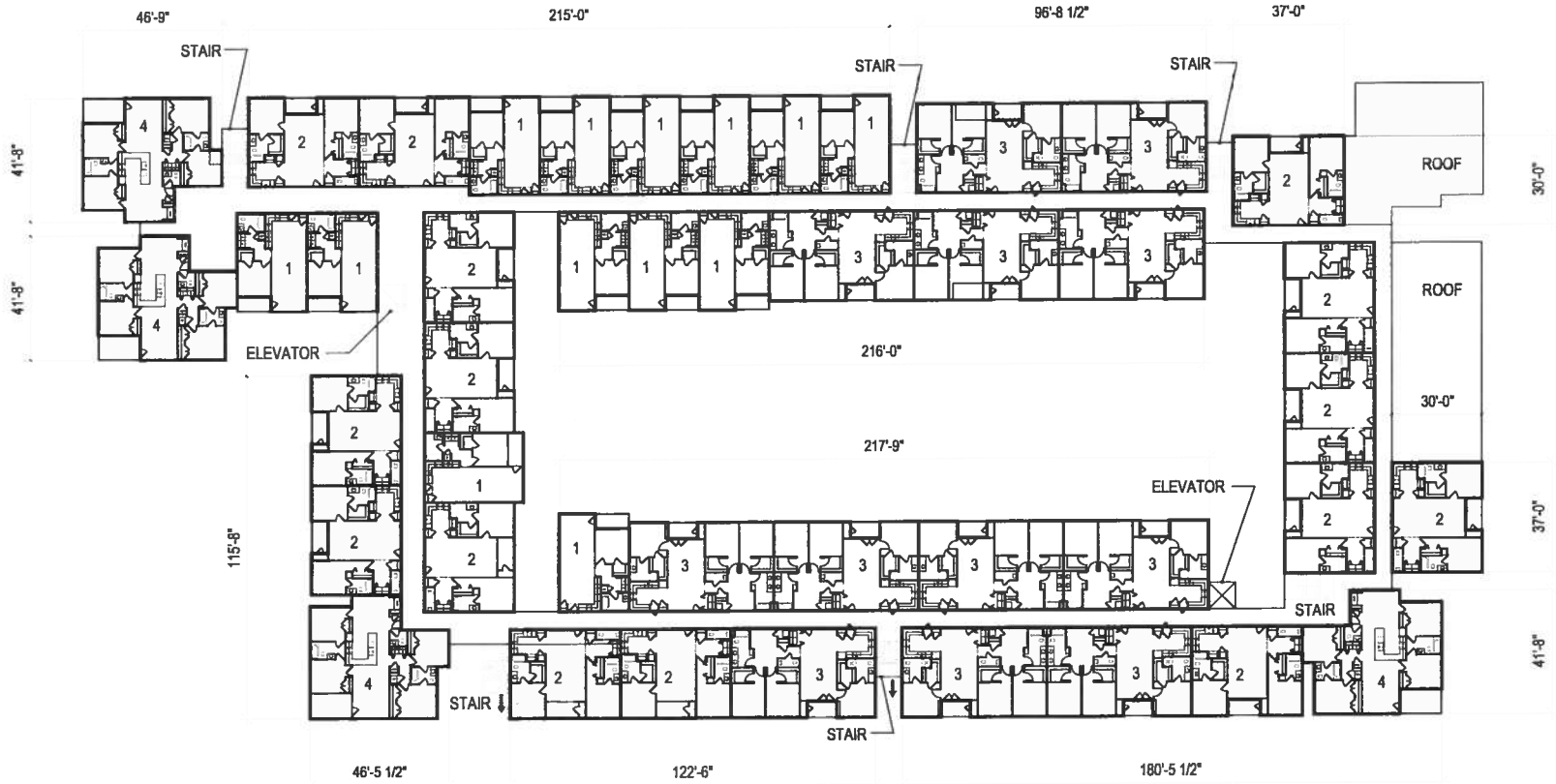
Oak Creek Village Apartments

Eureka Holdings, Inc.
2324 Wilson Street
Austin, TX 78704

Building Plan
Level 3



Unit Count Summary: Level 4

Unit Type	Unit Size	Quantity
1 Bedroom	719 SF	13
2 Bedroom	1,037 SF	15
3 Bedroom	1,382 SF	12
4 Bedroom	1,503 SF	4
Total		44

04 Building Plan: Level 4
SCALE: 1"=40'-0"

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Oak Creek Village Apartments

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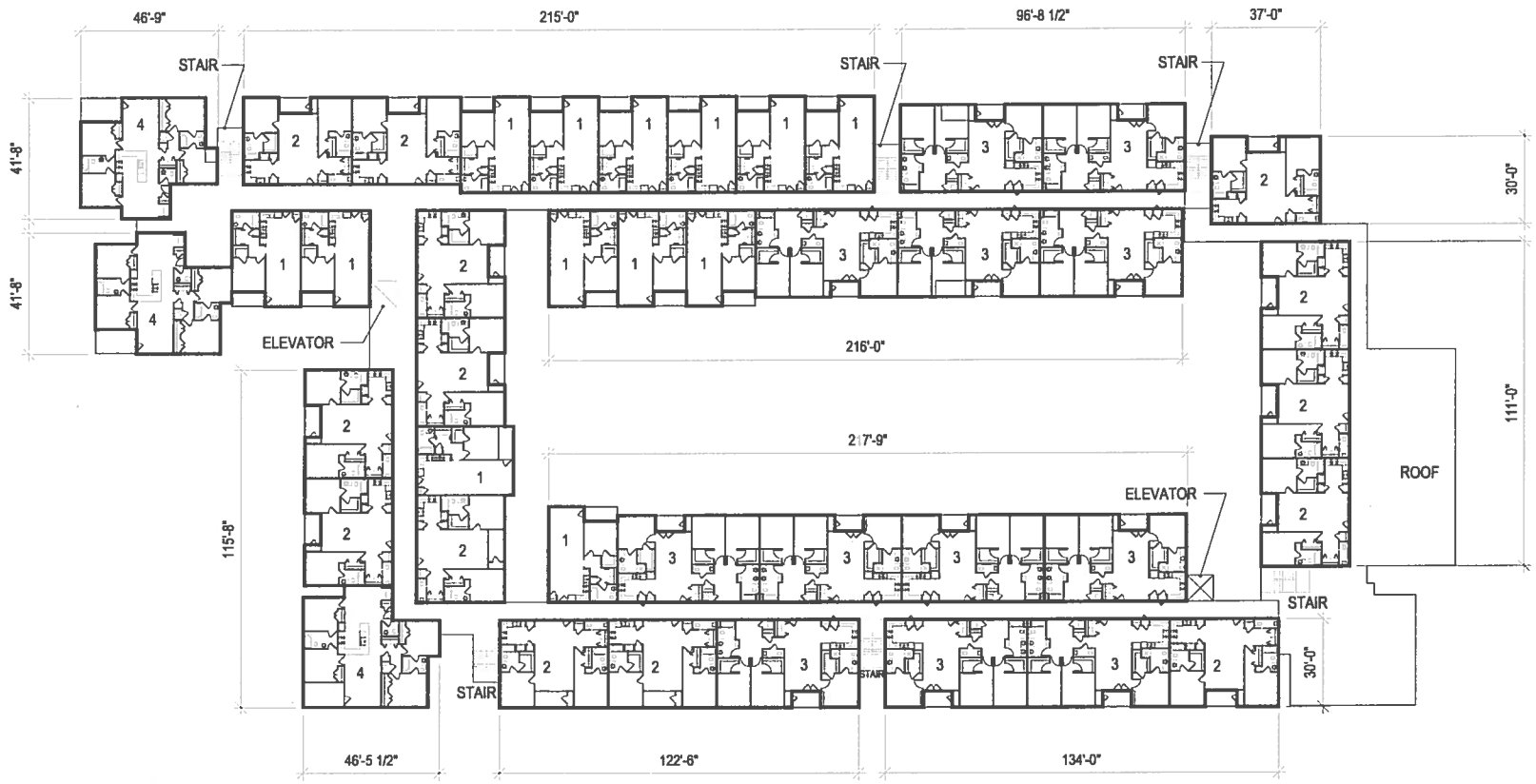
Building Plan
Level 4



Unit Count Summary: Level 5

Unit Type	Unit Size	Quantity
1 Bedroom	719 SF	13
2 Bedroom	1,037 SF	14
3 Bedroom	1,382 SF	12
4 Bedroom	1,503 SF	3
Total		42

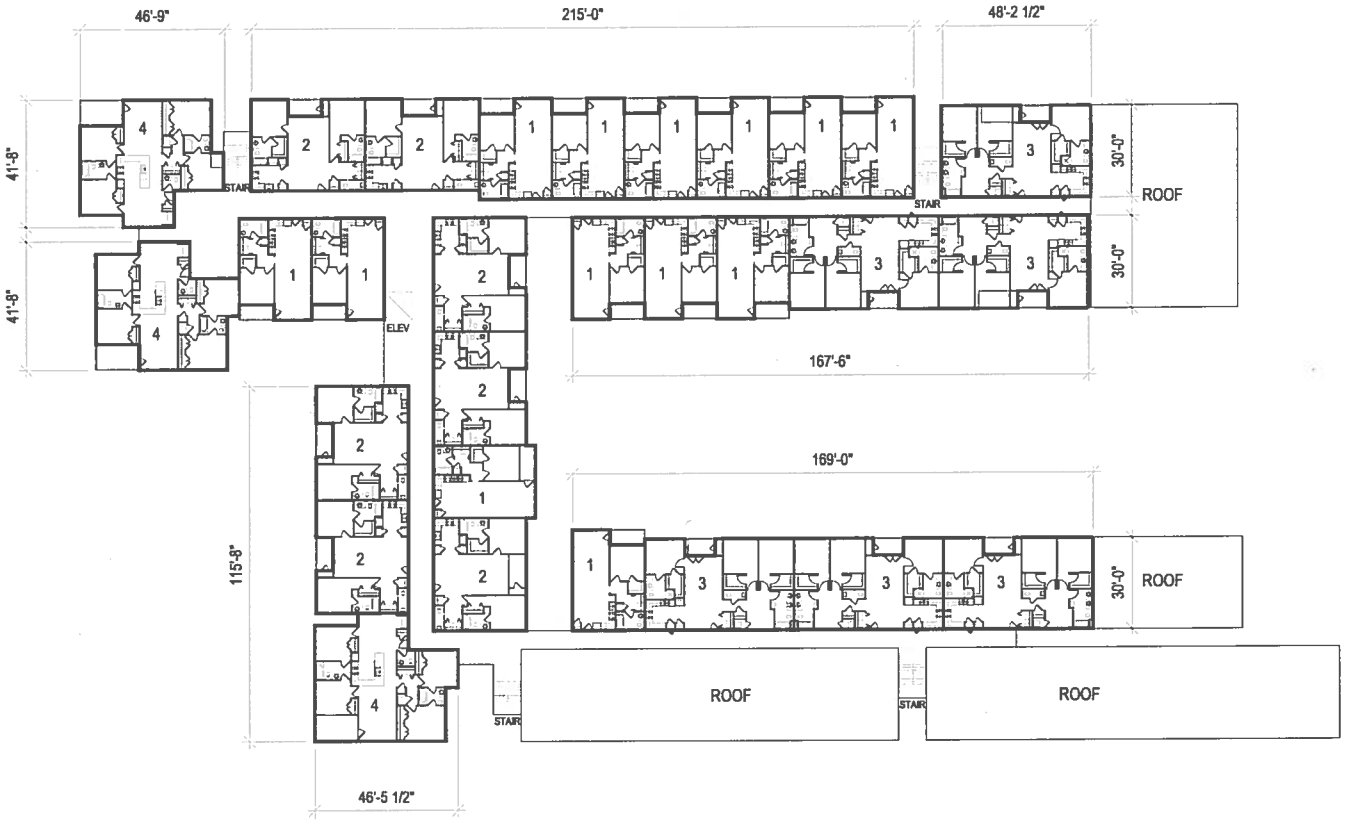
05 Building Plan: Level 5
SCALE: 1"=40'-0"

hatch + uland owen architects
702 San Antonio Street
Austin, Texas 78701
T: 512.474.8548
F: 512.474.8643
www.huoarchitects.com

Oak Creek Village Apartments

Eureka Holdings, Inc.
2324 Wilson Street
Austin, TX 78704

Building Plan
Level 5



Unit Count Summary: Level 6

Unit Type	Unit Size	Quantity
1 Bedroom	719 SF	13
2 Bedroom	1,037 SF	7
3 Bedroom	1,382 SF	6
4 Bedroom	1,503 SF	3
Total		29

06 Building Plan: Level 6
SCALE: 1"=40'-0"

hatch + uland owen
architects
702 San Antonio Street
Austin, Texas 78701
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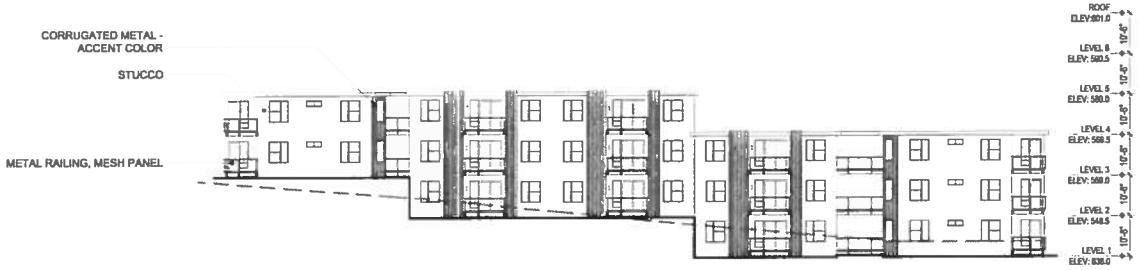
www.huparchitects.com

Oak Creek Village Apartments

Eureka Holdings, Inc.
2324 Wilson Street
Austin, TX 78704

Building Plan
Level 6

01 Wilson Street (East) Elevation
SCALE: 1/32" = 1'-0"



02 North Elevation
SCALE: 1/32" = 1'-0"

Note:
Exterior materials are 81% masonry
Roof Pitch = 1:12

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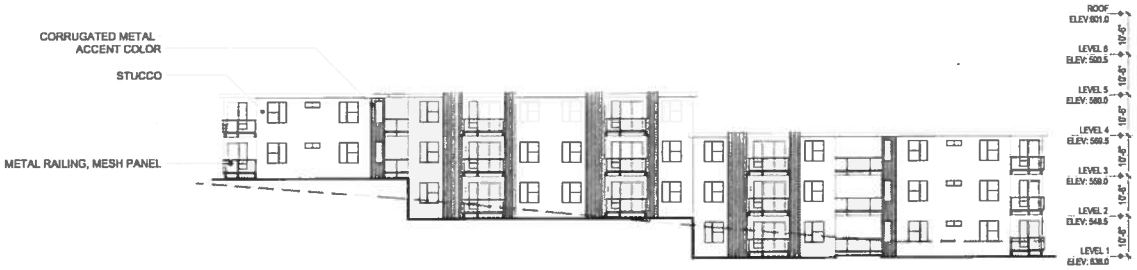
Oak Creek Village Apartments

Eureka Holdings, Inc.
2324 Wilson Street
Austin, TX 78704

BUILDING ELEVATIONS

01 Wilson Street (East) Elevation
SCALE: 1/32" = 1'-0"



02 North Elevation
SCALE: 1/32" = 1'-0"

Note:
Exterior materials are 81% masonry
Roof Pitch = 1:12

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702 San Antonio Street
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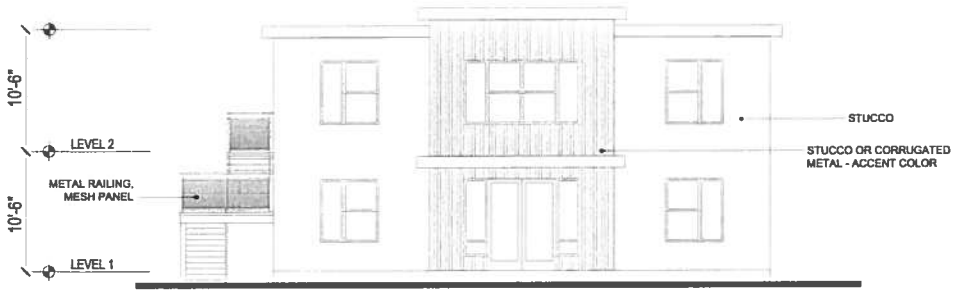
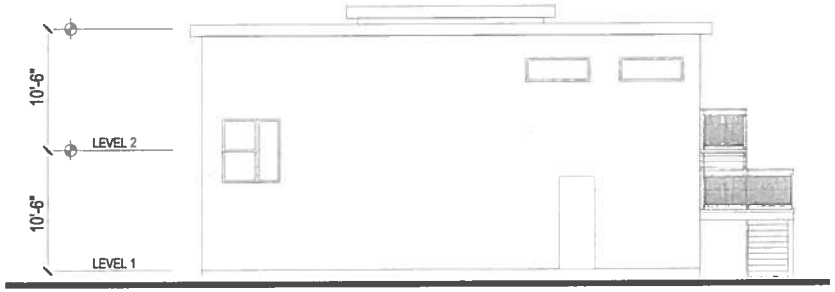
Oak Creek Village Apartments

Eureka Holdings, Inc.
2324 Wilson Street
Austin, TX 78704

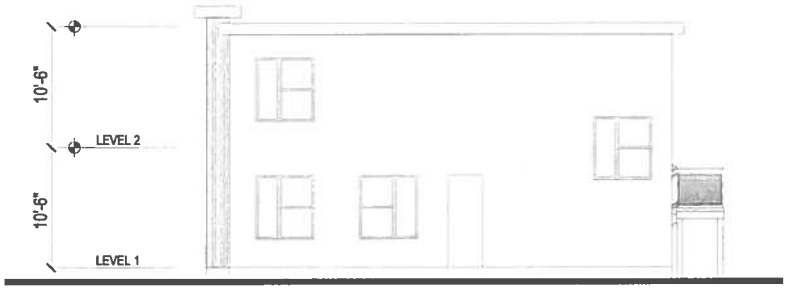
BUILDING ELEVATIONS



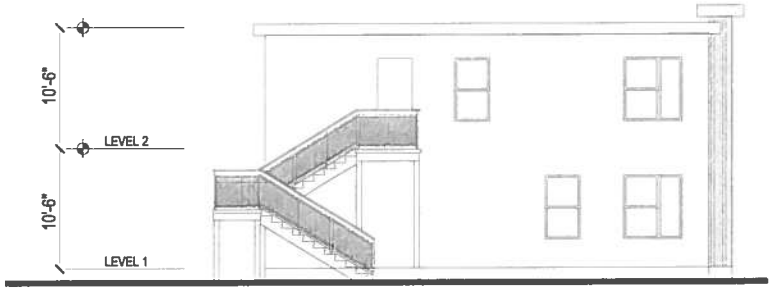
01 Wilson Street (East) Elevation
SCALE: 3/32" = 1'-0"



02 West Elevation
SCALE: 3/32" = 1'-0"



03 North Elevation
SCALE: 3/32" = 1'-0"



04 South Elevation
SCALE: 3/32" = 1'-0"

Note:
Exterior materials are 81% masonry
Roof Pitch = 1:12

hatch + uliand owen
architects
702 San Antonio Street
Austin, Texas 78701
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Oak Creek Village Apartments

Eureka Holdings, Inc.
2324 Wilson Street
Austin, TX 78704

LEASING CENTER ELEVATIONS

20 Building Unit Configuration

BUILDING/UNIT TYPE CONFIGURATION

Unit types should be entered from smallest to largest based on "# of Bedrooms" and "Sq. Ft. Per Unit." "Unit Label" should correspond to the unit label or name used on the unit floor plan. "Building Label" should conform to the building label or name on the building floor plan. The total number of units per unit type and totals for "Total # of Units" and "Total Sq Ft. for Unit Type" should match the rent schedule and site plan. If additional building types are needed, they are available by un-hiding columns Q through AA.

Specifications and Amenities

Building Configuration (Check all that apply):		Single Family Construction		SRO		Transitional (per §42(i)(3)(B))		Duplex
		Scattered Site		Fourplex	X	> 4 Units Per Building		Townhome
Development will have (check all that apply):	X	Fire Sprinklers	X	Elevators	3	# of Elevators	3500	Wt. Capacity

Duplex
Townhome

Parking (consistent with Architectural Drawings):		Number of Shed or Flat Roof Carport Spaces		*Number of Detached Garage Spaces*
		Number of Attached Garage Spaces	36	*Number of Uncovered Spaces*
	254	Number of Structured Parking Garage Spaces		
Floor & Wall Compositions:	36	% Carpet/Vinyl/Resilient Flooring	9	*Ft. Ceilings*
	12	% Ceramic Tile		
	52	% other *Describe:* Vinyl Plank (36% above is JUST carpet in bedrooms)		

Building Label	A	**Total # of Residential Buildings**	
Number of Stories	5		
Number of Buildings	1	1	

Unit Label	# of Bedrooms	# of Baths	Sq. Ft. Per Unit	Number of Units Per Building: A	Total # of Units	Total Sq Ft for Unit Type
1	1	1	719	51	51	36,669
2	2	2.5	1,037	58	58	60,146
3	3	2.5	1,382	48	48	66,336
4	4	2.5	1,503	16	16	24,048
					-	-
					-	-
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Totals				173	173	187,199

Totals for the remaining 20 building columns: -

Net Rentable Square Footage from Rent Schedule 187,199

	A																					Total
Interior Corridors (elevator served, Supp. Hsg. [see QAP §11.9(e)(2)])																						
Total Interior Corridor Per Building Label	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-
Common Area (Supportive Housing buildings [see QAP §11.9(e)(2)])																						-
Total Common Area Per Building Label	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-

Total square footage outside NRA -

Total Common Area used in Cost per Square Foot calculation for Supportive Housing Developments -

21 Rent Schedule

Rent Schedule

Self Score Total: **104**

Private Activity Bond Priority (For Tax-Exempt Bond Developments ONLY): ____________________

Unit types must be entered from smallest to largest based on "# of Bedrooms" and "Unit Size", then within the same "# of Bedrooms" and "Unit Size" from lowest to highest "Rent Collected/Unit".

HTC Unit Designation	HOME Unit Designation (Rent/Inc)	HTF Unit Designation	MRB Unit Designation	Other Designation/Subsidy	# of Units	# of Bedrooms	# of Baths	Unit Size (Net Rentable Sq. Ft.)	Total Net Rentable Sq. Ft.	Program Rent Limit	Tenant Paid Utility Allow.	Rent Collected /Unit	Total Monthly Rent
					(A)			(B)	(A) x (B)			(E)	(A) x (E)
TC30%				HAP Contract	5	1	1.0	719	3,595	412	75	750	3,750
TC50%				HAP Contract	21	1	1.0	719	15,099	686	75	750	15,750
TC60%				HAP Contract	22	1	1.0	719	15,818	824	75	750	16,500
TC60%					3	1	1.0	719	2,157	824	75	749	2,247
TC30%				HAP Contract	8	2	2.0	1037	8,296	494	96	920	7,360
TC50%				HAP Contract	21	2	2.0	1037	21,777	823	96	920	19,320
TC60%				HAP Contract	29	2	2.0	1037	30,073	988	96	920	26,680
									0				-
TC30%				HAP Contract	4	3	2.5	1382	5,528	571	123	1,120	4,480
TC50%				HAP Contract	23	3	2.5	1382	31,786	951	123	1,120	25,760
TC60%				HAP Contract	21	3	2.5	1382	29,022	1,142	123	1,120	23,520
									0				-
TC30%				HAP Contract	1	4	2.5	1503	1,503	637	156	1,275	1,275
TC50%				HAP Contract	5	4	2.5	1503	7,515	1,062	156	1,275	6,375
TC60%				HAP Contract	10	4	2.5	1503	15,030	1,275	156	1,275	12,750
									0				-
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				TOTAL	173				187,199				165,767

Non Rental Income	$3.58	per unit/month for:	*Late Charges*	619
Non Rental Income	6.66	per unit/month for:	*Laundry/Vending, cleaning & damages*	1,152
Non Rental Income	0.00	per unit/month for:		
+ TOTAL NONRENTAL INCOME	**$10.24**	per unit/month		1,771
= POTENTIAL GROSS MONTHLY INCOME				167,538
- Provision for Vacancy & Collection Loss			% of Potential Gross Income: 7.50%	12,565
- Rental Concessions				
= EFFECTIVE GROSS MONTHLY INCOME				154,973
x 12 = EFFECTIVE GROSS ANNUAL INCOME				1,859,676

Rent Schedule (Continued)

		% of LI	% of Total	
HOUSING TAX CREDITS	TC30%	10%	10%	18
	TC40%			0
	TC50%	40%	40%	70
	TC60%	49%	49%	85
	HTC LI Total			173
	EO			0
	MR			0
	MR Total			0
	Total Units			173
MORTGAGE REVENUE BOND	MRB30%			0
	MRB40%			0
	MRB50%			0
	MRB60%			0
	MRB LI Total			0
	MRBMR			0
	MRBMR Total			0
	MRB Total			0

		% of LI	% of Total	
HOUSING TRUST FUND	HTF30%			0
	HTF40%			0
	HTF50%			0
	HTF60%			0
	HTF80%			0
	HTF LI Total			0
	MR			0
	MR Total			0
	HTF Total			0
HOME	30%			0
	LH/50%			0
	HH/60%			0
	HH/80%			0
	HOME LI Total			0
	EO			0
	MR			0
	MR Total			0
	HOME Total			0
OTHER	Total OT Units			170

BEDROOMS	0	0
	1	51
	2	58
	3	48
	4	16
	5	0

Cost Per Square Foot Table	Development is Rehabilitation			No	Cost Per Sq. Ft. = N/A
	If No above Development is elevator served, supportive housing, or SF/Elderly			Yes	
	If not "Rehabilitation," select "Yes" if the Development is one of the following:				
(Building Costs)	Elevator served	Supportive Housing	Elderly or Single Family		
	yes	No	No	If "Yes" above, these elections do not apply. See manual for instructions.	
$ 12,699,734	Cost Per Sq. Ft. =	Cost Per Sq. Ft =	Cost Per Sq. Ft. =		
	$ 67.84	N/A	N/A		
					Cost Per Sq. Ft. = N/A

22 Utility Allowance

Utility Allowances

Applicant must attach to this form documentation from the source of the "Utility Allowance" estimate used in completing the Rent Schedule provided in the Application Packet. This exhibit must clearly indicate which utility costs are included in the estimate.

Note: If more than one entity (Sec. 8 administrator, public housing authority) is responsible for setting the utility allowance(s) in the area of the development location, then the selected utility allowance must be the one which most closely reflects the actual expenses.

If an independent utility cost evaluation is conducted it must include confirming documentation from all the relevant utility providers.

If other reductions to the tenant rent is required such as the cost of flood insurance for the tenant's contents, documentation for these reductions to gross rent should also be attached.

Utility	Who Pays	*Energy Source*	0BR	1BR	2BR	3BR	4BR	*Source of Utility Allowance & Effective*
Heating	Tenant	Electric		$ 10	$ 17	$ 21	$ 26	Austin Housing Authority
Cooking	Tenant	Electric		$ 6	$ 8	$ 10	$ 13	Multi-Family Elevator
Other Electric	Tenant			$ 30	$ 34	$ 39	$ 47	Reviewed December 2011
Air Conditioning	Tenant	Electric		$ 11	$ 15	$ 23	$ 32	
Water Heater	Tenant	Electric		$ 18	$ 22	$ 30	$ 38	
Water	Landlord							
Sewer	Landlord							
Trash	Landlord							
flat fee								
other								
Totals			$ -	$ 75	$ 96	$ 123	$ 156	

Other (Describe)

US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
SECTION 8 EXISTING HOUSING ALLOWANCES FOR
TENANT-FURNISHED UTILITIES AND OTHER SERVICES

DATE
Reviewed December 2011

LOCALITY **AUSTIN HOUSING AUTHORITY**

UNIT TYPE **Multi-Family Elevator**

UTILITY OR SERVICE	MONTHLY DOLLAR ALLOWANCES					
	0 -BR	**1-BR**	**2-BR**	**3-BR**	**4-BR**	**5-BR**
Heating a. Natural Gas	**$4**	**$5**	**$6**	**$8**	**$9**	**$11**
b. Electric	**$6**	**$10**	**$17**	**$21**	**$26**	**$30**
Air Conditioning	**$8**	**$11**	**$15**	**$23**	**$32**	**$37**
Cooking a. Natural Gas	**$3**	**$3**	**$4**	**$5**	**$6**	**$8**
b. Electric	**$3**	**$6**	**$8**	**$10**	**$13**	**$14**
Other Electric (electric lighting, refrigerator, fan, etc.)	**$25**	**$30**	**$34**	**$39**	**$47**	**$54**
Monthly Base Gas Charge	**$10**	**$10**	**$10**	**$10**	**$10**	**$10**
Water Heating a. Natural Gas	**$6**	**$8**	**$9**	**$12**	**$14**	**$16**
b. Electric	**$10**	**$18**	**$22**	**$30**	**$38**	**$46**
Water (Average)	**$16**	**$24**	**$28**	**$40**	**$49**	**$61**
Sewer (Average)	**$17**	**$32**	**$40**	**$63**	**$79**	**$102**
Trash Collection	**$6**	**$6**	**$6**	**$6**	**$6**	**$6**
Range	**$8**	**$8**	**$8**	**$8**	**$8**	**$8**
Refrigerator	**$10**	**$10**	**$10**	**$10**	**$10**	**$10**

Discounts: Qualifying customers certified by the City of Austin Utility Company may be eligible for the waiver of the monthly base charge. To qualify, the customers must be 65 years of age or older with total household income of $10,000 or less per year, provided that the service account is individually metered and in the customer's name.
CITY OF AUSTIN DISCOUNT: $ 6.00 MONTHLY

Actual family allowances: (to be used by family to complete allowance. Complete below for actual unit rented)	UTILITY OR SERVICE	PER MONTH
NAME OF FAMILY	HEATING	
	AIR CONDITIONING	
ADDRESS OF UNIT	COOKING	
	OTHER ELECTRIC	
	WATER HEATING	
	WATER	
	SEWER	
	TRASH COLLECTION	
	RANGE	
NUMBER OF BEDROOMS	REFRIGERATOR	
	TOTAL	

Form: 017 utility chart-B.doc

23 Annual Operating Expenses

ANNUAL OPERATING EXPENSES

General & Administrative Expenses				
Accounting		$	10,500.00	
Advertising		$	1,000.00	
Legal fees		$	17,000.00	
Leased equipment		$	3,600.00	
Postage & office supplies		$	3,600.00	
Telephone		$	7,200.00	
Other		$		
Other		$		
Total General & Administrative Expenses:				$ 42,900.00
Management Fee:	Percent of Effective Gross Income:		5.00%	$ 93,000.00
Payroll, Payroll Tax & Employee Benefits				
Management		$	87,500.00	
Maintenance		$	46,500.00	
Other	*Benefits and Taxes*	$	30,032.00	
Other				
Total Payroll, Payroll Tax & Employee Benefits:				$ 164,032.00
Repairs & Maintenance				
Elevator		$	9,000.00	
Exterminating		$	7,548.00	
Grounds		$	16,928.00	
Make-ready		$	33,707.00	
Repairs		$	27,539.00	
Pool		$	10,000.00	
Other		$		
Other		$		
Total Repairs & Maintenance:				$ 104,722.00
Utilities (Enter Development Owner expense)				
Electric		$	60,000.00	
Natural gas		$		
Trash		$	33,600.00	
Water & sewer		$	97,000.00	
Other	*Describe*	$		
Other	*Describe*	$		
Total Utilities:				$ 190,600.00
Annual Property Insurance:	Rate per net rentable square foot:	$	0.24	$ 45,798.00
Property Taxes:				
Published Capitalization Rate: 9.00%	Source: Travis CAD			
Annual Property Taxes:		$	243,080.00	
Payments in Lieu of Taxes:		$		
Other Taxes		$		
Other Taxes	*Describe*	$		
Total Property Taxes:				$ 243,080.00
Reserve for Replacements:	Annual reserves per unit:	$	250.00	$ 43,250.00
Other Expenses				
Cable TV		$		
Supportive service contract fees		$		
TDHCA Compliance fees		$	6,920.00	
TDHCA Bond Administration Fees (TDHCA as Bond Issuer Only)		$		
Security		$	21,000.00	
Other	*Describe*	$		
Other	*Describe*	$		
Total Other Expenses:				$ 27,920.00
TOTAL ANNUAL EXPENSES	Expense per unit:	$	5521.98	$ 955,302.00
	Expense to Income Ratio:		**51.37%**	
NET OPERATING INCOME (before debt service)				$ 904,374.35
Annual Debt Service				
Capital One		$	723,499.48	
Describe Source		$		
Describe Source		$		
Describe Source		$		
TOTAL ANNUAL DEBT SERVICE	Debt Coverage Ratio:		1.25	$ 723,499.48
NET CASH FLOW				$ 180,874.87

24 Proforma

15 Year Rental Housing Operating Proforma

All Programs Must Complete the following:

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of rental income and expenses), and principal and interest debt service. The Department currently considers an annual growth rate of 2% for income and 3% for expenses to be reasonably conservative estimates. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

INCOME	LEASE-UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
POTENTIAL GROSS ANNUAL RENTAL INCOME		$1,989,204	$2,028,988	$2,069,568	$2,110,959	$2,153,178	$2,377,283	$2,624,712
Secondary Income		$ 21,256.92	$ 21,682.06	$ 22,115.70	$ 22,558.01	$ 23,009.17	$ 25,403.99	$ 28,048.05
POTENTIAL GROSS ANNUAL INCOME	$0	$2,010,461	$2,050,670	$2,091,684	$2,133,517	$2,176,188	$2,402,687	$2,652,760
Provision for Vacancy & Collection Loss		$ 150,784.57	$ 153,800.26	$ 156,876.27	$ 160,013.79	$ 163,214.07	$ 180,201.52	$ 198,957.04
Rental Concessions		$ -						
EFFECTIVE GROSS ANNUAL INCOME	$0	$1,859,676	$1,896,870	$1,934,807	$1,973,503	$2,012,973	$2,222,485	$2,453,803
EXPENSES								
General & Administrative Expenses		$ 42,900.00	$44,187	$45,513	$46,878	$48,284	$55,975	$64,890
Management Fee		$ 93,000.00	$ 95,790.00	$ 98,663.70	$ 101,623.61	$ 104,672.32	$ 121,343.91	$ 140,670.84
Payroll, Payroll Tax & Employee Benefits		$ 164,032.00	$ 168,952.96	$ 174,021.55	$ 179,242.20	$ 184,619.46	$ 214,024.55	$ 248,113.12
Repairs & Maintenance		$ 104,722.00	$ 107,863.66	$ 111,099.57	$ 114,432.56	$ 117,865.53	$ 136,638.46	$ 158,401.42
Electric & Gas Utilities		$ 60,000.00	$ 61,800.00	$ 63,654.00	$ 65,563.62	$ 67,530.53	$ 78,286.39	$ 90,755.38
Water, Sewer & Trash Utilities		$ 130,600.00	$ 134,518.00	$ 138,553.54	$ 142,710.15	$ 146,991.45	$ 170,403.38	$ 197,544.22
Annual Property Insurance Premiums		$ 45,798.00	$ 47,171.94	$ 48,587.10	$ 50,044.71	$ 51,546.05	$ 59,756.00	$ 69,273.58
Property Tax		$ 243,080.00	$ 250,372.40	$ 257,883.57	$ 265,620.08	$ 273,588.68	$ 317,164.27	$ 367,680.31
Reserve for Replacements		$ 43,250.00	$ 44,547.50	$ 45,883.93	$ 47,260.44	$ 48,678.26	$ 56,431.44	$ 65,419.51
Other Expenses:		$ 27,920.00	$ 28,757.60	$ 29,620.33	$ 30,508.94	$ 31,424.21	$ 36,429.27	$ 42,231.51
TOTAL ANNUAL EXPENSES	$0	$955,302	$983,961	$1,013,480	$1,043,884	$1,075,201	$1,246,452	$1,444,980
NET OPERATING INCOME	$0	$904,374	$912,909	$921,327	$929,619	$937,773	$976,033	$1,008,823
DEBT SERVICE								
		$723,499	$723,499	$723,499	$723,499	$723,499	$723,499	$723,499
Second Deed of Trust Annual Loan Payment								
Third Deed of Trust Annual Loan Payment								
Other Annual Required Payment:								
Other Annual Required Payment:								
NET CASH FLOW	$0	$180,875	$189,409	$197,828	$206,120	$214,273	$252,533	$285,324
Debt Coverage Ratio	#DIV/0!	1.25	1.26	1.27	1.28	1.30	1.35	1.39
Other (Describe)								
Other (Describe)								

By signing below I (we) are certifying that the above 15 Year pro forma has been reviewed and is acceptable. (Signature only required if using this pro forma for points under §11.9(e)(1) relating to Financial Feasibility)

Signature, Authorized Representative, Construction or Permanent Lender

2/23/13
Date

Phone: 713/899-5329

Email: john.yochum@capitalone.com

John Yochum
Printed Name

25 Offsite Cost

Offsite Cost Breakdown

This form must be submitted with the Development Cost Schedule if the development has offsite costs, whether those costs are included in the budget as a line item, embedded in the acquisition costs, or referenced in utility provider letters. Therefore, the total costs listed on this worksheet may or may not exactly correspond with those off-site costs indicated on the Development Costs Schedule. However, all costs listed here should be able to be justified in another place in the application.

Column A: The offsite activity reflected here should correspond to the offsite activity reflected in the Development Cost Schedule or other supporting documentation.

Columns B and C: *In determining actual construction cost, two different methods may be used:*

The construction costs may be broken into labor (Column B) and materials (Column C) for the activity;

OR The other method involves the use of unit price (Column B) and the number of units (Column C) data for the activity.

Column D: To arrive at total construction costs in Column D:

If based on labor and materials, add Column B and Column C together to arrive at total construction costs.

If based on unit price measures, Column B is multiplied by Column C to arrive at total construction costs.

Column E: Any proposed activity involving the acquisition of real property, easements, rights-of-way, etc., must have the projected costs of this acquisition for the activity.

Column F: Engineering/architectural costs must be broken out by the offsite work activity.

Column G: Figures for Column G, Total Activity Cost, are obtained by adding together Columns D, E, and F to get the total costs.

*****This form must be completed by a professional engineer licensed to practice in the State of Texas. His or her signature and registration seal must be on the form.*****

A.	B.	C.	D.	E.	F.	G.
Activity	**Labor or Unit Price**	**Materials or # of Units**	**Total Construction Costs**	**Acquisition Costs**	**Engineering / Architectural Costs**	**Total Activity Costs**
Utilities	$ 20,000.00	1	$ 20,000.00	$ -	$ -	$ 20,000.00
Paving	$ 35,000.00	1	$ 35,000.00	$ -	$ -	$ 35,000.00
These are included in sitework						
costs from the engineer and are not						
stand alone costs.						
Total						$ 55,000

DAVCAR ENGINEERING
REGISTRATION NO. F-3357

STATE OF TEXAS
THOMAS C. DUVALL
105971
LICENSED
PROFESSIONAL ENGINEER

02.28.13

Signature of Registered Engineer responsible for Budget Justification

THOMAS DUVALL, PE

Printed Name of Registered Engineer

2/28/13

Date

26 Site Work Cost

Site Work Cost Breakdown

This form must be submitted with the Development Cost Schedule as justification of Site Work costs.
Column A: The Site Work activity reflected here must match the Site Work activity reflected in the Development Cost Schedule.
Columns B and C: *In determining actual construction cost, two different methods may be used:*
The construction costs may be broken into labor (Column B) and materials (Column C) for the activity; ***OR***
The use of unit price (Column B) and the number of units (Column C) data for the activity.
Column D: To arrive at total construction costs in Column D:
If based on labor and materials, add Column B and Column C together to arrive at total construction costs.
If based on unit price measures, Column B is multiplied by Column C to arrive at total construction costs.
Column E: Any proposed activity involving the acquisition of real property, easements, rights-of-way, etc., must have the projected costs of this acquisition for the activity.
Column F: Engineering/architectural costs must be broken out by the Site Work activity.
Column G: Figures for Column G, Total Activity Cost, are obtained by adding together Columns D, E, and F to get the total costs.

*****This form must be completed by a Third-Party engineer licensed to practice in the State of Texas. His or her signature and registration seal must be on the form.*****
For Site Work costs that exceed $15,000 per Unit and are included in Eligible Basis, a CPA letter allocating which portions of those site costs should be included in Eligible Basis and which ones may be ineligible must be submitted behind this tab.

A.	B.	C.	D.	E.	F.	G.
Activity	**Labor or Unit Price**	**Materials or # of Units**	**Total Construction Costs**	**Acquisition Costs**	**Engineering / Architectural Costs**	**Total Activity Costs**
Demolition	$ 174,208.00	1	$ 174,208.00	$ -	$ -	$ 174,208
Rough Grading	$ 668,354.00	1	$ 668,354.00	$ -	$ -	$ 668,354
Fine Grading	$ 32,725.00	1	$ 32,725.00	$ -	$ -	$ 32,725
On Site Concrete	$ 93,500.00	1	$ 93,500.00	$ -	$ -	$ 93,500
On-Site Paving	$ 220,527.00	1	$ 220,527.00	$ -	$ -	$ 220,527
On-Site Utilities	$ 283,599.00	1	$ 283,599.00	$ -	$ -	$ 283,599
Water Quality Pond	$ 37,400.00	1	$ 37,400.00	$ -	$ -	$ 37,400
	$ -					$ -
SITE AMENITIES	$ -				$ -	$ -
Landscaping	$ 158,950.00	1	$ 158,950.00	$ -	$ -	$ 158,950
Pool and Decking	$ 116,875.00	1	$ 116,875.00	$ -	$ -	$ 116,875
Fencing	$ 46,817.00	1	$ 46,817.00	$ -	$ -	$ 46,817
Total						**$ 1,832,955**

DAVCAR ENGINEERING
REGISTRATION NO. F-3357

STATE OF TEXAS
THOMAS C. DUVALL
105971
LICENSED
PROFESSIONAL ENGINEER

02.26.13

Signature of Registered Engineer responsible for Budget Justification

THOMAS DUVALL, PE
Printed Name of Registered Engineer

2/26/13
Date

27 Development Cost Schedule

Development Cost Schedule

Self Score Total: 104

This Development Cost Schedule must be consistent with the Summary Sources and Uses of Funds Statement. All Applications must complete the total development cost column and the Tax Payer Identification column. Only HTC applications must complete the Eligible Basis columns and the Requested Credit calculation below:

	TOTAL DEVELOPMENT SUMMARY			Scratch Paper/Notes
	Total Cost	Eligible Basis (If Applicable)		
		Acquisition	New/Rehab.	
ACQUISITION				
Site acquisition cost	2,964,892			7.7M x 38.5% - See Narrative
Existing building acquisition cost				0.385050963
Closing costs & acq. legal fees	59,298			estimate, 2% of purchase price
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Acquisition Cost	$3,024,190	$0	$0	
OFF-SITES[1]				
Off-site concrete				
Storm drains & devices				
Water & fire hydrants				
Off-site utilities				
Sewer lateral(s)				
Off-site paving				
Off-site electrical				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Off-Sites Cost	$0	$0	$0	
SITE WORK[3]				
Demolition	174,208			
Rough grading	668,354		668,354	
Fine grading	32,725		32,725	
On-site concrete	93,500		93,500	
On-site electrical				
On-site paving	220,527		220,527	
On-site utilities	283,599		283,599	
Decorative masonry				
Bumper stops, striping & signs				
Water Quality Pond	37,400		37,400	
Subtotal Site Work Cost	$1,510,313	$0	$1,336,105	
SITE AMENITIES				
Landscaping	158,950		158,950	
Pool and decking	116,875		116,875	
Athletic court(s), playground(s)				
Fencing	46,817		46,817	
Other (specify) - see footnote 1				
Subtotal Site Amenities Cost	$322,642	$0	$322,642	
BUILDING COSTS*:				
Concrete	387,673		387,673	
Masonry				
Metals	203,718		203,718	
Woods and Plastics	3,224,012		3,224,012	
Thermal and Moisture Protection	661,195		661,195	
Roof Covering	341,425		341,425	
Doors and Windows	308,584		308,584	

BUILDING COSTS (Continued):						
Finishes		2,514,323		2,514,323		
Specialties		55,194		55,194		
Equipment		371,946		371,946		
Furnishings		543,463		543,463		
Special Construction		192,651		192,651		
Conveying Systems (Elevators)		215,751		215,751		
Mechanical (HVAC; Plumbing)		2,176,634		2,176,634		
Electrical		1,332,482		1,332,482		
Individually itemize costs below:						
Detached Community Facilities/Building						Costs for the Clubhouse are included in construction
Carports and/or Garages						
Lead-Based Paint Abatement		170,683		170,683		
Asbestos Abatement						
Structured Parking		4,934,505				TOTAL Hard Costs less Garage: $12,699.734
Other (specify) - see footnote 1						
Subtotal Building Costs		$17,634,239	$0	$12,699,734		67.84
						Cost Per SF
TOTAL BUILDING COSTS & SITE WORK		*$19,467,194*	*$0*	*$14,358,481*		
OTHER CONSTRUCTION COSTS						
General requirements (<6%)	4.43%	861,509		861,509	6.00%	
Field supervision (within GR limit)						
Contractor overhead (<2%)	1.48%	287,170		287,170	2.00%	
G & A Field (within overhead limit)						
Contractor profit (<6%)	4.43%	861,509		861,509	6.00%	
Contingency (7-10%)	5.00%	973,360		973,360	6.78%	
Subtotal Ancillary Hard Costs		$2,983,547	$0	$2,983,547		
TOTAL DIRECT HARD COSTS		*$22,450,741*	*$0*	*$17,342,028*		
INDIRECT CONSTRUCTION COSTS[3]						
Architectural - Design fees		368,184		368,184		Arch plus landscape, interiors, arborist, ADA consultants
Architectural - Supervision fees		50,000		50,000		Material testing
Engineering fees		250,000		250,000		
Real estate attorney/other legal fees		205,000		205,000		Includes legal for Re Zoning
Accounting fees		30,000		30,000		
Impact Fees		221,000		221,000		
Building permits & related costs		182,628		112,715		
Appraisal		12,000		12,000		
Market analysis		15,000		15,000		
Environmental assessment		24,000		24,000		
Soils report		14,250		14,250		
Survey		32,500		32,500		
Marketing		25,000				
Partnership Hazard & liability insurance		65,000		65,000		
Real property taxes		160,000		160,000		
Personal property taxes						
Tenant relocation expenses		800,000		800,000		See Relocation Plan
Telecom, Green and Traffic Consultants		69,500		69,500		
FF&E		400,000		400,000		
Subtotal Indirect Const. Cost		$2,924,062	$0	$2,829,149		
DEVELOPER FEES[3]						
Housing consultant fees[4]		200,000		200,000		
General & administrative						
Profit or fee		2,914,000		2,914,000		
Subtotal Developer's Fees	14.84%	$3,114,000	$0	$3,114,000		

FINANCING:				
CONSTRUCTION LOAN(S)[3]				
Interest	740,000		555,000	
Loan origination fees	185,000		185,000	1%
Title & recording fees	10,000		10,000	
Closing costs & legal fees	25,000		25,000	
Inspection fees	24,000		24,000	
Credit Report				
Discount Points				
Plans and Spec Review by Lender	10,000		10,000	
Other (specify) - see footnote 1				
PERMANENT LOAN(S)				
Loan origination fees	95,388			1%
Title & recording fees	10,000			
Closing costs & legal	25,000			
Bond premium				
Credit report				
Discount points				
Credit enhancement fees				
Prepaid MIP				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
BRIDGE LOAN(S)				
Interest				
Loan origination fees				
Title & recording fees				
Closing costs & legal fees				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
OTHER FINANCING COSTS[3]				
Tax credit fees	85,940			2m x 4% plus 750 inspection fee plus 30 per unit to apply
Tax and/or bond counsel				
Payment bonds				
Performance bonds				
Credit enhancement fees				
Mortgage insurance premiums				
Cost of underwriting & issuance				
Syndication organizational cost	25,000			
Tax opinion	15,000			
Contractor Guarantee Fee				
Developer Guarantee Fee				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Financing Cost	$1,250,328	$0	$809,000	
RESERVES				
Rent-up	241,166			Four months debt service
Operating	477,651			Six months of expenses
Replacement	43,250			$250 per unit per year
Escrows	38,400			5 year HAP transition reserve
Subtotal Reserves	$800,467	$0	$0	

TOTAL HOUSING DEVELOPMENT COSTS[5]	$33,563,789	$0	$24,094,177
- Commercial Space Costs[6]			
TOTAL RESIDENTIAL DEVELOPMENT COSTS	$33,563,789		

The following calculations are for HTC Applications only.

Deduct From Basis:			
Federal grant proceeds used to finance costs in Eligible Basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units §42(d)(5)			
Historic Credits (residential portion only)			
Total Eligible Basis		$0	$24,094,177
**High Cost Area Adjustment (100% or 130%)			130%
Total Adjusted Basis		$0	$31,322,430
Applicable Fraction			100%
Total Qualified Basis	$31,322,430	$0	$31,322,430
Applicable Percentage[7]			9.00%
Calculated Credits	$2,819,019	$0	$2,819,019
Credits Supported by Eligible Basis	$2,819,019		

Name of contact for Cost Estimate: Mark Rogers

Phone Number for Contact: (214) 606-2936

Footnotes:

[1] An itemized description of all "other" costs must be included at the end of this exhibit

[2] All Off-Site costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Offsite Cost Breakdown form.

[3] (HTC Only) Site Work expenses, indirect construction costs, developer fees, construction loan financing and other financing costs may or may not be included in Eligible Basis. Site Work costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Site Work Cost Breakdown form.

[4] *(HTC Only)* Only fees paid to a consultant for duties which are not ordinarily the responsibility of the developer, can be included in Eligible Basis. Otherwise, consulting fees are included in the calculation of maximum developer fees.

[5] *(HTC Only)* Provide **all** costs & Eligible Basis associated with the Development.

[6] *(HTC Only)* Costs associated with construction of facilities that generate revenue through commercial uses or from fees charged to tenants (covered parking individual storage units, etc.) must not be included in Eligible Basis and must be removed from "Total Housing Development Costs" to determine "Total Residential Development Costs."

[7] *(HTC Only)* Use the appropriate Applicable Percentages as defined in §10.3 of the Uniform Mutifamily Rules.

28 Sources and Uses

Summary of Sources and Uses of Funds

Describe all sources of funds and total uses of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule). Where funds such as tax credits, loan guarantees, bonds are used, only the proceeds going into the development should be identified so that "sources" match "uses."

Financing Participants	Funding Description	Construction Period		Lien Position	Permanent Period					Lien Position
		Loan/Equity Amount	Interest Rate (%)		Loan/Equity Amount	Interest Rate (%)	Amort - ization	Term (Yrs)	Syndication Rate	
Debt										
TDHCA	HOME	$0	0%		$ -	0%	0	0		
TDHCA	NSP	$0	0%		$ -		0	0		
TDHCA	Mortgage Revenue Bond	$0	0%							
Capital One	Conventional Loan	$18,500,000	4.00%	1	$ 9,538,787	6.50%	30	15		1
City of Austin	Local Government Loan	$2,000,000	0.00%	2	$ 2,000,000		35	99		2
Third Party Equity										
Hudson Housing Capital	HTC $ 2,000,000	$ 9,299,070			$ 18,598,140				0.93	N/A
Grant										
Deferred Developer Fee										
Developer					$ 461,970					3
Other										
Developer Equity - Cost of land					$ 2,964,892					4
	Total Sources of Funds	$ 29,799,070			$ 33,563,789					
	Total Uses of Funds				$ 33,563,789					

29 HOME Financial Capacity and Construction Oversight

N/A No HOME Funds

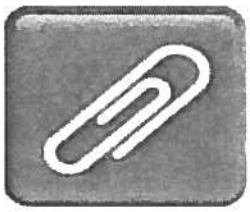
Financial Capacity and Construction Oversight (HOME Applications Only)

Financial Capacity and Construction Oversight

If the Department's Direct Loan(s) amount to more than 50% of the Total Housing Development Cost, except for Developments also financed through the USDA-515 program, the Application MUST include:

- A letter from a Third Party CPA verifying the capacity of the Owner or Developer to provide at least 10% of the Total Housing Development Cost as a short term loan for Development; and
- A letter from the Developer's or Owner's bank(s) confirming funds amounting to 10% of the Total Housing Development Cost are available; or
- Evidence of a line of credit or equivalent equal to at least 10% of the Total Housing Development Cost from a financial institution that is available for use during the proposed development activities.

Additionally, this tab must include a narrative of the direct (i.e. onsite) ongoing oversight of the construction and development process that will be performed. The narrative should address the Applicant's experience overseeing the successful development and completion of other similar activities including any specific construction management experience of Applicant staff members.



30 Matching Funds

N/A No HOME Funds

Matching Funds (HOME Applications Only)

Match equal to 2% of the HOME award must be provided (except Applications awarded under Persons with Disabilities Set-Aside or Applications financed with USDA 515 funds).

To the extent that Match in the amount of 5% of the HOME award is provided, the interest rate may be adjusted to as low as 0%; otherwise, the interest rate will be as low as 2%.

Indicate the amount of Match funds provided and the source in the appropriate spaces in the table below. Provide supporting documentation in the form of firm commitments from the source of the matching funds. If a property tax abatement is pledged as Match, include a letter from the appropriate appraisal district documenting a specific cash value and duration for the abatement.

Generally, a Related Party contribution to the Development is not considered eligible Match. Please contact the Department for specific examples that are not provided in the Match Guidance below.

Type of Match Pledged	Pledged Amount	Source of Funds
Non-Federal Grants		
Waived, foregone or deferred fees and charges (ex: debris removal and container fees, tap fees, building permits, other mandatory fees charged by the local municipality) ****CANNOT INCLUDE DEVELOPER FEES****		N/A
Below Market Financing		
Property Tax Abatement		
Donated Non-Professional Labor		
Non-Federally Funded Infrastructure		
Rental Value of Donated Use of Site Preparation or Construction Equipment		
Donated Construction Materials		
Donated Site Preparation		
Donated Demolition Services		
Donated Real Property		
Total Value of Match Pledged	$ -	
Total Amount of HOME funds Requested	$ -	TDHCA HOME
Percentage of Project Funds to be Matched (Total Value of Match /Project Funds Requested)	#DIV/0!	

31 Financing Narrative

31 — Financing Narrative

Overview
Oak Creek Village is a complete re-development of an existing project that contains 173 units – 170 of these units are under a HAP contract and the remaining 3 have no subsidy tied to them. The current units will be torn down and replaced with 173 units of affordable housing. Of these, 170 will be a one-for-one replacement of the 170 HAP units that currently exist. The unit types will be the same as exist today. The additional 3 units will be 1 bedroom 60% AMFI Tax Credit Units. Because site slopes, the proposed development will have six levels (but only five stories at its maximum) and will be elevator served.

According to the survey, Oak Creek Village currently sits on 8.83 acres. The new project will sit on roughly 3.4 acres of the original site. The acquisition costs have been prorated using 38.5% as a ratio of costs to be borne by the new project. This ratio was calculated as follows:

	Total Site	LIHTC Portion of the Site
Acres	8.83 acres	+/- 3.4 acres
Square Feet	43,560*8.83 = 384,634.80 SF	43,560*3.4 = 148,104 SF
Percentage	100%	38.5%

Rent Schedule
As stated, the unit mix chosen in the LIHTC application mirrors the current unit mix, with the exception of 3 one-bedroom units, projected at 60% of AMFI. Although the current project is all bills paid, the redevelopment will require separate metering and tenant rents will be calculated using Utility Allowances as calculated by the Housing Authority of the City of Austin.

Rents were projected with the understanding that the HAP contract will pay the differential between the tenant's income and the program rent for 170 units. We also anticipate a rental increase on the HAP contract. With guidance from Brent Stewart at TDHCA and a rent comp study completed in 2011 we have set the rents at levels that we believe are achievable and equitable. Please see the attached comp study and email from Brent Stewart for more information.

The other income projections of $10.24 per unit per month come from Oak Creek Village's current operating expenses, as of December 2012.

Operating Expenses
Operating Expenses are projected to be $5,523.08 per unit per month. These are higher than is typical for new construction in this region, however, the property's prime location in Central Austin, just over a mile from downtown means that property values, and therefore property taxes are high. We have used the standard projection of NOI divided by the cap rate to determine value and ultimately, taxes.

The remaining projections were completed by looking at current expenses for Oak Creek, as of 2012, and in consultation with Jimmy Arnold, the head of Property Management. A 12-month operating

summary is provided elsewhere in the application. Please note that the 2012 expenses include utility costs for units. New utility projections are expected to cover only the common area and grounds spaces.

Development Costs

Development costs were developed by Weis Construction. A bid process was used to obtain estimates from five contractors and the Developer then worked with Weis to develop the numbers for this application. Two offsite costs – for paving and utilities – were identified by the engineer who completed our feasibility report. These costs are accounted for in the contractor's site work budget. The project has a two story underground garage. The cost for this has not been included in basis.

Sources and Uses

Capital One, NA will provide construction and permanent financing as outlined in the Sources and Uses. A letter from Capital One is attached showing that the construction interest rate is 4% and the perm interest rate is projected at 6.5%. The permanent term will be 15 years, with a 30-year amortization.

The City of Austin has agreed to provide a $2,000,000 loan to the project. The sources of the funds is local. Hudson Housing Capital has provided an LOI to buy the tax credits. They have project a pay-in price of $.93 per $1 of credits for $2,000,000 in credits. Half of the funds will be provided during construction.

The developer is projected to defer $461,970 of the developer fee at conversion to a perm loan. The amount can be repaid from cash flow. The developer has also agreed to provide a contribution to the project in the amount of $2,964,892. This is equal to the cost of the land for the project. Letters from his CPA and lender verifying that this amount is available are attached.

Brent Stewart <brent.stewart@tdhca.state.tx.us> February 19, 2013 3:24 PM
To: "Sarah Andre" <sarah@s2adevelopment.com>
Cc: "Tom Cavanagh" <tom.cavanagh@tdhca.state.tx.us>
RE: Underwriting of HAP Rents

Yes, we would condition the report that the underwritten HAP rents are to be in place at cost cert. Ideally instead of just one number per unit, we will provide a $ range (min and max) for the overall contract. That will give you some flexibility down the road.

Provide all the description/narrative you can in the application. Provide the 2011 rent comp study and we will look at per unit rents – not per SF rents – as one of the supporting data points to show that a rent increase would be reasonable to assume.

Thanks,

Brent

R. Brent Stewart
Director of Real Estate Analysis
Office: 512.475.2973

From: Sarah Andre [mailto:sarah@s2adevelopment.com]
Sent: Monday, February 18, 2013 9:05 PM
To: Brent Stewart
Cc: Mark Rogers
Subject: Underwriting of HAP Rents

Brent,

I am working on an at-risk project here in Austin that has a HAP contract for 170 units. There has not been a rental increase on the property in many years. Current rents range from $.78 to $1.10 per sf, depending on the bedroom type and size. These rents are more than 30% and 50% LIHTC rents, but less than 60% LIHTC rents.

In order to make the project as fiscally strong as we'd like, we need a rental increase. We've spoken with Southwest Housing Compliance Corporation and with HUD and believe a rental increase will be provided - however, they do not want us to pursue one prior to or in the process of construction. They require us to have a rent comp study and request the increase after construction is completed.

A rent comp study was completed by a third party on behalf of the owner in 2011, but was not acted upon with HUD. The study put rent ranges from $1.11 to $1.24, respectively. However, the square footages listed in the appraisal and the square footages listed in the old HUD contract are inconsistent. When the new rents are applied to the HUD square footages, the rent rage is $1.06 to $1.17, with an average rent of $1.08 per square foot. We plan to re-build the property with larger units.

I know that USDA at risk projects often project the rental increase that is needed to make the deal feasible. I'd like to use a similar, although more conservative approach here by using the rents (total, not the per square foot costs) from the rent comp study with our new, larger square foot units. That would mean that our HAP contract rents would be projected to be slightly more than tax credit rents for all AMFI levels. Obviously, a market study would need to support these rents as well.

Could you please confirm that this would be an acceptable approach for the TDHCA underwriting team? I understand that if recommended for funding, this increase in HAP rents could be a condition of our underwriting report.

Sarah Andre
702 San Antonio Street
Austin, Texas 78701

RENT COMPARABILITY STUDY

Effective Date: January 13, 2011

Oak Creek Village Apartments

FHA Project #: TX59E000046

2324 Wilson Street

Austin, Travis County, Texas

Date of the Report

January 25, 2011

Prepared For

Oak Creek Village Apartments 2007 Travis Heights, LP

C/O Eureka Holdings Acquisition, LP

5415 Maple Avenue, Suite 204

Dallas, Texas 75235

Prepared By

Multi-Housing Appraisal Associates, Inc.

10506 Gulfdale, Suite 100

San Antonio, Texas 78216

T.I.N. 74-2324562

MULTI-HOUSING APPRAISAL
A S S O C I A T E S

January 25, 2011

Mr. Harris Block, Partner
Oak Creek Village Apartments 2007 Travis Heights, LP
5415 Maple Avenue
Dallas, Texas 75235

Re: **Rent Comparability Study/Oak Creek Village Apartments; HUD # TX59E000046**
2324 Wilson Street, Austin, Travis County, Texas

Dear Mr. Block,

Attached is the Rent Comparability Study (RCS) you requested for the Oak Creek Village Apartments. The Purpose of the study was to estimate the market rents for the units that will be assisted under the renewed Section 8 contract. Market rent is the rent that a knowledgeable tenant would most probably pay for the section 8 units as of the date of this report, if the tenants were not receiving rental subsidies and rents were not restricted by HUD or other government agencies. The following table lists the market rent(s) I concluded for each Section 8 unit type.

Unit Type	# Units	*Size(Sq.Ft.)	Rent ($/Sq.Ft.)	Prepared Grid?
1/1 - Flat	16	648	$ 750 ($1.24)	Yes
2/1 - TH	24	828	$ 920 ($1.11)	Yes
3/1.5 - TH	8	1,264	$1,120 ($1.15)	Yes
4/2 - TH	8	1,264	$1,275 ($1.17)	Yes

* - theses are HUD net ("paint to paint")

The RCS was prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and the supplemental standards of HUD Renewal Policy, Chapter 9. Market Rents were defined and estimated in accordance with HUD Renewal Policy, Chapter 9, Sections 9-7 through 9-13. The report was prepared in accordance with HUD Renewal Policy, Chapter 9, Sections 9-14 through 9-16 I understand that HUD/Section 8 Contract Administrator (CA) and the project owner will use my estimate of market rents to determine: 1) the owner's options for renewing the project's Section 8 contracts; and 2) the maximum rents allowed under any renewal contract. Should you have any questions, please contact me at the phone number listed below.

Respectfully Submitted,

Thomas C. Doctor, MAI
Tx-1322025-G
10506 Gulfdale, Suite 100, San Antonio, Texas 78216 | Telephone: 210-493-3132 | FAX: 210-492-2125

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Current HUD-92459 for the Subject

Current Utility Allowances

Floor Plan Sketches & Area Calculations

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Qualifications of the Appraiser

SCOPE OF WORK

This Rent Comparability Study (RCS) was completed in accordance with the requirements set forth in HUD Renewal Policy, Chapter 9.

Thomas C. Doctor, a State certified general appraiser prepared the report with the assistance of David J. Siege (Lic. # 1338654-T). David J. Siege assisted in the research, analysis, and preparation of this report. The following actions were taken to complete this RCS.

On January 13, 2011 the exterior and a sampling of the interiors of the subject's units were inspected to determine the property's physical and functional characteristics. One unit of each floor plan type shown was measured to determine the interior sizes for each unit type. Jimmy Arnold, the owner of Arnold Grounds, the property's management company, was interviewed to determine the current rental rates, services, and amenities offered to the tenants of the subject property. He indicated 170 of the subject's units are rent restricted under the HUD Section 8 Program per contract TX59E000046. The units are leased with "All Bills Paid". The monthly rent includes basic electric, electric cooking, water, sanitary sewer service, and trash collection/recycling. The property has a central three pipe mechanical system which provides tenant's heat, air conditioning and hot water (included in the rent).

Comparable apartment rental activity for the subject's area was researched.

On January 13, 2011, the exterior of each of the comparable properties were inspected.

During the site inspection or in separate phone interviews, the managers of the competing properties were interviewed to confirm all data collected and to collect additional information about each comparable, including size, age and amenities, occupancy levels and general market information.

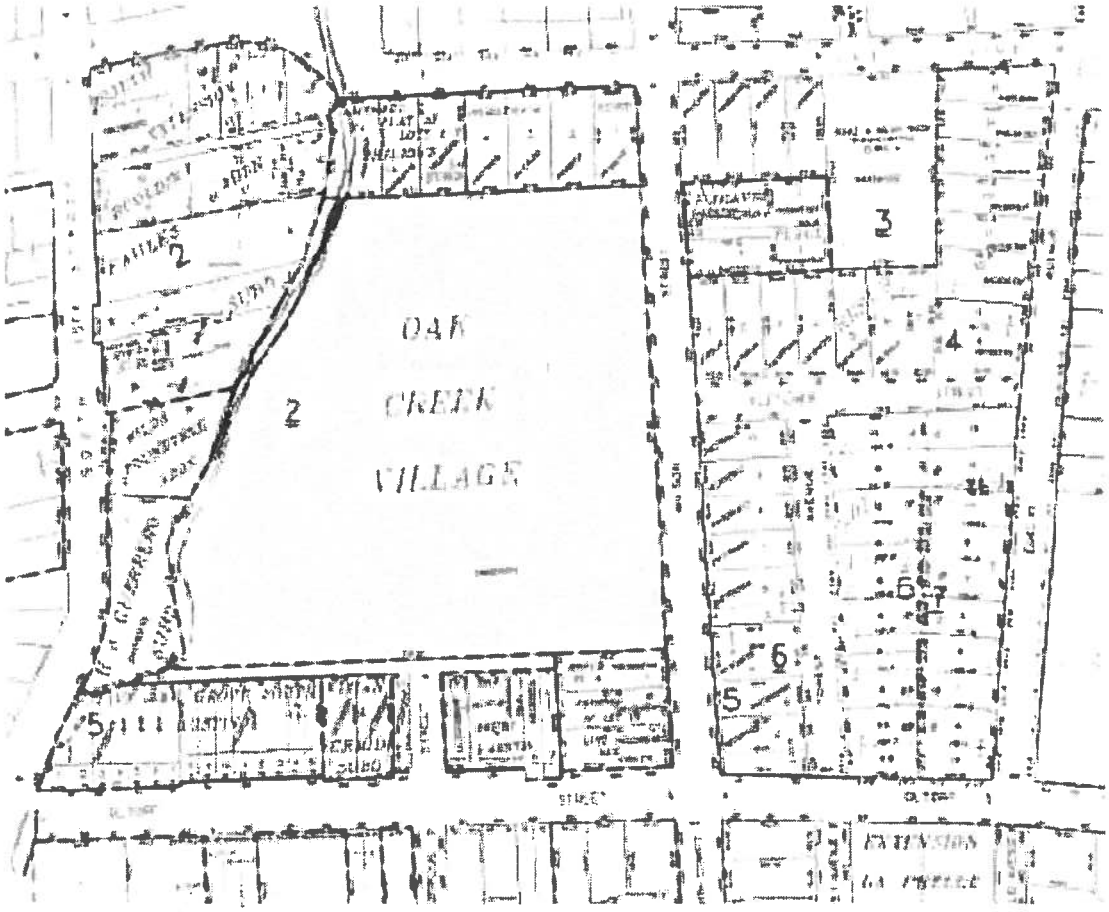
The data and adjustments columns of the Rent Comparability Grid(s) were completed using the instructions in HUD Renewal Policy, Chapter 9.

Description of the Subject

The subject is located in Travis County in near south Austin. Specifically it is located on the west side of Wilson Street, just north of E. Oltorf Street. The property's mailing address is 2324 Wilson Street, Austin, Texas 78741. Jimmy Arnold, the owner of Arnold Grounds, the property's management company, was interviewed to determine the current rental rates, services, and amenities offered to the tenants of the subject property. He indicated 170 of the subject's units are rent restricted under the HUD Section 8 Program per contract TX59E000046. The units are leased with "All Bills Paid". The monthly rent includes basic electric, electric cooking, water, sanitary sewer service, and trash collection/recycling. The property has a central three pipe mechanical system which provides tenant's heat, air conditioning and hot water (included in the rent).

Site

The subject is located on an approximately 8.991 acre site according to the Travis County Appraisal District. The site is irregular in shape with extensive frontage along Wilson Street It has gently rolling topography. It does not appear the property is in a flood hazard area according to the most recent FEMA flood map for the area (see Addenda). It does back to a drainage easement (tributary of Barton Creek). Our physical inspection did not indicate any adverse easements, encroachments or other detrimental conditions. The site is zoned for multiple family development, therefore, the subject's improvements would be considered a legal and conforming use.



Improvements

The subject of this report is the Oak Creek Village Apartments, a 173 unit, two story, walk-up, garden apartment complex. Reportedly the complex was built in the mid 1975. The apartments are in good condition with no obvious signs of significant deferred maintenance. The property has an estimated effective age of 20 years. Following is a breakdown of the subject's apartment unit mix.

#Units	Unit Type	Size(SF)/Total SF (Exclud.Exterior Walls)	Size(SF)/Total SF (Includ.Exterior Walls)
48	1 Br/1 Ba	640 SF/ 30,720	604 SF/ 28,992
59	2 Br/1 Ba	852 SF/ 50,268	826 SF/ 48,734
48	3 Br/1.5 Ba	1,006 SF/ 50,300	976 SF/ 48,800
16	4 Br/2 Ba	1,131 SF/ 18,096	1,092 SF/ 17,472
173	(Avg.Unit Size)	(±863 SF) 149,384	(±832 SF) 143,998

Unit Type	No. Units	# Pjt.-Based Sec. 8 Units	# Other Rent Restricted Units	# Units Not Rent Restricted
1/1	48	48	0	0
2/1	59	58	0	1
3/1.5	48	48	0	2
4/2	16	16	0	0
Total	173	170	0	3

The subject has 19 two story apartment buildings with varying unit mixes, a one story 3,248 square foot leasing office/laundry/maintenance/storage/mechanical building, and an approximately 2,775 square foot community center.

The following paragraphs describe the basic construction and features of the apartments.

Exterior Construction and Finish

The buildings are wood frame on concrete slab foundations. The exterior walls are brick veneer on the first level with composition shingle mansards on the second level. The buildings have flat built-up tar and gravel roofs. The construction quality is rated as average to good.

Interior Construction and Finish

Interior walls are wood frame construction. All of the walls and ceilings have taped and floated sheetrock. Most walls have a painted sand textured finish. The bathroom and kitchen walls are painted with enamel paint. Principal flooring is vinyl tile. The ceiling height is 8'.

Trim, Doors and Millwork

Unit interior doors are typically hollow core painted with white enamel. The trim throughout is painted. Cabinets are moderate quality, modular, with stained slab doors. Kitchen and vanity counter tops are plastic laminated.

Fixtures and Appliances

The plumbing fixtures throughout are white and of standard quality and include a large fiberglass shower with molded seat. Faucets, drains and other trim have chrome finishes. Kitchen appliances are builder's line and include refrigerator, electric range, and vent-a-hood in all units.

Mechanical/Utilities

The complex has a central 3-pipe mechanical system with electric air conditioning and gas heat and hot water. The boilers appear to be in very good condition and look fairly new. The cooling tower appears to be in average to good condition. Reportedly the property has ordered a new cooling tower to be installed later this year. The cooling, heating, hot water, water and sanitary sewer service is included in the rent. Basic electric and electric for cooking is also included in the rent.

Common Amenities/Site Improvements

The apartment complex has a one story 1,026 square foot laundry/maintenance/storage building and a one story 924 square foot leasing office/community building. The laundry/maintenance building has a coin operated laundry room. The leasing office/community room has administrative offices, a community room with kitchen and lounge area and public restrooms. Other site improvements include a playground, picnic/BBQ area, asphalt paving, concrete walks, perimeter fencing and general landscaping.

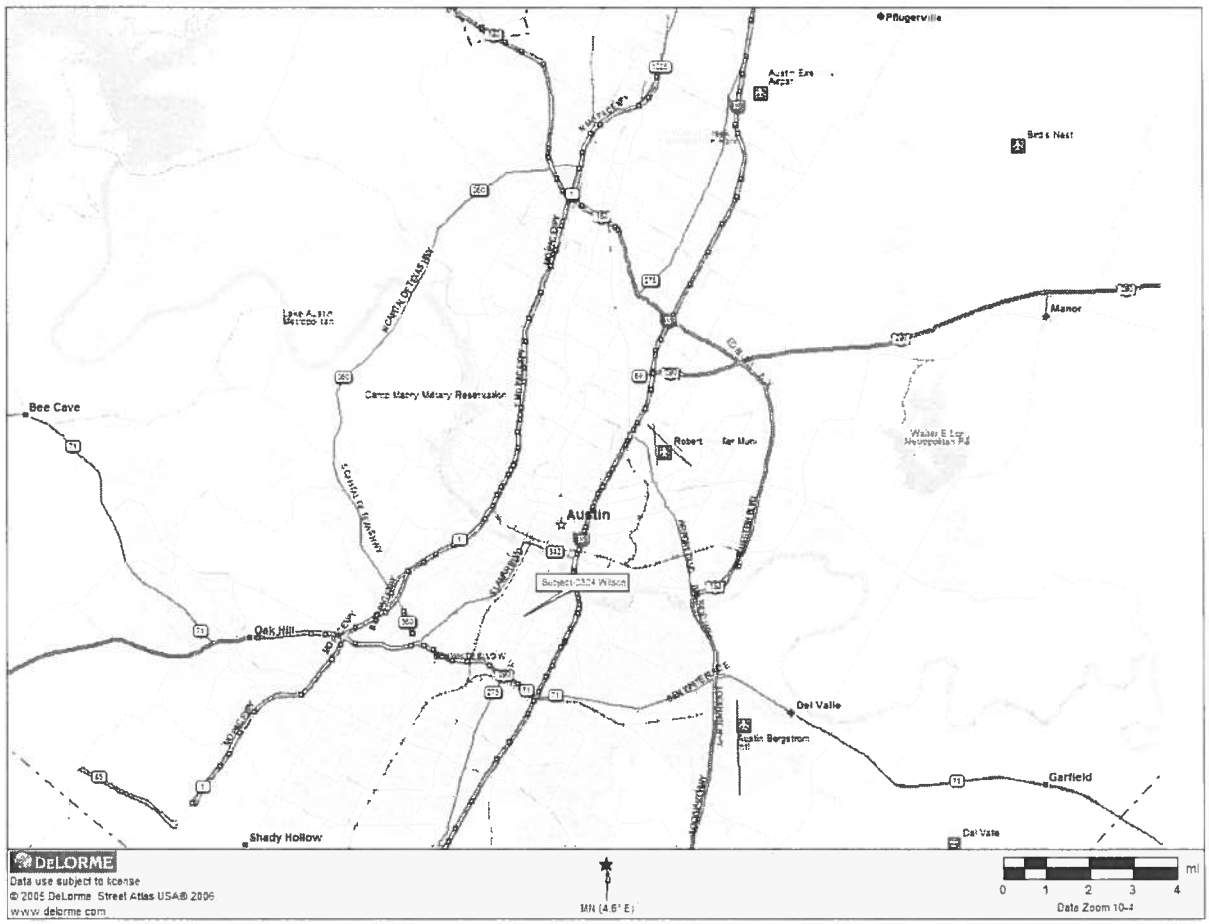
The community center was converted from 2 three bedroom units and a two bedroom unit. It was a very extensive renovation/conversion including "gutting" all the units (removing most interior walls, including the non-baring walls between the units), building a large exterior deck and installing an elevator . The center includes a number of play areas, meeting room, kitchen, public restrooms and a computer lab. Interior and exterior Photographs of the community center are included in the addenda of the report.

Population or Occupancy Group Targeted

The property appears to be designed for most occupancy groups. The inclusion of 3 bedroom units and large recreational/playground area would attract families. The 1 bedroom units target singles and couples without children.

In the Addenda are floor plan sketches for the units and descriptive photographs of the subject property.

Subject Market Area (and Neighborhood Description)



The subject is located in the near south Austin which is considered to be the subject's market area. This area is generally bounded by the Colorado River to the north, the MoPac Expressway (Hwy. 1) to the west, Ben White Boulevard (Hwy. 290/71) to the south, and Bastrop Highway (Hwy. 183) to the east. This area is convenient to the Austin Downtown Central Business District, the University of Texas main campus and the Austin regional airport.

The subject's immediate neighborhood is Travis Heights, an area just south of the Colorado River and west of IH-35. It is a largely residential area which has experienced a significant amount of gentrification, particularly in the area south of Oltorf Street. Major roadways in the area include IH-35, South Congress Avenue, Riverside Drive and Oltorf Street. IH-35 is a limited access freeway and the major arterial in Austin. The other major roads are generally four lane roads with traffic signals at major intersections.

The area is virtually 100% built-up. Commercial and office development is located along IH-35 and to a lesser extent along South Congress. Small neighborhood service/retail is located at major intersections. Larger community retail is located just south of the neighborhood at major intersections along IH-35. Numerous churches and recreational facilities are located in and around the neighborhood. Several small city parks are located within ½ mile of the subject. One of Austin's largest parks, Zilker Park, is located just west of the neighborhood along the south side of the

Colorado River at South MoPac. Limited multiple family development is located just off IH-35 and along Oltorf Street and Congress Avenue.

The neighborhood has all City Service including City of Austin police, fire and EMS services, as well as, public bus service. All municipal utilities are available throughout the area

The subject is in the area served by the well regarded Austin Independent School District. Students in the subject's complex can attend: Travis High School, located along Oltorf Street just west of IH-35t; Fulmore Middle School, 4 blocks northeast of the subject; and Travis Heights Elementary located 4 block northeast of the subject.

The neighborhood does not have any noticeable nuisances, incompatible land uses or other detrimental conditions. Maintenance levels for the area are rated as good. No significant graffiti was noted on properties in the area.

Micro Level

As mentioned previously, the subject property is located on the west side of Wilson Street, just north of East Oltorf Street. This is considered to be part of the Travis Heights neighborhood. Development in the immediate area of the subject includes a greenbelt/drainage area west of the property with single family development to the south, east and north. There is limited community commercial development along Oltorf Street in the immediate vicinity. Just east of the greenbelt area is additional single family residential development. Many of the homes in the area have been or are being completely renovated. The Travis Heights neighborhood has become very popular due to the nice homes, convenient location to the Central Downtown Business District and scenic views due to the hilly topography. The St. Edwards University campus is located at the eastern edge of the neighborhood.

Summary

The subject is located in the prestigious, well maintained Travis Heights neighborhood, located just across Travis Lake (the Colorado River) from the Central Downtown District. Recreational, community commercial/service and a variety of houses of worship are found throughout the neighborhood. Prospects for the area considered positive with the gentrification of the area anticipated to continue well into the foreseeable future.

Selection of the Comparables

Market rent is the rent that a knowledgeable tenant would most probably pay for the section 8 units as of the date of this report, if the tenants were not receiving rental subsidies and rents were not restricted by HUD or other government agencies.

The following chart shows the current (Section 8) contract rents for the subject's units under its current contract, (05/01/2010)

# Units	Unit Type	*Size(SF)	Rent/Month	Rent/SF
48	1 Br/1 Ba	604 SF	$686.00	$ 1.14
58	2 Br/1 Ba	826 SF	$767.00	$ 0.93
48	3 Br/1.5 Ba	976 SF	$831.00	$ 0.85
16	4 Br/2 Ba	1,092 SF	$912.00	$ 0.84
170				

* - Sizes shown are HUD net ("paint to paint") sizes
** - Column 3, Part A, Page 1 of the HUD-92458

To derive the indicated market rents for subject we have used the HUD-92273-S8 "Rent Comparability Grid" forms. To utilize this form, five comparable apartment units from the subject's sub-market are adjusted to reflect the features for each of the subject's floor plans. The adjustments utilized are typically abstracted from the comparables and area apartment market.

We initially surveyed over a dozen apartment complexes built before 1985 in the subject's generalvicinity. In particular we were looking for properties with three and four bedroom plans. The comparables utilized were selected primarily for unit mix, age and location.

The comparables selected are all in the subject's market area. None of the comparables had ownership identity of interest with the subject and none have the same management company as the subject. Also none of the comparables were significantly dissimilar to the subject. All of the comparables used were 100% "market rate" properties which do not have rent restricted or subsidized rents.

A Location Map showing the subject property and the comparables is on the next page. It is followed by the three HUD-92273-S8 forms (one for each of the subject's unit types). After each adjustment grid are narrative explanations of the adjustments utilized on the forms. These are followed by comparable property profiles or data sheets for each of the comparables.

Comparable Rentals Location Map

OMB Approval # 2502-0507 (exp. 7/01)

Rent Comparability Grid

Unit Type → **1 Br/1 Ba-flat**

Subject's FHA #: **TX59E000046**

	Subject		*Comp #1*		*Comp #2*		*Comp #3*		*Comp #4*		*Comp #5*	
	Oak Creek Village	Data	Sienna Ridge		Timbercreek		Cascades		Brook/TravisHghts		River Oaks	
	2324 Wilson Street	on	1817 E. Oltorf		614 S. 1st Street		1221 Algarita		1824 IH-35 South		300 Riverside	
	Austin, 78704	Subject	Austin, 78741		Austin, 78704		Austin, 78704		Austin, 78704		Austin, 78704	
A.	Rents Charged		Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj
1	$ Last Rent / Restricted?		$653	N	$900	N	$625	N	$675	N	$862	N
2	Date Last Leased (mo/yr)		Jan-07		Jan-07		Jan-07		Jan-07		Jan-07	
3	Rent Concessions		Included		$199 TMI	($60)	None		Included		Included	
4	Occupancy for Unit Type		98%		99%		97%		99%		100%	
5	Effective Rent & Rent/ sq. ft		$653	1.0902	$840	1.37	$625	0.99	$675	1.08	$862	1.42
	In Parts B thru E. adjust only for differences the subject's market values.											
B.	Design, Location, Condition		Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj
6	Structure / Stories	G / 2	G / 1-3		G / 2-3		G / 3		G / 3		G / 3	
7	Yr. Built/Yr. Renovated	1975	1973		1969/1992	($85)	1969		1972		1972/1991	($85)
8	Condition/Street Appeal	G / G	G / G		G / E	($40)	G / G		G / E	($35)	G / E	($45)
9	Neighborhood	G	F	$15	E	($40)	G		G		E	($45)
10	Same Market? Miles to Subj		Y / 1.5		Y / 1.5		Y / 1.25		Y / 1.25		Y / 1.5	
C.	Unit Equipment/ Amenities		Data	$ Adj	Data	Adj	Data	$ Adj	Data	Adj	Data	$ Adj
11	# Bedrooms	1	1		1		1		1		1	
12	# Baths	1	1		1		1		1		1	
13	Unit Interior Sq. Ft.	604	599	$5	612	($5)	631	($20)	627	($15)	608	
14	Balcony/ Patio	Y	Y		Y		Y		Y		Y	
15	AC: Central/ Wall	C	C		C		C		C		C	
16	Range/ refrigerator	RF	RF		RF		RF		RF		RF	
17	Microwave/ Dishwasher	N/N	N / D	($5)	N / D	($5)	N / D	($5)	N / D	($5)	N / D	($5)
18	Washer/Dryer	L	L		L		L		L		L	
19	Floor Coverings	V	C		C		C		C		C	
20	Window Coverings	B	B		B		B		B		B	
21	Cable/ Satellite/Internet	Cl-Avail.	Cl-Avail.		Cl-Avail.		Cl-Avail.		Cl-Avail.		Cl-Avail.	
22	Special Features											
23	Special Views	N	N		City	($25)	N		N		City/Lake	($50)
D	Site Equipment/ Amenities		Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj
24	Parking ($ Fee)	L	L		L		L		L		L	
25	Extra Storage	N	Y	($5)	N		N		N		N	
26	Security	N	N		N		N		N		N	
27	Clubhouse/ Meeting Rooms	MR	N	$10	C		N	$10	C		N	$10
28	Pool/ Recreation Areas	R	P		R, P	($10)	P		P		R, P	($20)
29	Business Ctr / Nbhd Netwk	N	N		N		N		N		N	
30	Service Coordination	Y	N	$15	N	$15	N	$15	N	$15	N	$15
31	Non-shelter Services											
32												
E.	Utilities		Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj
33	Heat (in rent?/ type)	Y/3-pipe	N/C/Gas	$5	N/C/Elec	$14	N/Elec.	$14	N/Elec.	$14	N/C/Elec	$14
34	Cooling (in rent?/ type)	Y/3-pipe	N/C/Elec	$12	N/C/Elec	$12	N/Elec.	$12	N/Elec.	$12	N/C/Elec	$12
35	Cooking (in rent?/ type)	Y/Elec	N/Gas	$3	N/Elec.	$10	N/Elec.	$10	N/Elec.	$10	N/Elec.	$10
36	H. Water (in rent?/ type)	Y/3-pipe	N/Gas	$8	N/Elec.	$27	N/Elec.	$27	N/Elec.	$27	N/Elec	$27
37	Other Electric	Y	N	$29	N	$29	N	$29	N	$29	N	$29
38	Cold Water/ Sewer	Y/Y	N/N	$48	Y/Y		Y/Y		N/N	$48	Y/Y	
39	Trash /Recycling	Y	N	$6	Y		Y		Y		Y	
F.	Adjustments Recap		Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D		4	2	1	7	2	2	1	3	2	6
41	Sum Adjustments B to D		$45	($10)	$15	($210)	$25	($25)	$15	($55)	$25	($250)
42	Sum Utility Adjustments		$111		$92		$92		$140		$92	
			Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	*Net/ Gross Adjmts B to E*		*$146*	*$166*	*($103)*	*$317*	*$92*	*$142*	*$100*	*$210*	*($133)*	*$367*
G.	Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	**Adjusted Rent** (5+43)		$799		$737		$717		$775		$729	
45	Adj Rent/Last rent			122%		88%		115%		115%		85%
46	**Estimated Market Rent**	$750	$1.24 ← Estimated Market Rent/ Sq. Ft									

Average $751 Median $737

Appraiser's Signature 01/14/2011 Date

Attached are explanations of:

a. why & how each adjustment was made
b. how market rent was derived from adjusted rents
c. how this analysis was used for a similar unit type

Grid was prepared: ☐ Manually ☑ Using HUD's Excel form

HUD 92273 - S8

Adjustments Used on the 1 Bedroom "Rent Comparability Grid"

RENTS CHARGED:

Line 1. Last Rented/Restricted? All of the units are currently rented at the rates shown on the grid.

Line 2. Date Last Leased. The grid shows the effective date of the leases most recently signed.

Line 3. Rent Concessions. Most of the comparables were offering rent specials and/or concessions. Comparable #3 was not quoting any special rents or concessions. Comparables #1, #4 and #5 currently utilize the "Yield Star" system so the rents quoted include special rents if any are being offered (with the Yield Star system, quoted rents can potentially change on a daily basis). Any special lower rents are shown on the comparable data sheets and utilized on the HUD 92273-S8 grids, so no additional adjustments were required. Comparable #2 was offering $199 "total move in"(TMI) for the first month. Its rent was adjusted downward by: one month's rent less $199, divided by 12 months (1/12) to reflect the effective rent over the term of the lease. The adjustment was all rounded to the nearest $5

Line 4. Occupancy for Unit Type The comparables all had occupancies in the mid to upper 90% which is typical of the market, so no adjustments were required.

DESIGN, LOCATION

Line 6. Structures/Stories. The subject is two story garden apartments complex. The comparables used for comparison were two and three story garden apartment complexes so no adjustments were utilized.

Line 7. Yr. Built/Yr. Renovated . The subject property was reportedly built 1975 and appears to have had a good maintenances program in recent years. The comparables were built from 1969 to 1973. Comparables #1, #3 and #4 have similar estimated effective ages as the subject and were not adjusted. Comparable #2 and #5 were reportedly extensively remodeled/renovated in 1992 and 1991 (respectively). Due to the remodeling/renovations, they have younger estimated effective ages. Based on this, they were adjusted downwards 5% of the monthly rent to recognize their newer age estimated effective ages. The adjustments were rounded to the nearest $5.

Line 8. Condition/Street Appeal. The subject and comparables were all considered to be in good condition due to strong maintenance programs. The subject and Comparables #1, and #3 have average to good street appeal. Comparables #2, #4 and #5 have superior good to excellent street appeal. Comparable #2 is located on a slopping/wooded site with a relatively low building density and superior city views. Comparable #3 is located on a rolling, nicely landscaped wooded site with a relatively low building density. Comparables #5 backs to Lake Travis. These comparables were adjusted downwards 5% of their monthly rent to reflect their superior street appeal. The adjustments were rounded to the nearest $5

Adjustments Used on the 1 Bedroom "Rent Comparability Grid" (Con't)

Line 9 & 10. Neighborhood. The subject and most the comparables are located west of IH-35 and south of the river/lake in what is known as the Travis Heights area/neighborhood. The exception was comparable #1 which is located a short distance east of IH-35 off Oltorf Road. It was adjusted 2.5% of the monthly rent to reflect its slightly inferior neighborhood and surrounding development. Comparables #2 and #5 are located in the superior South Congress/Riverside "micro-neighborhood" of the Travis Heights area/neighborhood. This immediate area has much high real estate values due to its exceptional views and proximity to the river and the CBD. Virtually all of the properties in this immediate area are newer or have been renovated in recent years. Comparables #2 and #5 were adjusted downwards 5% of their monthly rent to reflect their superior immediate area/neighborhood. The adjustments were rounded to the nearest $5.

Line 10. Same Market? Miles to Subject. The subject and the comparables were all located in the same general market so no adjustments were utilized.

Line 11. # Bedrooms. All of the comparables have 1 bedroom so no adjustments were required.

Line 12. #Baths. All of the comparables have one bathroom so no adjustments were required..

UNIT EQUIPMENT/AMENITIES

Line 13. Unit Square Footage. Typically the area over that which is generally required for a certain unit type is less per square foot rent than the overall rent per square of the unit. Comparison of different size unit plans of the same type unit within the same comparable complexes, indicated adjustments of $0.75/SF for the differences in size. The size adjustment was rounded to the nearest $5.

Line 14. Balcony/Patio. The subject and the comparable rentals used for comparison all have patios or balconies and were not adjusted.

Line 15. AC: Central/Wall. The subject's units and all of the comparables have central HVAC systems so no adjustments were warranted.

Line 16. Range/Refrigerator. The subject and the comparables all included ranges and refrigerators.

Line 17. Microwave/Dishwasher. The subject's units do not have either of these appliances. None of the comparables have microwave ovens included in the rent. All the comparables have dishwashers and disposals. They were adjusted downwards $5/month for these features.

Line 18. Washer/Dryer. The subject and the comparables used for comparison have common laundry rooms and do not have washer/dryer hook-ups in the units.

Adjustments Used on the 1 Bedroom "Rent Comparability Grid" (Con't)

Line 19. Floor Covering. The subject has newer vinyl tile as the primary flooring. The comparables generally have carpet as the primary flooring. A matched pair analysis was not available to determine if there should be an adjustment for this feature. Our experience indicates that no significant adjustment is warranted. The trend in recent years has been towards hard surfaces versus carpet. The initial cost for these products is generally higher, but the property owner benefits in the long run due to lower maintenance costs due to the durability and longer effective life expectancy of the products. The appeal for tenants is the lower upkeep and decorating flexibility (tenants can add rugs of their choice over the hard surface flooring which is generally very neutral). Some properties have up-charges for hard surfaces such as tile, wood and laminate/faux wood. Since vinyl tile is at the lower end for hard surface flooring, no adjustments were utilized.

Line 20. Window Covering. The subject and the comparables all included blinds which is typical of the market.

Line 21. Cable/Satellite/Internet. The subject and the comparables have CATV and internet service available from private vendors, but none include the service in the base monthly rent.

Line 22/23. Special Features. We have used this category to adjust for view and specific location for two of the comparables. Comparable #2 is located on a hillside a short distance from the Lake/River with good City and River views from the property. The units we used for comparison's rent does not have an up-charge for a view premium, but we do need to recognize the superior view of the property (i.e. typically all a tenant need do is walk outside the unit or visit the common amenities to experience the exceptional view). Comparable #2 was adjusted $25/month to recognize the property's view. Comparable #5's property backs up to the River/Lake and also has an exceptional view. Additionally, tenants can walk to the lake on the property. It was adjusted $50/month for its lake view/location.

SITE EQUIPMENT/AMENITIES:

Line 24. Parking. The subject and the comparables #1 all have open, unassigned parking and do not include any covered parking in the rent.
and #3 have open parking and do not include covered parking in the monthly rent.

Line 25. Extra Storage. The subject and most the comparables do not have additional (porch) storage closets (not included in the NRA). The comparables which have additional storage were adjusted downwards $5/month.

Line 26. Security. The subject and the comparables do not have any extra ordinary security features.

Adjustments Used on the 1 Bedroom "Rent Comparability Grid" (Con't)

Line 27. Clubhouse/Meeting Room. The subject has a large community room. The comparables which did not have clubhouses or meeting rooms were adjusted upwards $10/month.

Line 28. Pool/Recreation Area. The subject has a playground, sport court and picnic area. Comparables #1, #3 and #4 have a pool but not any other significant common amenities. They were not adjusted. Comparables #2 and #5 have common amenities similar to the subject plus swimming pools. They were adjusted downwards $10/month.

Line 29. Business Ctr./Nbhd Netwk. The subject and the comparables do not have business centers or neighborhood networks.

Line 30. Service Coordination. Reportedly the subject recently contracted with Inter-Faith Group to set-up and operate a schedule of activities such as after school programs for the properties children, computer classes and GED courses None of the comparables offer similar service and were adjusted upwards $15/month to reflect this feature of the subject.

Line 31. Non-shelter Services. The subject and the comparables do not have any significant "non-shelter services" not addressed under the other adjustment.

UTILITIES:

Line 33. Heat (in rent?/type). The subject has gas heat which is included in the monthly rent. Comparable #2 also has gas heat, however, the gas is charged back to the tenant on a pro-rated basis. Based on the most recent utility allowances published by the Austin Housing Authority, Comparable #2 was adjusted upwards $5/month to reflect the cost of gas heat to the tenant. The remaining comparables have electric heat with the tenant paying for electric. Based on the most recent utility allowances published by the Austin Housing Authority, the comparables were adjusted upwards $14/month to reflect the cost of electric heat to the tenant.

Line 34. Cooling (in rent?/type).The subject has air conditioning included in the monthly rent. The comparables do not have (the electricity for) air conditioning included in the monthly rent. They were adjusted upwards $12/month based on the current utility (PBE) allowances published by the Austin Housing Authority.

Line 35. Cooking (in rent?/type).The subject has electric cooking which is included in the monthly rent. Comparable #2 has gas cooking with gas charged back to the tenant on a pro-rated basis. Based on the most recent utility allowances published by the Austin Housing Authority, Comparable #2 was adjusted upwards $3/month to reflect the cost of gas cooking to the tenant. The remaining comparables have electric ranges with the tenant paying for electric. Based on the most recent utility allowances published by the Austin Housing Authority, the comparables were adjusted upwards $10/month to reflect the cost of electric cooking to the tenant.

Adjustments Used on the 1 Bedroom "Rent Comparability Grid" (Con't)

Line 36. Hot Water (in rent?/type). The subject has gas hot water which is included in the monthly rent. Comparable #2 also has gas heat, however, the gas is charged back to the tenant on a pro-rated basis. Based on the most recent utility allowances published by the Austin Housing Authority, Comparable #2 was adjusted upwards $8/month to reflect the cost of gas heat to the tenant. The remaining comparables have electric heat with the tenant paying for electric. Based on the most recent utility allowances published by the Austin Housing Authority, the comparables were adjusted upwards $27/month to reflect the cost of electric heat to the tenant.

Line 37. Other Electric (in rent?/type). Electricity is included in the monthly rent for the subject's units. The comparables are all separately metered for electric. They were adjusted upwards $29/month based on the current utility (PBE) allowances published by the Austin Housing Authority.

Line 38. Cold Water/Sewer. The subject and comparables #2, #3 and #5 include water and sewer in the monthly rent. Comparable #1 and #4 charge tenants for water and sewer on a pro-rated basis. Based on the most recent utility allowances published by the Austin Housing Authority, these comparables were adjusted upwards ($18 for water and $30 for sewer service) $48/month.

Line 39. Trash/Recycling. The subject and the most the comparables include trash collection/recycling in the monthly rent. The exception is Comparable #1 which adds a $6/month/unit surcharge to the water/sewer bills for trash collection. (This is also the amount suggested by the most recently published utility allowances for the Austin Housing Authority.

Line 46. Estimated Monthly Rent. The adjusted comparables reflected a range of from $717 to $799/month with an average of $751/month and a median of $737/month. We have used $750/month which is supported by the average and median of the adjusted comparables.

OMB Approval # 2502-0507 (exp. 7/01)

Rent Comparability Grid

Unit Type → **2 Br/1 Ba-flat**

Subject's FHA #: **TX59E000046**

	Subject		*Comp #1*		*Comp #2*		*Comp #3*		*Comp #4*		*Comp #5*	
	Oak Creek Village	Data	Sienna Ridge		Timbercreek		Cascades		Brook/TravisHghts		River Oaks	
	2324 Wilson Street	on	1817 E. Oltorf		614 S. 1st Street		1221 Algarita		1824 IH-35 South		300 Riverside	
	Austin, 78704	Subject	Austin, 78741		Austin, 78704		Austin, 78704		Austin, 78704		Austin, 78704	
A.	Rents Charged		Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj
1	$ Last Rent / Restricted?		$758	N	$1,055	N	$875	N	$745	N	$1,100	N
2	Date Last Leased (mo/yr)		Jan-07		Jan-07		Jan-07		Jan-07		Jan-07	
3	Rent Concessions		Included		$199 TMI	($70)	None		Included		Included	
4	Occupancy for Unit Type		98%		99%		97%		99%		100%	
5	Effective Rent & Rent/ sq. ft	↓	$758	0.8623	$985	1.22	$875	0.97	$745	1.04	$1,100	1.43
	In Parts B thru E, adjust only for differences the subject's market values.											
B.	Design, Location, Condition		Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj
6	Structure / Stories	G / 2	G / 1-3		G / 2-3		G / 3		G / 3		G / 3	
7	Yr. Built/Yr. Renovated	1975	1973		1969/1992	($100)	1969		1972		1972/1991	($110)
8	Condition/Street Appeal	G / G	G / G		G / E	($50)	G / G		G / E	($35)	G / E	($55)
9	Neighborhood	G	F	$20	E	($50)	G		G		E	($55)
10	Same Market? Miles to Subj		Y / 1.5		Y / 1.5		Y / 1.25		Y / 1.25		Y / 1.5	
C.	Unit Equipment/ Amenities		Data	$ Adj	Data	Adj	Data	$ Adj	Data	Adj	Data	$ Adj
11	# Bedrooms	2	2		2		2		2		2	
12	# Baths	1	1		1		1.5	($40)	1		1	
13	Unit Interior Sq. Ft.	826	879	($40)	808	$10	899	($55)	713	($5)	770	$40
14	Balcony/ Patio	Y	Y		Y		Y		Y		Y	
15	AC: Central/ Wall	C	C		C		C		C		C	
16	Range/ refrigerator	RF	RF		RF		RF		RF		RF	
17	Microwave/ Dishwasher	N/N	N / D	($5)	N / D	($5)	N / D	($5)	N / D	($5)	N / D	($5)
18	Washer/Dryer	L	L		L		L		L		L	
19	Floor Coverings	V	C		C		C		C		C	
20	Window Coverings	B	B		B		B		B		B	
21	Cable/ Satellite/Internet	Cl-Avail.	Cl-Avail.		Cl-Avail.		Cl-Avail.		Cl-Avail.		Cl-Avail.	
22	Special Features											
23	Special Views	N	N		City	($25)	N		N		City/Lake	($50)
D	Site Equipment/ Amenities		Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj
24	Parking ($ Fee)	L	L		L		L		L		L	
25	Extra Storage	N	Y	($5)	N		N		N		N	
26	Security	N	N		N		N		N		N	
27	Clubhouse/ Meeting Rooms	MR	N	$10	C		N	$10	C		N	$10
28	Pool/ Recreation Areas	R	P		R, P	($10)	P		P		R, P	($20)
29	Business Ctr / Nbhd Netwk	N	N		N		N		N		N	
30	Service Coordination	Y	N	$15	N	$15	N	$15	N	$15	N	$15
31	Non-shelter Services											
32												
E.	Utilities		Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj
33	Heat (in rent?/ type)	Y/3-pipe	N/C/Gas	$6	N/C/Elec	$26	N/Elec.	$26	N/Elec.	$26	N/C/Elec	$26
34	Cooling (in rent?/ type)	Y/3-pipe	N/C/Elec	$19	N/C/Elec	$19	N/Elec.	$19	N/Elec.	$19	N/C/Elec	$19
35	Cooking (in rent?/ type)	Y/Elec	N/Gas	$5	N/Elec.	$12	N/Elec.	$12	N/Elec.	$12	N/Elec.	$12
36	H. Water (in rent?/ type)	Y/3-pipe	N/Gas	$10	N/Elec.	$33	N/Elec.	$33	N/Elec.	$10	N/Elec	$33
37	Other Electric	Y	N	$35	N	$35	N	$35	N	$35	N	$35
38	Cold Water/ Sewer	Y/Y	N/N	$58	Y/Y		Y/Y		N/N	$58	Y/Y	
39	Trash /Recycling	Y	N	$6	Y		Y		Y		Y	
F.	Adjustments Recap		Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D		3	3	2	6	2	3	1	3	3	6
41	Sum Adjustments B to D		$45	($50)	$25	($240)	$25	($70)	$15	($45)	$65	($295)
42	Sum Utility Adjustments		$139		$125		$125		$160		$125	
			Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	*Net/ Gross Adjmts B to E*		*$134*	*$234*	*($90)*	*$390*	*$80*	*$220*	*$130*	*$220*	*($105)*	*$485*
G.	Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	**Adjusted Rent** (5+43)		$892		$895		$955		$875		$995	
45	Adj Rent/Last rent			118%		91%		109%		117%		90%
46	**Estimated Market Rent**	$920	$1.11 ← Estimated Market Rent/ Sq. Ft						Average	$922	Median	$895

Appraiser's Signature — Date 01/14/2011

Attached are explanations of:

a. why & how each adjustment was made
b. how market rent was derived from adjusted rents
c. how this analysis was used for a similar unit type

Grid was prepared: ☐ Manually ☑ Using HUD's Excel form

HUD 92273 - S8

Adjustments Used on the 2 Bedroom "Rent Comparability Grid"

RENTS CHARGED:

Line 1. Last Rented/Restricted? All of the units are currently rented at the rates shown on the grid.

Line 2. Date Last Leased. The grid shows the effective date of the leases most recently signed.

Line 3. Rent Concessions. Most of the comparables were offering rent specials and/or concessions. Comparable #3 was not quoting any special rents or concessions. Comparables #1, #4 and #5 currently utilize the "Yield Star" system so the rents quoted include special rents if any are being offered (with the Yield Star system, quoted rents can potentially change on a daily basis). Any special lower rents are shown on the comparable data sheets and utilized on the HUD 92273-S8 grids, so no additional adjustments were required. Comparable #2 was offering $199 "total move in"(TMI) for the first month. Its rent was adjusted downward by: one month's rent less $199, divided by 12 months (1/12) to reflect the effective rent over the term of the lease. The adjustment was all rounded to the nearest $5

Line 4. Occupancy for Unit Type The comparables all had occupancies in the mid to upper 90% which is typical of the market, so no adjustments were required.

DESIGN, LOCATION

Line 6. Structures/Stories. The subject is two story garden apartments complex. The comparables used for comparison were two and three story garden apartment complexes so no adjustments were utilized.

Line 7. Yr. Built/Yr. Renovated . The subject property was reportedly built 1975 and appears to have had a good maintenances program in recent years. The comparables were built from 1969 to 1973. Comparables #1, #3 and #4 have similar estimated effective ages as the subject and were not adjusted. Comparable #2 and #5 were reportedly extensively remodeled/renovated in 1992 and 1991 (respectively). Due to the remodeling/renovations, they have younger estimated effective ages. Based on this, they were adjusted downwards 5% of the monthly rent to recognize their newer age estimated effective ages. The adjustments were rounded to the nearest $5.

Line 8. Condition/Street Appeal. The subject and comparables were all considered to be in good condition due to strong maintenance programs. The subject and Comparables #1, and #3 have average to good street appeal. Comparables #2, #4 and #5 have superior good to excellent street appeal. Comparable #2 is located on a slopping/wooded site with a relatively low building density and superior city views. Comparable #3 is located on a rolling, nicely landscaped wooded site with a relatively low building density. Comparables #5 backs to Lake Travis. These comparables were adjusted downwards 5% of their monthly rent to reflect their superior street appeal. The adjustments were rounded to the nearest $5

Adjustments Used on the 2 Bedroom "Rent Comparability Grid" (Con't)

Line 9 & 10. Neighborhood. The subject and most the comparables are located west of IH-35 and south of the river/lake in what is known as the Travis Heights area/neighborhood. The exception was comparable #1 which is located a short distance east of IH-35 off Oltorf Road. It was adjusted 2.5% of the monthly rent to reflect its slightly inferior neighborhood and surrounding development. Comparables #2 and #5 are located in the superior South Congress/Riverside "micro-neighborhood" of the Travis Heights area/neighborhood. This immediate area has much high real estate values due to its exceptional views and proximity to the river and the CBD. Virtually all of the properties in this immediate area are newer or have been renovated in recent years. Comparables #2 and #5 were adjusted downwards 5% of their monthly rent to reflect their superior immediate area/neighborhood. The adjustments were rounded to the nearest $5.

Line 10. Same Market? Miles to Subject. The subject and the comparables were all located in the same general market so no adjustments were utilized.

Line 11. # Bedrooms. All of the comparables have 2 bedroom so no adjustments were required.

Line 12. #Baths. Due to the limited number of 2/1 units in our survey, a 2/1.5 units was used for comparison. It was adjusted downwards $10/month to reflect its additional half bath relative to the subject.

UNIT EQUIPMENT/AMENITIES

Line 13. Unit Square Footage. Typically the area over that which is generally required for a certain unit type is less per square foot rent than the overall rent per square of the unit. Comparison of different size unit plans of the same type unit within the same comparable complexes, indicated adjustments of $0.75/SF for the differences in size. The size adjustment was rounded to the nearest $5.

Line 14. Balcony/Patio. The subject and the comparable rentals used for comparison all have patios or balconies and were not adjusted.

Line 15. AC: Central/Wall. The subject's units and all of the comparables have central HVAC systems so no adjustments were warranted.

Line 16. Range/Refrigerator. The subject and the comparables all included ranges and refrigerators.

Line 17. Microwave/Dishwasher. The subject's units do not have either of these appliances. None of the comparables have microwave ovens included in the rent. All the comparables have dishwashers and disposals. They were adjusted downwards $5/month for these features.

Line 18. Washer/Dryer. The subject and the comparables used for comparison have common laundry rooms and do not have washer/dryer hook-ups in the units.

Adjustments Used on the 2 Bedroom "Rent Comparability Grid" (Con't)

Line 19. Floor Covering. The subject has newer vinyl tile as the primary flooring. The comparables generally have carpet as the primary flooring. A matched pair analysis was not available to determine if there should be an adjustment for this feature. Our experience indicates that no significant adjustment is warranted. The trend in recent years has been towards hard surfaces versus carpet. The initial cost for these products is generally higher, but the property owner benefits in the long run due to lower maintenance costs due to the durability and longer effective life expectancy of the products. The appeal for tenants is the lower upkeep and decorating flexibility (tenants can add rugs of their choice over the hard surface flooring which is generally very neutral). Some properties have up-charges for hard surfaces such as tile, wood and laminate/faux wood. Since vinyl tile is at the lower end for hard surface flooring, no adjustments were utilized.

Line 20. Window Covering. The subject and the comparables all included blinds which is typical of the market.

Line 21. Cable/Satellite/Internet. The subject and the comparables have CATV and internet service available from private vendors, but none include the service in the base monthly rent.

Line 22/23. Special Features. We have used this category to adjust for view and specific location for two of the comparables. Comparable #2 is located on a hillside a short distance from the Lake/River with good City and River views from the property. The units we used for comparison's rent does not have an up-charge for a view premium, but we do need to recognize the superior view of the property (i.e. typically all a tenant need do is walk outside the unit or visit the common amenities to experience the exceptional view). Comparable #2 was adjusted $25/month to recognize the property's view. Comparable #5's property backs up to the River/Lake and also has an exceptional view. Additionally, tenants can walk to the lake on the property. It was adjusted $50/month for its lake view/location.

SITE EQUIPMENT/AMENITIES:

Line 24. Parking. The subject and the comparables #1 all have open, unassigned parking and do not include any covered parking in the rent.
and #3 have open parking and do not include covered parking in the monthly rent.

Line 25. Extra Storage. The subject and most the comparables do not have additional (porch) storage closets (not included in the NRA). The comparables which have additional storage were adjusted downwards $5/month.

Line 26. Security. The subject and the comparables do not have any extra ordinary security features.

Adjustments Used on the 2 Bedroom "Rent Comparability Grid" (Con't)

Line 27. Clubhouse/Meeting Room. The subject has a large community room. The comparables which did not have clubhouses or meeting rooms were adjusted upwards $10/month.

Line 28. Pool/Recreation Area. The subject has a playground, sport court and picnic area. Comparables #1, #3 and #4 have a pool but not any other significant common amenities. They were not adjusted. Comparables #2 and #5 have common amenities similar to the subject plus swimming pools. They were adjusted downwards $10/month.

Line 29. Business Ctr./Nbhd Netwk. The subject and the comparables do not have business centers or neighborhood networks.

Line 30. Service Coordination. Reportedly the subject recently contracted with Inter-Faith Group to set-up and operate a schedule of activities such as after school programs for the properties children, computer classes and GED courses None of the comparables offer similar service and were adjusted upwards $15/month to reflect this feature of the subject.

Line 31. Non-shelter Services. The subject and the comparables do not have any significant "non-shelter services" not addressed under the other adjustment.

UTILITIES:

Line 33. Heat (in rent?/type). The subject has gas heat which is included in the monthly rent. Comparable #2 also has gas heat, however, the gas is charged back to the tenant on a pro-rated basis. Based on the most recent utility allowances published by the Austin Housing Authority, Comparable #2 was adjusted upwards $6/month to reflect the cost of gas heat to the tenant. The remaining comparables have electric heat with the tenant paying for electric. Based on the most recent utility allowances published by the Austin Housing Authority, the comparables were adjusted upwards $26/month to reflect the cost of electric heat to the tenant.

Line 34. Cooling (in rent?/type).The subject has air conditioning included in the monthly rent. The comparables do not have (the electricity for) air conditioning included in the monthly rent. They were adjusted upwards $19/month based on the current utility (PBE) allowances published by the Austin Housing Authority.

Line 35. Cooking (in rent?/type).The subject has electric cooking which is included in the monthly rent. Comparable #2 has gas cooking with gas charged back to the tenant on a pro-rated basis. Based on the most recent utility allowances published by the Austin Housing Authority, Comparable #2 was adjusted upwards $5/month to reflect the cost of gas cooking to the tenant. The remaining comparables have electric ranges with the tenant paying for electric. Based on the most recent utility allowances published by the Austin Housing Authority, the comparables were adjusted upwards $12/month to reflect the cost of electric cooking to the tenant.

Adjustments Used on the 2 Bedroom "Rent Comparability Grid" (Con't)

Line 36. Hot Water (in rent?/type). The subject has gas hot water which is included in the monthly rent. Comparable #2 also has gas heat, however, the gas is charged back to the tenant on a pro-rated basis. Based on the most recent utility allowances published by the Austin Housing Authority, Comparable #2 was adjusted upwards $10/month to reflect the cost of gas heat to the tenant. The remaining comparables have electric heat with the tenant paying for electric. Based on the most recent utility allowances published by the Austin Housing Authority, the comparables were adjusted upwards $33/month to reflect the cost of electric heat to the tenant.

Line 37. Other Electric (in rent?/type). Electricity is included in the monthly rent for the subject's units. The comparables are all separately metered for electric. They were adjusted upwards $35/month based on the current utility (PBE) allowances published by the Austin Housing Authority.

Line 38. Cold Water/Sewer. The subject and comparables #2, #3 and #5 include water and sewer in the monthly rent. Comparable #1 and #4 charge tenants for water and sewer on a pro-rated basis. Based on the most recent utility allowances published by the Austin Housing Authority, these comparables were adjusted upwards ($21 for water and $37 for sewer service) $58/month.

Line 39. Trash/Recycling. The subject and the most the comparables include trash collection/recycling in the monthly rent. The exception is Comparable #1 which adds a $6/month/unit surcharge to the water/sewer bills for trash collection. (This is also the amount suggested by the most recently published utility allowances for the Austin Housing Authority.

Line 46. Estimated Monthly Rent. The adjusted comparables reflected a range of from $885 to $985/month with an average of $922/month and a median of $895/month. We have used $920/month which is supported by the average and median of the adjusted comparables.

OMB Approval # 2502-0507 (exp. 7/01)

Rent Comparability Grid

Unit Type → **3 Br/1.5 Ba-flat**

Subject's FHA #: **TX59E000046**

	Subject		*Comp #1*		*Comp #2*		*Comp #3*		*Comp #4*		*Comp #5*	
	Oak Creek Village	Data	Sienna Ridge		Timbercreek		Cascades		Brook/TravisHghts		River Oaks	
	2324 Wilson Street	on	1817 E. Oltorf		614 S. 1st Street		1221 Algarita		1824 IH-35 South		300 Riverside	
	Austin, 78704	Subject	Austin, 78741		Austin, 78704		Austin, 78704		Austin, 78704		Austin, 78704	
A.	**Rents Charged**		Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj
1	**$ Last Rent / Restricted?**		**$1,018**	N	**$1,470**	N	**$875**	N	**$1,255**	N	**$1,356**	N
2	**Date Last Leased** (mo/yr)		Jan-07		Jan-07		Jan-07		Jan-07		Jan-07	
3	**Rent Concessions**		Included		$199 TMI	($105)	None		Included		Included	
4	**Occupancy for Unit Type**		98%		99%		97%		99%		100%	
5	**Effective Rent & Rent/ sq. ft**		**$1,018**	0.84833	**$1,365**	1.20	**$875**	0.97	**$1,255**	1.06	**$1,356**	1.31
	In Parts B thru E, adjust only for differences the subject's market values.											
B.	**Design, Location, Condition**		Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj
6	**Structure / Stories**	G / 2	G / 1-3		G / 2-3		G / 3		G / 3		G / 3	
7	**Yr. Built/Yr. Renovated**	1975	1973		1969/1992	($135)	1969		1972		1972/1991	($135)
8	**Condition/Street Appeal**	G / G	G / G		G / E	($70)	G / G		G / E	($65)	G / E	($70)
9	**Neighborhood**	G	F	$25	E	($70)	G		G		E	($70)
10	**Same Market? Miles to Subj**		Y / 1.5		Y / 1.5		Y / 1.25		Y / 1.25		Y / 1.5	
C.	**Unit Equipment/ Amenities**		Data	$ Adj	Data	Adj	Data	$ Adj	Data	Adj	Data	$ Adj
11	**# Bedrooms**	3	3		3		2		3		3	
12	**# Baths**	1.5	2	($10)	2	($10)	1.5		2	($10)	2	($10)
13	**Unit Interior Sq. Ft.**	976	1200	($170)	1140	($125)	899	$60	1188	($160)	1036	($45)
14	**Balcony/ Patio**	Y	Y		Y		Y		Y		Y	
15	**AC: Central/ Wall**	C	C		C		C		C		C	
16	**Range/ refrigerator**	RF	RF		RF		RF		RF		RF	
17	**Microwave/ Dishwasher**	N/N	N / D	($5)	N / D	($5)	N / D	($5)	N / D	($5)	N / D	($5)
18	**Washer/Dryer**	L	L		L		L		HU	($10)	L	
19	**Floor Coverings**	V	C		C		C		C		C	
20	**Window Coverings**	B	B		B		B		B		B	
21	**Cable/ Satellite/Internet**	Cl-Avail.	Cl-Avail.		Cl-Avail.		Cl-Avail.		Cl-Avail.		Cl-Avail.	
22	**Special Features**											
23	**Special Views**	N	N		City	($25)	N		N		City/Lake	($50)
D	**Site Equipment/ Amenities**		Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj
24	**Parking** ($ Fee)	L	L		L		L		L		L	
25	**Extra Storage**	N	Y	($5)	N		N		N		N	
26	**Security**	N	N		N		N		N		N	
27	**Clubhouse/ Meeting Rooms**	MR	N	$10	C		N	$10	C		N	$10
28	**Pool/ Recreation Areas**	R	P		R, P	($10)	P		P		R, P	($20)
29	**Business Ctr / Nbhd Netwk**	N	N		N		N		N		N	
30	**Service Coordination**	Y	N	$15	N	$15	N	$15	N	$15	N	$15
31	**Non-shelter Services**											
32												
E.	**Utilities**		Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj
33	**Heat** (in rent?/ type)	Y/3-pipe	N/C/Gas	$8	N/C/Elec	$32	N/Elec.	$32	N/Elec.	$32	N/C/Elec	$32
34	**Cooling** (in rent?/ type)	Y/3-pipe	N/C/Elec	$33	N/C/Elec	$33	N/Elec.	$33	N/Elec.	$33	N/C/Elec	$33
35	**Cooking** (in rent?/ type)	Y/Elec	N/Gas	$5	N/Elec.	$15	N/Elec.	$15	N/Elec.	$15	N/Elec.	$15
36	**H. Water** (in rent?/ type)	Y/3-pipe	N/Gas	$12	N/Elec.	$46	N/Elec.	$46	N/Elec.	$46	N/Elec	$46
37	**Other Electric**	Y	N	$40	N	$40	N	$40	N	$40	N	$40
38	**Cold Water/ Sewer**	Y/Y	N/N	$91	Y/Y		Y/Y		N/N	$91	Y/Y	
39	**Trash /Recycling**	Y	N	$6	Y		Y		Y		Y	
F.	**Adjustments Recap**		Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	**# Adjustments B to D**		3	4	1	8	3	1	1	5	2	8
41	**Sum Adjustments B to D**		$50	($190)	$15	($450)	$85	($5)	$15	($250)	$25	($405)
42	**Sum Utility Adjustments**		$195		$166		$166		$257		$166	
			Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	***Net/ Gross Adjmts B to E***		*$55*	*$435*	*($269)*	*$631*	*$246*	*$256*	*$22*	*$522*	*($214)*	*$596*
G.	**Adjusted & Market Rents**		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	**Adjusted Rent** (5+43)		**$1,073**		**$1,096**		**$1,121**		**$1,277**		**$1,142**	
45	Adj Rent/Last rent			105%		80%		128%		102%		84%
46	**Estimated Market Rent**	**$1,120**	**$1.15** ←		**Estimated Market Rent/ Sq. Ft**					Average	**$1,142**	Median **$1,121**

Attached are explanations of:

a. why & how each adjustment was made
b. how market rent was derived from adjusted rents
c. how this analysis was used for a similar unit type

01/14/2011

Appraiser's Signature — Date

Grid was prepared: ☐ Manually ☑ Using HUD's Excel form

HUD 92273 - S8

Adjustments Used on the 3 Bedroom "Rent Comparability Grid"

RENTS CHARGED:

Line 1. Last Rented/Restricted? All of the units are currently rented at the rates shown on the grid.

Line 2. Date Last Leased. The grid shows the effective date of the leases most recently signed.

Line 3. Rent Concessions. Most of the comparables were offering rent specials and/or concessions. Comparable #3 was not quoting any special rents or concessions. Comparables #1, #4 and #5 currently utilize the "Yield Star" system so the rents quoted include special rents if any are being offered (with the Yield Star system, quoted rents can potentially change on a daily basis). Any special lower rents are shown on the comparable data sheets and utilized on the HUD 92273-S8 grids, so no additional adjustments were required. Comparable #2 was offering $199 "total move in"(TMI) for the first month. Its rent was adjusted downward by: one month's rent less $199, divided by 12 months (1/12) to reflect the effective rent over the term of the lease. The adjustment was all rounded to the nearest $5

Line 4. Occupancy for Unit Type The comparables all had occupancies in the mid to upper 90% which is typical of the market, so no adjustments were required.

DESIGN, LOCATION

Line 6. Structures/Stories. The subject is two story garden apartments complex. The comparables used for comparison were two and three story garden apartment complexes so no adjustments were utilized.

Line 7. Yr. Built/Yr. Renovated . The subject property was reportedly built 1975 and appears to have had a good maintenances program in recent years. The comparables were built from 1969 to 1973. Comparables #1, #3 and #4 have similar estimated effective ages as the subject and were not adjusted. Comparable #2 and #5 were reportedly extensively remodeled/renovated in 1992 and 1991 (respectively). Due to the remodeling/renovations, they have younger estimated effective ages. Based on this, they were adjusted downwards 5% of the monthly rent to recognize their newer age estimated effective ages. The adjustments were rounded to the nearest $5.

Line 8. Condition/Street Appeal. The subject and comparables were all considered to be in good condition due to strong maintenance programs. The subject and Comparables #1, and #3 have average to good street appeal. Comparables #2, #4 and #5 have superior good to excellent street appeal. Comparable #2 is located on a slopping/wooded site with a relatively low building density and superior city views. Comparable #3 is located on a rolling, nicely landscaped wooded site with a relatively low building density. Comparables #5 backs to Lake Travis. These comparables were adjusted downwards 5% of their monthly rent to reflect their superior street appeal. The adjustments were rounded to the nearest $5

Adjustments Used on the 3 Bedroom "Rent Comparability Grid" (Con't)

Line 9 & 10. Neighborhood. The subject and most the comparables are located west of IH-35 and south of the river/lake in what is known as the Travis Heights area/neighborhood. The exception was comparable #1 which is located a short distance east of IH-35 off Oltorf Road. It was adjusted 2.5% of the monthly rent to reflect its slightly inferior neighborhood and surrounding development. Comparables #2 and #5 are located in the superior South Congress/Riverside "micro-neighborhood" of the Travis Heights area/neighborhood. This immediate area has much high real estate values due to its exceptional views and proximity to the river and the CBD. Virtually all of the properties in this immediate area are newer or have been renovated in recent years. Comparables #2 and #5 were adjusted downwards 5% of their monthly rent to reflect their superior immediate area/neighborhood. The adjustments were rounded to the nearest $5.

Line 10. Same Market? Miles to Subject. The subject and the comparables were all located in the same general market so no adjustments were utilized.

Line 11. # Bedrooms. Due to the limited number of 3 bedroom market rate units in the subject's area, a two bedroom unit was used for comparison. After adjusting for all features other than number of bedrooms, no adjustment was indicated for the 2 bedroom unit versus the 3 bedroom units.

Line 12. #Baths. Due to the limited number of 3/1.5 units in our survey, several 2 bath units was used for comparison. They were adjusted downwards $10/month to reflect their additional half bath relative to the subject.

UNIT EQUIPMENT/AMENITIES

Line 13. Unit Square Footage. Typically the area over that which is generally required for a certain unit type is less per square foot rent than the overall rent per square of the unit. Comparison of different size unit plans of the same type unit within the same comparable complexes, indicated adjustments of $0.75/SF for the differences in size. The size adjustment was rounded to the nearest $5.

Line 14. Balcony/Patio. The subject and the comparable rentals used for comparison all have patios or balconies and were not adjusted.

Line 15. AC: Central/Wall. The subject's units and all of the comparables have central HVAC systems so no adjustments were warranted.

Line 16. Range/Refrigerator. The subject and the comparables all included ranges and refrigerators.

Line 17. Microwave/Dishwasher. The subject's units do not have either of these appliances. None of the comparables have microwave ovens included in the rent. All the comparables have dishwashers and disposals. They were adjusted downwards $5/month for these features.

Adjustments Used on the 3 Bedroom "Rent Comparability Grid" (Con't)

Line 18. Washer/Dryer. The subject and most the comparables used for comparison have common laundry rooms and do not have washer/dryer hook-ups in the units. The exception was comparable #4. Comparable #4's three bedroom unit which was used for comparison includes washer/dryer hook-ups in the unit. It was adjusted downwards $10 for this feature.

Line 19. Floor Covering. The subject has newer vinyl tile as the primary flooring. The comparables generally have carpet as the primary flooring. A matched pair analysis was not available to determine if there should be an adjustment for this feature. Our experience indicates that no significant adjustment is warranted. The trend in recent years has been towards hard surfaces versus carpet. The initial cost for these products is generally higher, but the property owner benefits in the long run due to lower maintenance costs due to the durability and longer effective life expectancy of the products. The appeal for tenants is the lower upkeep and decorating flexibility (tenants can add rugs of their choice over the hard surface flooring which is generally very neutral). Some properties have up-charges for hard surfaces such as tile, wood and laminate/faux wood. Since vinyl tile is at the lower end for hard surface flooring, no adjustments were utilized.

Line 20. Window Covering. The subject and the comparables all included blinds which is typical of the market.

Line 21. Cable/Satellite/Internet. The subject and the comparables have CATV and internet service available from private vendors, but none include the service in the base monthly rent.

Line 22/23. Special Features. We have used this category to adjust for view and specific location for two of the comparables. Comparable #2 is located on a hillside a short distance from the Lake/River with good City and River views from the property. The units we used for comparison's rent does not have an up-charge for a view premium, but we do need to recognize the superior view of the property (i.e. typically all a tenant need do is walk outside the unit or visit the common amenities to experience the exceptional view). Comparable #2 was adjusted $25/month to recognize the property's view. Comparable #5's property backs up to the River/Lake and also has an exceptional view. Additionally, tenants can walk to the lake on the property. It was adjusted $50/month for its lake view/location.

SITE EQUIPMENT/AMENITIES:

Line 24. Parking. The subject and the comparables #1 all have open, unassigned parking and do not include any covered parking in the rent.
and #3 have open parking and do not include covered parking in the monthly rent.

Line 25. Extra Storage. The subject and most the comparables do not have additional (porch) storage closets (not included in the NRA). The comparables which have additional storage were adjusted downwards $5/month.

Line 26. Security. The subject and the comparables do not have any extra ordinary security features.

Adjustments Used on the 3 Bedroom "Rent Comparability Grid" (Con't)

Line 27. Clubhouse/Meeting Room. The subject has a large community room. The comparables which did not have clubhouses or meeting rooms were adjusted upwards $10/month.

Line 28. Pool/Recreation Area. The subject has a playground, sport court and picnic area. Comparables #1, #3 and #4 have a pool but not any other significant common amenities. They were not adjusted. Comparables #2 and #5 have common amenities similar to the subject plus swimming pools. They were adjusted downwards $10/month.

Line 29. Business Ctr./Nbhd Netwk. The subject and the comparables do not have business centers or neighborhood networks.

Line 30. Service Coordination. Reportedly the subject recently contracted with Inter-Faith Group to set-up and operate a schedule of activities such as after school programs for the properties children, computer classes and GED courses None of the comparables offer similar service and were adjusted upwards $15/month to reflect this feature of the subject.

Line 31. Non-shelter Services. The subject and the comparables do not have any significant "non-shelter services" not addressed under the other adjustment.

UTILITIES:

Line 33. Heat (in rent?/type). The subject has gas heat which is included in the monthly rent. Comparable #2 also has gas heat, however, the gas is charged back to the tenant on a pro-rated basis. Based on the most recent utility allowances published by the Austin Housing Authority, Comparable #2 was adjusted upwards $8/month to reflect the cost of gas heat to the tenant. The remaining comparables have electric heat with the tenant paying for electric. Based on the most recent utility allowances published by the Austin Housing Authority, the comparables were adjusted upwards $32/month to reflect the cost of electric heat to the tenant.

Line 34. Cooling (in rent?/type).The subject has air conditioning included in the monthly rent. The comparables do not have (the electricity for) air conditioning included in the monthly rent. They were adjusted upwards $33/month based on the current utility (PBE) allowances published by the Austin Housing Authority.

Line 35. Cooking (in rent?/type).The subject has electric cooking which is included in the monthly rent. Comparable #2 has gas cooking with gas charged back to the tenant on a pro-rated basis. Based on the most recent utility allowances published by the Austin Housing Authority, Comparable #2 was adjusted upwards $5/month to reflect the cost of gas cooking to the tenant. The remaining comparables have electric ranges with the tenant paying for electric. Based on the most recent utility allowances published by the Austin Housing Authority, the comparables were adjusted upwards $15/month to reflect the cost of electric cooking to the tenant.

Adjustments Used on the 3 Bedroom "Rent Comparability Grid" (Con't)

Line 36. Hot Water (in rent?/type). The subject has gas hot water which is included in the monthly rent. Comparable #2 also has gas heat, however, the gas is charged back to the tenant on a pro-rated basis. Based on the most recent utility allowances published by the Austin Housing Authority, Comparable #2 was adjusted upwards $12/month to reflect the cost of gas heat to the tenant. The remaining comparables have electric heat with the tenant paying for electric. Based on the most recent utility allowances published by the Austin Housing Authority, the comparables were adjusted upwards $46/month to reflect the cost of electric heat to the tenant.

Line 37. Other Electric (in rent?/type). Electricity is included in the monthly rent for the subject's units. The comparables are all separately metered for electric. They were adjusted upwards $40/month based on the current utility (PBE) allowances published by the Austin Housing Authority.

Line 38. Cold Water/Sewer. The subject and comparables #2, #3 and #5 include water and sewer in the monthly rent. Comparable #1 and #4 charge tenants for water and sewer on a pro-rated basis. Based on the most recent utility allowances published by the Austin Housing Authority, these comparables were adjusted upwards ($32 for water and $59 for sewer service) $91/month.

Line 39. Trash/Recycling. The subject and the most the comparables include trash collection/recycling in the monthly rent. The exception is Comparable #1 which adds a $6/month/unit surcharge to the water/sewer bills for trash collection. (This is also the amount suggested by the most recently published utility allowances for the Austin Housing Authority.

Line 46. Estimated Monthly Rent. The adjusted comparables reflected a range of from $1,073 to $1,277/month with an average of $1,142/month and a median of $1,121/month. If we exclude the high and low adjusted rents we have a much more limit range of $1,096 to $1,132 with an average of $1,120. We have used $1,120/month which is supported by the average and median of the adjusted comparables.

OMB Approval # 2502-0507 (exp. 7/01)

Rent Comparability Grid

Unit Type → **4 Br/2 Ba-flat**

Subject's FHA #: **TX59E000046**

	Subject		*Comp #1*		*Comp #2*		*Comp #3*		*Comp #4*		*Comp #5*	
	Oak Creek Village	Data	Sienna Ridge		Timbercreek		Cascades		Brook/TravisHghts		River Oaks	
	2324 Wilson Street	on	1817 E. Oltorf		614 S. 1st Street		1221 Algarita		1824 IH-35 South		300 Riverside	
	Austin, 78704	Subject	Austin, 78741		Austin, 78704		Austin, 78704		Austin, 78704		Austin, 78704	
A.	Rents Charged		Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj
1	$ Last Rent / Restricted?		$1,018	N	$1,530	N	$995	N	$1,255	N	$1,356	N
2	Date Last Leased (mo/yr)		Jan-07		Jan-07		Jan-07		Jan-07		Jan-07	
3	Rent Concessions		Included		$199 TMI	($110)	None		Included		Included	
4	Occupancy for Unit Type		98%		99%		97%		99%		100%	
5	Effective Rent & Rent/ sq. ft		$1,018	0.84833	$1,420	1.23	$995	0.88	$1,255	1.06	$1,356	1.31
	In Parts B thru E, adjust only for differences the subject's market values.											
B.	Design, Location, Condition		Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj
6	Structure / Stories	G / 2	G / 1-3		G / 2-3		G / 3		G / 3		G / 3	
7	Yr. Built/Yr. Renovated	1975	1973		1969/1992	($140)	1969		1972		1972/1991	($135)
8	Condition/Street Appeal	G / G	G / G		G / E	($70)	G / G		G / E	($65)	G / E	($70)
9	Neighborhood	G	F	$25	E	($70)	G		G		E	($70)
10	Same Market? Miles to Subj		Y / 1.5		Y / 1.5		Y / 1.25		Y / 1.25		Y / 1.5	
C.	Unit Equipment/ Amenities		Data	$ Adj	Data	Adj	Data	$ Adj	Data	Adj	Data	$ Adj
11	# Bedrooms	4	3		4		4		3		3	
12	# Baths	2	2		2		2		2		2	
13	Unit Interior Sq. Ft.	1092	1200	($80)	1159	($50)	1129	($30)	1188	($70)	1036	$40
14	Balcony/ Patio	Y	Y		Y		Y		Y		Y	
15	AC: Central/ Wall	C	C		C		C		C		C	
16	Range/ refrigerator	RF	RF		RF		RF		RF		RF	
17	Microwave/ Dishwasher	N/N	N / D	($5)	N / D	($5)	N / D	($5)	N / D	($5)	N / D	($5)
18	Washer/Dryer	L	L		L		L		HU	($10)	L	
19	Floor Coverings	V	C		C		C		C		C	
20	Window Coverings	B	B		B		B		B		B	
21	Cable/ Satellite/Internet	Cl-Avail.	Cl-Avail.		Cl-Avail.		Cl-Avail.		Cl-Avail.		Cl-Avail.	
22	Special Features											
23	Special Views	N	N		City	($25)	N		N		City/Lake	($50)
D	Site Equipment/ Amenities		Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj
24	Parking ($ Fee)	L	L		L		L		L		L	
25	Extra Storage	N	Y	($5)	N		N		N		N	
26	Security	N	N		N		N		N		N	
27	Clubhouse/ Meeting Rooms	MR	N	$10	C		N	$10	C		N	$10
28	Pool/ Recreation Areas	R	P		R, P	($10)	P		P		R, P	($20)
29	Business Ctr / Nbhd Netwk	N	N		N		N		N		N	
30	Service Coordination	Y	N	$15	N	$15	N	$15	N	$15	N	$15
31	Non-shelter Services											
32												
E.	Utilities		Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj
33	Heat (in rent?/ type)	Y/3-pipe	N/C/Gas	$10	N/C/Elec	$40	N/Elec.	$40	N/Elec.	$40	N/C/Elec	$40
34	Cooling (in rent?/ type)	Y/3-pipe	N/C/Elec	$49	N/C/Elec	$49	N/Elec.	$49	N/Elec.	$49	N/C/Elec	$49
35	Cooking (in rent?/ type)	Y/Elec	N/Gas	$6	N/Elec.	$19	N/Elec.	$19	N/Elec.	$19	N/Elec.	$19
36	H. Water (in rent?/ type)	Y/3-pipe	N/Gas	$15	N/Elec.	$59	N/Elec.	$59	N/Elec.	$59	N/Elec	$59
37	Other Electric	Y	N	$48	N	$48	N	$48	N	$48	N	$48
38	Cold Water/ Sewer	Y/Y	N/N	$113	Y/Y		Y/Y		N/N	$113	Y/Y	
39	Trash /Recycling	Y	N	$6	Y		Y		Y		Y	
F.	Adjustments Recap		Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D		3	3	1	7	2	2	1	4	3	6
41	Sum Adjustments B to D		$50	($90)	$15	($370)	$25	($35)	$15	($150)	$65	($350)
42	Sum Utility Adjustments		$247		$215		$215		$328		$215	
			Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	*Net/ Gross Adjmts B to E*		*$207*	*$387*	*($140)*	*$600*	*$205*	*$275*	*$193*	*$493*	*($70)*	*$630*
G.	Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	**Adjusted Rent** (5+ 43)		$1,225		$1,280		$1,200		$1,448		$1,286	
45	Adj Rent/Last rent			120%		90%		121%		115%		95%
46	**Estimated Market Rent**	$1,275	$1.17 ← Estimated Market Rent/ Sq. Ft							Average $1,288	Median	$1,276

Attached are explanations of:

a. why & how each adjustment was made
b. how market rent was derived from adjusted rents
c. how this analysis was used for a similar unit type

01/14/2011

Appraiser's Signature — Date

Grid was prepared: ☐ Manually ☑ Using HUD's Excel form

HUD 92273 - S8

Adjustments Used on the 4 Bedroom "Rent Comparability Grid"

RENTS CHARGED:

Line 1. Last Rented/Restricted? All of the units are currently rented at the rates shown on the grid.

Line 2. Date Last Leased. The grid shows the effective date of the leases most recently signed.

Line 3. Rent Concessions. Most of the comparables were offering rent specials and/or concessions. Comparable #3 was not quoting any special rents or concessions. Comparables #1, #4 and #5 currently utilize the "Yield Star" system so the rents quoted include special rents if any are being offered (with the Yield Star system, quoted rents can potentially change on a daily basis). Any special lower rents are shown on the comparable data sheets and utilized on the HUD 92273-S8 grids, so no additional adjustments were required. Comparable #2 was offering $199 "total move in"(TMI) for the first month. Its rent was adjusted downward by: one month's rent less $199, divided by 12 months (1/12) to reflect the effective rent over the term of the lease. The adjustment was all rounded to the nearest $5

Line 4. Occupancy for Unit Type The comparables all had occupancies in the mid to upper 90% which is typical of the market, so no adjustments were required.

DESIGN, LOCATION

Line 6. Structures/Stories. The subject is two story garden apartments complex. The comparables used for comparison were two and three story garden apartment complexes so no adjustments were utilized.

Line 7. Yr. Built/Yr. Renovated . The subject property was reportedly built 1975 and appears to have had a good maintenances program in recent years. The comparables were built from 1969 to 1973. Comparables #1, #3 and #4 have similar estimated effective ages as the subject and were not adjusted. Comparable #2 and #5 were reportedly extensively remodeled/renovated in 1992 and 1991 (respectively). Due to the remodeling/renovations, they have younger estimated effective ages. Based on this, they were adjusted downwards 5% of the monthly rent to recognize their newer age estimated effective ages. The adjustments were rounded to the nearest $5.

Line 8. Condition/Street Appeal. The subject and comparables were all considered to be in good condition due to strong maintenance programs. The subject and Comparables #1, and #3 have average to good street appeal. Comparables #2, #4 and #5 have superior good to excellent street appeal. Comparable #2 is located on a slopping/wooded site with a relatively low building density and superior city views. Comparable #3 is located on a rolling, nicely landscaped wooded site with a relatively low building density. Comparables #5 backs to Lake Travis. These comparables were adjusted downwards 5% of their monthly rent to reflect their superior street appeal. The adjustments were rounded to the nearest $5

Adjustments Used on the 4 Bedroom "Rent Comparability Grid" (Con't)

Line 9 & 10. Neighborhood. The subject and most the comparables are located west of IH-35 and south of the river/lake in what is known as the Travis Heights area/neighborhood. The exception was comparable #1 which is located a short distance east of IH-35 off Oltorf Road. It was adjusted 2.5% of the monthly rent to reflect its slightly inferior neighborhood and surrounding development. Comparables #2 and #5 are located in the superior South Congress/Riverside "micro-neighborhood" of the Travis Heights area/neighborhood. This immediate area has much high real estate values due to its exceptional views and proximity to the river and the CBD. Virtually all of the properties in this immediate area are newer or have been renovated in recent years. Comparables #2 and #5 were adjusted downwards 5% of their monthly rent to reflect their superior immediate area/neighborhood. The adjustments were rounded to the nearest $5.

Line 10. Same Market? Miles to Subject. The subject and the comparables were all located in the same general market so no adjustments were utilized.

Line 11. # Bedrooms. Due to the limited number of 4 bedroom market rate units in the subject's area, several three bedroom units were used for comparison. After adjusting for all features other than number of bedrooms, no adjustment was indicated for the 3 bedroom unit versus the 4 bedroom units.

Line 12. #Baths. The subject and the comparables used for comparison all have 2 baths so no adjustments were required.

UNIT EQUIPMENT/AMENITIES

Line 13. Unit Square Footage. Typically the area over that which is generally required for a certain unit type is less per square foot rent than the overall rent per square of the unit. Comparison of different size unit plans of the same type unit within the same comparable complexes, indicated adjustments of $0.75/SF for the differences in size. The size adjustment was rounded to the nearest $5.

Line 14. Balcony/Patio. The subject and the comparable rentals used for comparison all have patios or balconies and were not adjusted.

Line 15. AC: Central/Wall. The subject's units and all of the comparables have central HVAC systems so no adjustments were warranted.

Line 16. Range/Refrigerator. The subject and the comparables all included ranges and refrigerators.

Line 17. Microwave/Dishwasher. The subject's units do not have either of these appliances. None of the comparables have microwave ovens included in the rent. All the comparables have dishwashers and disposals. They were adjusted downwards $5/month for these features.

Adjustments Used on the 4 Bedroom "Rent Comparability Grid" (Con't)

Line 18. Washer/Dryer. The subject and most the comparables used for comparison have common laundry rooms and do not have washer/dryer hook-ups in the units. The exception was comparable #4. Comparable #4's three bedroom unit which was used for comparison includes washer/dryer hook-ups in the unit. It was adjusted downwards $10 for this feature.

Line 19. Floor Covering. The subject has newer vinyl tile as the primary flooring. The comparables generally have carpet as the primary flooring. A matched pair analysis was not available to determine if there should be an adjustment for this feature. Our experience indicates that no significant adjustment is warranted. The trend in recent years has been towards hard surfaces versus carpet. The initial cost for these products is generally higher, but the property owner benefits in the long run due to lower maintenance costs due to the durability and longer effective life expectancy of the products. The appeal for tenants is the lower upkeep and decorating flexibility (tenants can add rugs of their choice over the hard surface flooring which is generally very neutral). Some properties have up-charges for hard surfaces such as tile, wood and laminate/faux wood. Since vinyl tile is at the lower end for hard surface flooring, no adjustments were utilized.

Line 20. Window Covering. The subject and the comparables all included blinds which is typical of the market.

Line 21. Cable/Satellite/Internet. The subject and the comparables have CATV and internet service available from private vendors, but none include the service in the base monthly rent.

Line 22/23. Special Features. We have used this category to adjust for view and specific location for two of the comparables. Comparable #2 is located on a hillside a short distance from the Lake/River with good City and River views from the property. The units we used for comparison's rent does not have an up-charge for a view premium, but we do need to recognize the superior view of the property (i.e. typically all a tenant need do is walk outside the unit or visit the common amenities to experience the exceptional view). Comparable #2 was adjusted $25/month to recognize the property's view. Comparable #5's property backs up to the River/Lake and also has an exceptional view. Additionally, tenants can walk to the lake on the property. It was adjusted $50/month for its lake view/location.

SITE EQUIPMENT/AMENITIES:

Line 24. Parking. The subject and the comparables #1 all have open, unassigned parking and do not include any covered parking in the rent.
and #3 have open parking and do not include covered parking in the monthly rent.

Line 25. Extra Storage. The subject and most the comparables do not have additional (porch) storage closets (not included in the NRA). The comparables which have additional storage were adjusted downwards $5/month.

Line 26. Security. The subject and the comparables do not have any extra ordinary security features.

Adjustments Used on the 4 Bedroom "Rent Comparability Grid" (Con't)

Line 27. Clubhouse/Meeting Room. The subject has a large community room. The comparables which did not have clubhouses or meeting rooms were adjusted upwards $10/month.

Line 28. Pool/Recreation Area. The subject has a playground, sport court and picnic area. Comparables #1, #3 and #4 have a pool but not any other significant common amenities. They were not adjusted. Comparables #2 and #5 have common amenities similar to the subject plus swimming pools. They were adjusted downwards $10/month.

Line 29. Business Ctr./Nbhd Netwk. The subject and the comparables do not have business centers or neighborhood networks.

Line 30. Service Coordination. Reportedly the subject recently contracted with Inter-Faith Group to set-up and operate a schedule of activities such as after school programs for the properties children, computer classes and GED courses None of the comparables offer similar service and were adjusted upwards $15/month to reflect this feature of the subject.

Line 31. Non-shelter Services. The subject and the comparables do not have any significant "non-shelter services" not addressed under the other adjustment.

UTILITIES:

Line 33. Heat (in rent?/type). The subject has gas heat which is included in the monthly rent. Comparable #2 also has gas heat, however, the gas is charged back to the tenant on a pro-rated basis. Based on the most recent utility allowances published by the Austin Housing Authority, Comparable #2 was adjusted upwards $10/month to reflect the cost of gas heat to the tenant. The remaining comparables have electric heat with the tenant paying for electric. Based on the most recent utility allowances published by the Austin Housing Authority, the comparables were adjusted upwards $40/month to reflect the cost of electric heat to the tenant.

Line 34. Cooling (in rent?/type).The subject has air conditioning included in the monthly rent. The comparables do not have (the electricity for) air conditioning included in the monthly rent. They were adjusted upwards $49/month based on the current utility (PBE) allowances published by the Austin Housing Authority.

Line 35. Cooking (in rent?/type).The subject has electric cooking which is included in the monthly rent. Comparable #2 has gas cooking with gas charged back to the tenant on a pro-rated basis. Based on the most recent utility allowances published by the Austin Housing Authority, Comparable #2 was adjusted upwards $6/month to reflect the cost of gas cooking to the tenant. The remaining comparables have electric ranges with the tenant paying for electric. Based on the most recent utility allowances published by the Austin Housing Authority, the comparables were adjusted upwards $19/month to reflect the cost of electric cooking to the tenant.

Adjustments Used on the 4 Bedroom "Rent Comparability Grid" (Con't)

Line 36. Hot Water (in rent?/type). The subject has gas hot water which is included in the monthly rent. Comparable #2 also has gas heat, however, the gas is charged back to the tenant on a pro-rated basis. Based on the most recent utility allowances published by the Austin Housing Authority, Comparable #2 was adjusted upwards $15/month to reflect the cost of gas heat to the tenant. The remaining comparables have electric heat with the tenant paying for electric. Based on the most recent utility allowances published by the Austin Housing Authority, the comparables were adjusted upwards $59/month to reflect the cost of electric heat to the tenant.

Line 37. Other Electric (in rent?/type). Electricity is included in the monthly rent for the subject's units. The comparables are all separately metered for electric. They were adjusted upwards $48/month based on the current utility (PBE) allowances published by the Austin Housing Authority.

Line 38. Cold Water/Sewer. The subject and comparables #2, #3 and #5 include water and sewer in the monthly rent. Comparable #1 and #4 charge tenants for water and sewer on a pro-rated basis. Based on the most recent utility allowances published by the Austin Housing Authority, these comparables were adjusted upwards ($40 for water and $73 for sewer service) $113/month.

Line 39. Trash/Recycling. The subject and the most the comparables include trash collection/recycling in the monthly rent. The exception is Comparable #1 which adds a $6/month/unit surcharge to the water/sewer bills for trash collection. (This is also the amount suggested by the most recently published utility allowances for the Austin Housing Authority.

Line 46. Estimated Monthly Rent. The adjusted comparables reflected a range of from $1,200 to $1,448/month with an average of $1,288/month and a median of $1,276/month. If we exclude the high and low adjusted rents we have a much more limit range of $1,225 to $1,280 with an average of $1,264. We have used $1,275/month which is supported by the average and median of the adjusted comparables.

1) Sienna Ridge
1817 E. Oltorf
Austin, Texas

Management Agent: First Worthington (Candy) County: Travis
Contact's Phone: (512) 442-2316 Cross Street: Parker Lane
Year Built: 1973 Neighborhood: Good

Unit Type	No. of Units	Used as Comp. in RCS? (Y/N)	Base Rent	Market Size (SF)	Interior Size (SF)	Any Rent Restrictions? (Y/N)
EFF	24	N	$577.00	518	492	N
1/1	31	N	$604.00	548	521	N
1/1	24	Y	$653.00	630	599	N
1/1/Study	28	N	$731.00	728	692	N
2/1	14	Y	$758.00	925	879	N
2/1 TH	14	N	$854.00	925	879	N
2/2	32	N	$804.00	1,020	969	N
2/2 TH	40	N	$898.00	1,020	969	N
3/2	16	Y	$1,018.00	1,263	1,200	N

Total Units: 223 Project Occupancy: 98%

Charges in Addition to Rent: None
Subsidies and Restrictions at Project: None

Concessions/Specials: Shown; Property uses Yieldstar (prices can potentially change daily)

Other Comments: Common amenities include a pool, sport court, picnic areas and laundries. Trash is included in the rent. Units have separate electric meters with the tenant paying for basic electric and A/C. Tenant is charged back for gas (cooking, heat & hot water), trash ($6), water and sewer. Units have patio/balconies w/storage.

Date Information Verified: 1/12/2007

2) Timbercreek (page 1 of 2)
614 S. 1st Street
Austin, Texas

Management Agent: Capestone (Malorie)
Contact's Phone: (512) 444-6138
Year Built: 1972 / renovated 1992

County: Travis
Cross Street: (Riverside
Neighborhood: Good

Unit Type	No. of Units	Used as Comp. in RCS? (Y/N)	Average Rent	Market Size (SF)	Interior Size (SF)	Any Rent Restrictions? (Y/N)
EFF	12	N	$775.00	399	379	N
1/1	18	N	$855.00	560	532	N
1/1	12	N	$865.00	567	539	N
1/1	12	Y	$900.00	644	612	N
1/1	24	N	$930.00	656	623	N
1/1	8	N	$960.00	652	619	N
1/1	12	N	$1,015.00	735	698	N
2/1	12	N	$990.00	703	668	N
2/1	12	N	$1,035.00	816	775	N
2/1	24	Y	$1,055.00	850	808	N
2/1.5	4	N	$1,255.00	978	929	N
2/2	12	N	$1,110.00	927	881	N
2/2	6	N	$1,185.00	1,064	1,011	N
2/2	18	N	$1,110.00	916	870	N
3/2	6	Y	$1,470.00	1,200	1,140	N
4.2	6	Y	$1,530.00	1,220	1,159	N

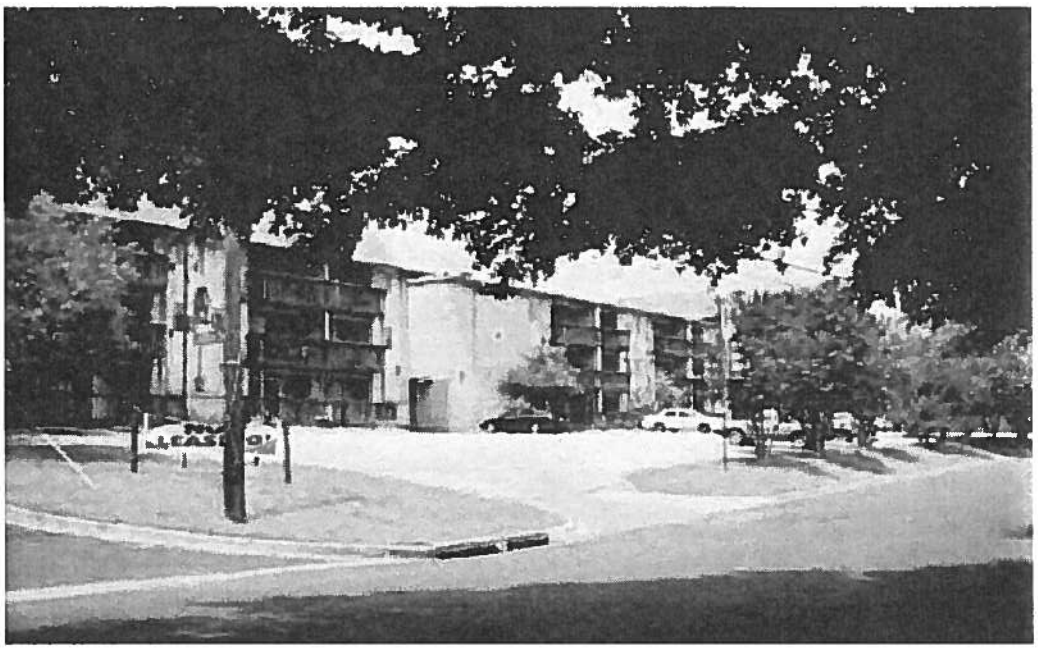
Total Units: 198

Project Occupancy: 99%

2) Timbercreek (page 2 of 2)

Charges in Addition to Rent:	None
Subsidies and Restrictions at Project:	None
Concessions/Specials:	Property was offering a "$199 Total Move-In" (TMI)
Other Comments:	Common amenities include a pool, picnic/BBQ area, City views and laundry. Units are all electric with separate electric meters. Water, sewer and trash is included in the rent. Some units have vaulted ceilings, fireplaces, washer/dryer connections and/or City views.
Date Information Verified:	1/12/2007

3) Cascades
1221 Algarita Avenue
Austin, Texas



Management Agent: Austin Mgmnt. Group(Rosie) County: Travis
Contact's Phone: (512) 444-4485 Cross Street: Glendale
Year Built: 1969 Neighborhood: Good

Unit Type	No. of Units	Used as Comp. in RCS? (Y/N)	Average Rent	Market Size (SF)	Interior Size (SF)	Any Rent Restrictions? (Y/N)
EFF	14	N	$500.00	396	376	N
1/1	30	N	$550.00	484	460	N
1/1	60	Y	$625.00	664	631	N
1/1	3	N	$675.00	762	724	N
1/1	3	N	$725.00	870	827	N
2/1	24	N	$675.00	689	655	N
2/1.5 TH	9	Y	$875.00	946	899	N
2/2	11	N	$785.00	912	866	N
2/2	6	N	$800.00	944	897	N
2/2	25	N	$875.00	1,003	953	N
4/2	15	Y	$995.00	1,188	1,129	N

Total Units: 200 Project Occupancy: 97%

Charges in Addition to Rent: None
Subsidies and Restrictions at Project: None

Concessions/Specials: None

Other Comments: Common amenities include a pool and laundries. Trash is included in the rent. Units are all electric with separate electric meters. The tenant pays water and sewer on a pro-rated basis. Some units have patios/balconies

Date Information Verified: 1/12/2007

4) Brook in Travis Heights
1824 IH-35, South
Austin, Texas

Management Agent: SMI Realty (Jennifer)
Contact's Phone: (512) 444-2486
Year Built: 1972
County: Travis
Cross Street: Woodland Ave.
Neighborhood: Good

Unit Type	No. of Units	Used as Comp. in RCS? (Y/N)	Average Rent	Market Size (SF)	Interior Size (SF)	Any Rent Restrictions? (Y/N)
1/1	42	N	$635.00	550	523	N
1/1	39	Y	$675.00	660	627	N
1/1	12	N	$725.00	675	641	N
1/1	3	N	$875.00	925	879	N
2/1	42	Y	$745.00	750	713	N
2/1	6	N	$685.00	700	665	N
2/2	6	N	$895.00	900	855	N
2/2	24	N	$950.00	1,025	974	N
3/2 TH	4	Y	$1,300.00	1,250	1,188	N
3/2	10	N	$1,400.00	1,300	1,235	N

Total Units: 188
Project Occupancy: 99%
Charges in Addition to Rent: None
Subsidies and Restrictions at Project: None

Concessions/Specials: Shown; Property uses Yieldstar (prices can potentially change daily)

Other Comments: Common amenities include a pool, picnic areas and laundries. Trash is included in the rent. Units have separate electric meters with the tenant paying for for basic electric, heat, hot water, and A/C. Water and sewer is billed to the tenant on a pro-rated basis. Some units have patio/balconies and/or waher/dryer connections.

Date Information Verified: 1/12/2007

5) Riverside Place Apartments
300 Riverside Drive
Austin, Texas

Management Agent: CWS (Amanda)
Contact's Phone: (512) 707-1792
Year Built: 1965 / Renovated 1991

County: Travis
Cross Street: Newning
Neighborhood: Good

Unit Type	No. of Units	Used as Comp. in RCS? (Y/N)	Average Rent	Market Size (SF)	Interior Size (SF)	Any Rent Restrictions? (Y/N)
EFF	18	N	$639.00	371	352	N
1/1	30	Y	$862.00	640	608	N
1/1	18	N	$922.00	730	694	N
2/1	14	Y	$1,100.00	810	770	N
2/2	47	N	$1,130.00	870	827	N
3/2	18	Y	$1,356.00	1,090	1,036	N

Total Units: 145

Project Occupancy: 100%

Charges in Addition to Rent: None
Subsidies and Restrictions at Project: None

Concessions/Specials: Shown; Property uses Yieldstar (prices can potentially change daily)

Other Comments: Common amenities include two pools, picnic/BBQ area, Lake view and laundry. Units are all electric with separate elctric meters. Water, sewer and trash collection is included in the rent.

Date Information Verified: 1/12/2007

Attachment #1a

Appraiser Certification
Project Name: Oak Creek Village Apartments *Project No : TX59E000046*

By my signature below, I certify that, to the best of my knowledge and belief:

1) The statements of fact contained in this report are true and correct.

2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

3) I have no present or prospective financial interest in the above property, its ownership or management agent entity, or the principals of those entities. I am not an employee of those principals or entities and I have no business or close personal/family interest with those parties that commonly would be perceived to create bias or a conflict of interest.

4) I have no bias with respect to the property that is the subject of this report or to the ownership or management parties involved with this assignment.

5) My engagement in and compensation for this assignment were and are not contingent upon the reporting of a predetermined rent or direction in rent. My fee is my only compensation for this rent study assignment. There are no other side agreements or considerations.

6) My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and all applicable HUD procedures for performing Rent Comparability Studies for Section 8 contracts.

7) Thomas C. Doctor and David J. Siege inspected the interior and exterior of the subject property. Thomas C. Doctor and David J. Siege inspected the exteriors of the properties used as comparables in this report.

8) No one provided significant professional assistance to the person signing this report except the persons listed here: David J. Siege (Lic. #1338654-T). If anyone is listed here, his/her contribution is identified in the Scope of Work section of this report.

9) I am a certified general appraiser, licensed and in good standing with the state appraiser regulatory agency where the subject property is located and I meet all of the appraiser qualifications required in HUD's rent comparability procedures.

10) I am not debarred or suspended from doing business with the Federal Government. I also am not under a Limited Denial of Participation (LDP) imposed by the HUD Multifamily HUB or Program Center having jurisdiction over the Section 8 project. Any LDPs in effect now or in the past three years were imposed by the following HUD offices: *None*_____.

Note: T.C. Doctor & Associates dba Multi-Housing Appraisal Associates also did a Rent Comparability Study (RCS) on the subject property in 09/2009

Warning: If you knowingly make a false statement on this form, you may be subject to civil penalties under Section 1001 of Title 18 of the United States Code. In addition, any person who knowingly and materially violates any required disclosure of information, including intentional non-disclosure, is subject to civil money penalty not to exceed $10,000.00 for each violation.

Appraiser's Name: *Thomas C. Doctor, MAI* **Signature:**_____ **Date:** 01/25/2011

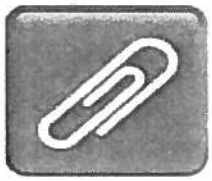
Permanent License No: 1322025-G **Issuing State:** Texas **Expires:** 01/31/12

Did you prepare the RCS under a temporary license? No *If so, attach a copy of the temporary license.*

32 Supporting Documents

Supporting Documents Should be Included Behind this Tab

- [NA] Resolution from local Government confirming support for the Development, and citing specific budgetary constraints prohibiting financial support
- [X] Statement from the applicable city or county (or instrumentality) acknowledging that a request for funds was subitted and that a decision about funding will occur no later than September 1, 2013
- [X] Executed Pro Forma from Permanent or Construction Lender
- [X] Letter from lender regarding approval of Principals
- [X] Evidence of Permanent and Construction Financing (term sheets, loan agreements)
- [X] Evidence of any Gap Financing
- [X] Evidence of any Owner Contributions
- [X] Evidence of Equity Financing (HTC applications only)
- [X] Evidence of Rental Assistance/Subsidy



City of Austin

Neighborhood Housing and Community Development
P.O. Box 1088, Austin, TX 78767-1088
(512) 974-3100 • Fax (512) 974-3112 • www.austintexas.gov/housing

February 28, 2013

Ms. Sarah Andre
C/O Eureka Holdings
3001 Knox Street
Dallas, TX 75205

RE: Loan Commitment for $2,000,000
2324 Wilson Street, Austin, TX – Oak Creek Village Apartments

Dear Ms. Andre:

On February 28, 2013, the Austin City Council approved $2,000,000 in Rental Housing Development Assistance Funds to Eureka Holdings for the re-development of the Oak Creek Village Apartments at 2324 Wilson Street. This funding is conditional upon the award of tax credits to Eureka Holdings by the Texas Department of Housing and Community Affairs for the proposed project.

Terms of the loan will be for a minimum of 99 years at zero percent (0%) interest. Repayment of the loan will be deferred on a yearly basis and forgiven at the end of the loan period contingent upon compliance with the loan agreement. There are no fees or basis points associated with this loan.

The funds committed for this project were not first provided to AHFC by the Applicant, the Developer, a Consultant, Related Party, or any individual or entity acting on behalf of the proposed Applicant.

It is recognized that Eureka Holdings will utilize the committed funds to assist in the re-development of property located at 2324 Wilson Street into 173 units of multi-family rental housing. We look forward to working with you for a successful completion of this project.

Should you have questions or need information, please contact me at 974-3192.

Sincerely,

David Potter
Housing Development Manager

cc: Betsy Spencer
Gina Copic

RESOLUTION NO. 20130228-013

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

The City Manager is authorized to approve the conditional commitment of a loan in an amount not to exceed $2,000,000 to 2013 Travis Oak Creek, LP, formerly known as 2007 Travis Heights, LP, an affiliate of Eureka Holdings, Inc., for the proposed demolition and new construction of 170 housing units located at 2324 Wilson Street, with funding being conditional upon the award of tax credits to 2013 Travis Oak Creek, LP by the Texas Department of Housing and Community Affairs for the proposed project.

BE IT FURTHER RESOLVED:

This conditional commitment does not convey support or opposition, by implication or otherwise, for zoning or any other approvals that may or may not be needed for a project including or affiliated with the 170 affordable housing units.

ADOPTED: February 28, 2013 **ATTEST:** Jannette S. Goodall

Jannette S. Goodall
City Clerk

15 Year Rental Housing Operating Proforma

All Programs Must Complete the following:

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of rental income and expenses), and principal and interest debt service. The Department currently considers an annual growth rate of 2% for income and 3% for expenses to be reasonably conservative estimates. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

INCOME	LEASE-UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
POTENTIAL GROSS ANNUAL RENTAL INCOME		$1,989,204	$2,028,988	$2,069,568	$2,110,959	$2,153,178	$2,377,283	$2,624,712
Secondary Income		$ 21,256.92	$ 21,682.06	$ 22,115.70	$ 22,558.01	$ 23,009.17	$ 25,403.99	$ 28,048.05
POTENTIAL GROSS ANNUAL INCOME	$0	$2,010,461	$2,050,670	$2,091,684	$2,133,517	$2,176,188	$2,402,687	$2,652,760
Provision for Vacancy & Collection Loss		$ 150,784.57	$ 153,800.26	$ 156,876.27	$ 160,013.79	$ 163,214.07	$ 180,201.52	$ 198,957.04
Rental Concessions		$ -						
EFFECTIVE GROSS ANNUAL INCOME	$0	$1,859,676	$1,896,870	$1,934,807	$1,973,503	$2,012,973	$2,222,485	$2,453,803
EXPENSES								
General & Administrative Expenses		$ 42,900.00	$44,187	$45,513	$46,878	$48,284	$55,975	$64,890
Management Fee		$ 93,000.00	$ 95,790.00	$ 98,663.70	$ 101,623.61	$ 104,672.32	$ 121,343.91	$ 140,670.84
Payroll, Payroll Tax & Employee Benefits		$ 164,032.00	$ 168,952.96	$ 174,021.55	$ 179,242.20	$ 184,619.46	$ 214,024.55	$ 248,113.12
Repairs & Maintenance		$ 104,722.00	$ 107,863.66	$ 111,099.57	$ 114,432.56	$ 117,865.53	$ 136,638.46	$ 158,401.42
Electric & Gas Utilities		$ 60,000.00	$ 61,800.00	$ 63,654.00	$ 65,563.62	$ 67,530.53	$ 78,286.39	$ 90,755.38
Water, Sewer & Trash Utilities		$ 130,600.00	$ 134,518.00	$ 138,553.54	$ 142,710.15	$ 146,991.45	$ 170,403.38	$ 197,544.22
Annual Property Insurance Premiums		$ 45,798.00	$ 47,171.94	$ 48,587.10	$ 50,044.71	$ 51,546.05	$ 59,756.00	$ 69,273.58
Property Tax		$ 243,080.00	$ 250,372.40	$ 257,883.57	$ 265,620.08	$ 273,588.68	$ 317,164.27	$ 367,680.31
Reserve for Replacements		$ 43,250.00	$ 44,547.50	$ 45,883.93	$ 47,260.44	$ 48,678.26	$ 56,431.44	$ 65,419.51
Other Expenses:		$ 27,920.00	$ 28,757.60	$ 29,620.33	$ 30,508.94	$ 31,424.21	$ 36,429.27	$ 42,231.51
TOTAL ANNUAL EXPENSES	$0	$955,302	$983,961	$1,013,480	$1,043,884	$1,075,201	$1,246,452	$1,444,980
NET OPERATING INCOME	$0	$904,374	$912,909	$921,327	$929,619	$937,773	$976,033	$1,008,823
DEBT SERVICE								
		$723,499	$723,499	$723,499	$723,499	$723,499	$723,499	$723,499
Second Deed of Trust Annual Loan Payment								
Third Deed of Trust Annual Loan Payment								
Other Annual Required Payment:								
Other Annual Required Payment:								
NET CASH FLOW	$0	$180,875	$189,409	$197,828	$206,120	$214,273	$252,533	$285,324
Debt Coverage Ratio	#DIV/0!	1.25	1.26	1.27	1.28	1.30	1.35	1.39
Other (Describe)								
Other (Describe)								

By signing below I (we) are certifying that the above 15 Year pro forma has been reviewed and is acceptable. (Signature only required if using this pro forma for points under §11.9(e)(1) relating to Financial Feasibility)

Signature, Authorized Representative, Construction or Permanent Lender

2/23/13
Date

Phone: 713/899-5329

Email: john.yochum@capitalone.com

John Yochum
Printed Name

SCHEDULE III

FINANCIAL FEASIBILITY

February 25, 2013

Mr. Rene Campos
2013 Travis Oak Creek, LP
3001 Knox Street, Suite 400
Dallas, TX 75205

Dear Rene:

I have received and reviewed the 15-year pro forma for Oak Creek Village located in Austin, Texas. The attached pro forma, which has been prepared and executed by an authorized representative of Capital One N.A. projects total operating expenses, net operating income, and debt service for the first year of stabilized operation based on preliminary information provided by the borrower.

The attached pro forma indicates that the development would maintain no less than a 1.15 debt coverage ratio throughout the initial fifteen years. These projections, which indicate that the Development is expected to be feasible for fifteen years, are made based upon the preliminary information provided by the borrower to this point, and are subject to Capital One's due diligence review.

Additionally, Capital One N.A. has performed a preliminary review of the credit worthiness of Rene Campos and affiliated organizations, and 2013 Travis Oak Creek, GP. At this time, Capital One N.A. has no reservations with any of the Principals of the Borrower.

Sincerely,

John R. Yochum
Senior Director
Capital One Community Development Finance
5817 Westheimer, 10th Floor
Houston, TX 77057
713-435-5324
john.yochum@capitalone.com

5718 Westheimer, 10th Floor
Houston, Texas 77057

February 27, 2013

Mr. Rene Campos
2013 Travis Oak Creek, LP
3001 Knox Street, Suite 400
Dallas, TX 7S205

Re: Oak Creek Apartments, Austin, Texas
Construction and Permanent Financing supported by 9% LIHTC

Dear Rene:

In response to your request for financing for your proposed development, Oak Creek Village, located in Austin, TX ("the property"), we are pleased to provide you with this proposed summary of terms and conditions by Capital One, N.A. or one of its affiliated ("Capital One") to provide debt financing.

This letter contains an outline of suggested terms only, and it does not represent a commitment by Capital One or create any obligation whatsoever on Capital One's part. It is for discussion purposes only, and the outlined terms have not received final approval by the appropriate Capital One lending authorities.

Applicant:	2013 Travis Oak Creek, Developer, Inc. will be the developer and 2013 Travis Oak Creek GP, LLC will be the General Partner of Partnership ("Developer" and "Applicant").
Borrower:	2013 Travis Oak Creek, LP will own the project ("Borrower").
Project Location:	Austin, TX
Project Description:	Oak Creek Village will be a new construction of 173-units to be built as an affordable, family, multi-level apartment rental community for families, as described:

- 51-1 bedroom, 1 bathroom, 1-story units
- 58-2 bedroom, 2 bathroom, 1-story units
- 48-3 bedroom, 2 bathroom, 1-story units
- 16-4 bedroom, 2 bathroom, 1-story units

New construction will be in line with plans, specifications and other descriptions as outlined in the project's application for low income housing tax credits, and as approved by the Bank prior to commencement. The plans

and budget will be reviewed by a Bank approved, third-party construction inspector who will also review / approve the draw requests.

Amount:

During construction, the loan is not to exceed the lesser of $18,500,000 or 80% of the sum of the value of the property including the as completed and stabilized value including rent restrictions, with or without property tax abatement (if applicable) and the value of any below-market subordinate financing plus the value of the tax credits.

During the permanent phase, the loan may be sized up to $9,538,787 defined as 80% of the as completed and stabilized appraised value (including rent restrictions) which would be an amount that would be supported by property cash flow on a minimum of 1.20 debt service coverage.

Purpose:

To finance a portion of the new construction and to bridge the LIHTC equity pay-ins or other subordinated financing for a 173-unit affordable rental community. Permanent financing will also be provided by Capital One so the construction and permanent loans will consist of one set of documents.

It is the Lender's assessment, based on considerations including the development's Underwriting Pro-forma, that the development will be feasible for 15 years.

Type of Loans:

A non-revolving, advancing new construction loan and permanent loan (sometimes referred to as the "Loan").

Option 1 - Variable Rate Construction and Forward Fixed Permanent Loan:

For the construction loan, Bank may provide a variable rate, which will be determined using a spread over one-month LIBOR which will re-price monthly. For your reference, on February 25, 2013, the one month LIBOR average for the past year was 0.25%. This lending rate may be expressed as 3.75% over one month LIBOR or 4.00%. There will not be an interest rate floor.

The Term rate will be the Bank's 24-month forward locked rate which, on February 25, 2013, the rate would be 6.50% if closed today. A rate lock fee of will be collected at closing. The perm rate may be locked immediately following credit approval prior to construction loan closing (maximum of 10 days). The rate may change between the date of the aforementioned quote and final rate lock.

Option 2 - Fixed Rate for Construction and Permanent Loan:

Bank can provide a fixed rate for the construction loan and perm loan together using the Bank's indicative lending rate. As of February 25, 2013, the Bank's indicative construction lending rate is 6.25% and will be fixed throughout the 24 month construction term and the 15 year permanent loan term. This rate may also be locked prior immediately following credit approval, provided no more than 10 days from approval to construction

closing.

Construction and Permanent Loan Fee

A 100 basis point fee on the full amount of the construction loan and 100 basis point fee on the permanent loan, both fees will be due at closing. There are no additional servicing, application, or conversion fees.

Capital One Accounts; Due Diligence incentive

Rates indicated above are predicated on operating accounts, construction accounts, reserve accounts and any other deposit accounts of the Borrower and the property, including escrow accounts, be maintained with the Bank for the entire period that the loan is outstanding. If circumstances are such that this cannot be achieved, pricing may vary.

Interest shall be calculated utilizing a 360-day basis for the actual number of days principal is outstanding.

Permanent Loan Commitment Exit Fee:

An exit fee of 5.0% of the full permanent loan amount will be due for any reason for failure to convert the loan to the permanent phase.

Permanent Loan Prepayment Fee:

Prepayment permitted during the term of the Permanent loan, subject to prepayment premium calculated as the greater of 1% of the outstanding loan balance or Fannie Mae's yield maintenance formula or, if a swap contract option is chosen, then the prepayment fee will be included in the swap pricing.

Maturity Date:

Construction term may be up to 24 months. If the construction period is extended, there will be an extension fee of an additional 40 basis points of the amount extended, including unfunded amounts that will remain available after extension. One six month extension may be authorized subject to satisfaction of conditions including but not limited to:

- compliance with all placed in service requirements
- lien free completion
- 75% physical occupancy
- rents at or above Bank pro-forma levels
- adequate interest reserve
- all scheduled equity due at that point having been funded
- No event of default on the loan documents or the agreements governing actions between the borrowing entity and the equity provider.

If the extension is exercised, Borrower will pay any and all reasonable costs related to the extension, including cost for an updated appraisal if required.

The permanent term to be 15 years from the date of conversion. The terms of conversion are listed as an addendum in Schedule II to this letter.

Amortization:	During construction, interest only payments will be due monthly. In the permanent phase, monthly payments will be based on a 30 year amortization.
Construction Start:	Construction to commence within 30 days of the date of close.
Completion Date:	To be determined, however, it is anticipated that completion will occur within 12 months of the date of close, subject to force majure not to exceed 60 days, however, never to exceed the placed in service date.
Guarantees of Payment and Completion:	The Bank will have full recourse to the Borrower, Developer, and General Partner including payment / performance guarantees and lien-free completion guarantees from any other entities as required by Bank. The general contractor will be required to provide a lien-free completion guaranty. After conversion standard carve outs will apply. The specifics of these standard carve outs will be included in the loan closing documentation.
Environmental Indemnification:	Borrower, General Partner, and the Guarantors referenced above (excluding the GC), will jointly and severally provide environmental indemnification. The environmental indemnification will survive conversion.
Collateral:	• 1st lien deed of trust/mortgage on land and improvements (as fee simple interest or leasehold). • Assignments and/or first security interest in: o Rents and leases o Tax Credits o General construction contract o Architect's contract o Management contract o Development agreement o Social service contract (if in place) o FF&E o All accounts including escrow, reserve and operating accounts
Due on Sale Provisions:	Loan will become due upon sale or refinance of any debt on the property.
Equity Requirement:	Equity to come from the sale of tax credits to an entity related to Hudson Housing Capital which is expected to total $18,598,140 ($0.93 per $2,000,000, proposal dated February 25, 2013. All of the terms and conditions in the Hudson proposal are included in the Capital One debt proposal. Except for certain costs approved by Capital One to be paid at closing of the Loan from equity, the Investor shall deposit the Equity in an account of Borrower located at Bank in a manner satisfactory to Bank. The proceeds of

that account will be disbursed by Bank to pay for budgeted items of the Project (and/or applied to the Loan if required by the Bank's loan documents) and then after completion of construction to pay the Loan down to the amount of the permanent loan. Bank will have no obligation to make an advance of the Loan unless and until Bank has disbursed all of any installment of Equity then on deposit with Bank (as will be more particularly provided for in the applicable loan documents).

Appraisal Requirement: Subject to Bank receipt, review and approval of an appraisal ordered by the Bank at the expense of the Borrower. Appraisal will be from a state licensed appraiser, and must be completed in a form and manner to comply with the Bank's legal and regulatory obligations. Appraisal will provide, among other values, an as completed stabilized value including restricted rents, both with and without tax abatements (if applicable).

Among other requirements that might restrict the sizing, loan not to exceed 80% of as completed stabilized appraised value with rent restrictions (including current HUD utility allowances) and tax abatement plus the value of the tax credits at the lesser of appraised value or the actual aggregate purchase price as indicated in partnership documents.

Business Conditions Precedent to Closing: Appropriate and customary conditions precedent to close for this type of transaction is listed in Schedule I as an addendum to this letter.

Development Fee: The current assumptions indicate the total developer's fee of $2,914,000, all subject to final credit approval.

General Contractor: To-Be-Determined.

Advances: Construction loan funding will be made no more frequently than monthly, with construction loan based upon the percentage-of-completion for actual work-in-place as approved by the Bank and its construction consultant. Funds will be deposited into a construction account held by the Bank. If requested, funds may be wired from that account; however, scheduled wire charges will apply. Retainage of 10% will be withheld from each draw and released 30 days after final certificate of occupancy is issued.

Performance & Payment Bonds / Letter of Credit: Retainage of 10% will be withheld from each draw and released 30 days after final certificate of occupancy is issued.

It is anticipated that the Contractor will provide Payment and Performance bonds during construction, provided by a surety with an AM Best rating of "A". However, if the contractor is unable to provide bonds, or uses a surety company with a lower rating, the Bank will accept a Letter of Credit for no less than 15% of the Construction Costs from a highly rated issuer payable to the

	Bank only.
Management:	To-Be-Determined.
Consulting Engineer:	To be Determined. Bank will do a joint engagement with the tax credit syndicator to attempt to reduce cost to Borrower.
Environmental Consultant:	To be Determined. Subject to bank review and acceptance, including a reliance letter on bank form if not ordered by the Bank.
Builders Risk or All Risk & Hazard Insurance:	Insurance requirements will be provided under separate cover.
Lender Legal Counsel:	Gardere Wynne Sewell LLP
Borrower Legal Counsel:	Locke Lord LLP
Expiration Date:	This letter shall be accepted and signed within 30 business days of the date of the letter. After this time period the offer and terms of this letter shall become null and void. Acceptance is to be indicated be the return of a fully executed counterpart of this letter to Bank and the payment of the good faith deposit as indicated above.

This letter is not to be construed as a formal commitment on the part of the Bank, but is merely a proposal to you subject the terms and conditions described above as well as any other terms and conditions that may arise during the Bank due diligence and credit approval process. This proposal is provided solely for the convenience of the Borrower and should not be relied upon by any third party in any manner or for any reason whatsoever. This letter replaces and voids any and all previous financing proposals by the Bank for this subject property.

Following the receipt of the signed term sheet, the due diligences check list will be provided. All items must be provided within the underwriter's reasonably requested time frame. The terms discussed above are based upon assumptions and projections provided by the developer as of the date of this letter. Subsequent changes to those assumptions could have a material effect on the ability of the bank to consider formal credit approval of the terms as presented. This proposal is terminable by the Owner if the Project is not awarded tax credits for the 2013 QAP or if the owner does not issue a written notice to proceed by August 1, 2013.

It is my sincere pleasure to make this financing proposal to you. I look forward to your acceptance and to developing an on-going relationship with your company.

Sincerely,

John Yochum
Senior Director
Community Development Finance

2013 Travis Oak Creek, LP

Agreed and Accepted on 2/27, 2013

By (Signature)

Printed Name Rene A. Campos

Title Manager

Firm Name 2013 Travis Oak Creek, GP, LLC

SCHEDULE I

CONDITIONS TO CLOSING

Customary for transactions of this nature and appropriate for this particular transaction, including but not limited to:

- All due diligence information and underwriting is subject to final review and approval by Bank credit officer and / or credit committee.
- A Phase I environmental survey. At the sole discretion of the Bank, additional environmental due diligence may be required, including but not limited to a Phase II, asbestos and/or lead paint tests; Bank will consider using an updated version of existing Phase I if acceptable to Bank in-house environmental risk manager.
- Management agreement and management plan from an approved third party management company;
- Commitment for Title Insurance, issued by a title company acceptable to Bank, covering the Project, together with the payment of premiums necessary for the title company to issue a Mortgagee's Policy of Title Insurance, with respect thereto, in the amount of the Loan, together with all endorsements thereto as required by Bank;
- Evidence that the Project is not located in a flood prone area;
- Evidence of the tax credit allocation for the Project; Bank notes that Borrower has not received its forward commitment as yet from TDHCA.
- A market and feasibility study for the proposed construction of the Project prepared by an approved market consultant;
- Evidence that the Project will have adequate parking;
- A recent (within 30 days prior to closing) UCC search indicating that the Project is free and clear of all security interests (or will be at the time of closing);
- Borrower's amended and restated partnership agreement (or operating agreement, if applicable) and all notes, guarantees, and other instruments and agreements issued pursuant thereto, and all amendments and modifications thereto and thereof;
- Pro-forma operating statement for the Project;
- Survey of the Project;
- Evidence of fire, hazard, flood (as applicable), builder's risk, workman's compensation, and all other insurance as will be required by the Bank's loan documents, each naming Bank as loss payee or mortgagee;

- Receipt and review by Bank of a final construction budget, a construction schedule and a draw schedule, together with a third party plan and cost review performed by a third party acceptable to Bank which shall, among other things, verify the adequacy of such construction budget;

- Evidence of Borrower's and its general partner's and each Guarantor's due formation, organization, good standing, authorization to enter into the transaction contemplated by this letter and the Bank's loan documents, and all other organizational documents and other items and matters required by the Bank's loan documents;

- If applicable, a copy of the ground lease of the Project and all landlord estoppel letters as may be required by Bank;

- Opinions of counsel for Borrower, Guarantors, and such other persons and entities required by Bank, and covering such matters as Bank shall deem reasonably necessary or desirable in connection with the credit support transaction and as provided in the Bank's loan documents;

- Current plans and specifications for the Project;

- The Architect's Contract, between Borrower and the Project's architect, together with an agreement from such architect, consenting to the assignment of the plans and specifications prepared by the architect to Bank and providing for the subordination of all statutory and contractual liens and claims of the architect against the Project;

- General Construction Contract between Borrower and the Project's general contractor ("Contractor") (which shall be a fixed price contract consistent with the budget approved by Bank), together with an agreement from Contractor, consenting to the assignment of the general contract to Bank, and providing for the subordination of all statutory and contractual liens and claims of the Contractor against the Project;

- A complete list of costs for the Project, enumerated on AIA document G703, to include all hard (direct) costs and all anticipated soft (indirect) costs. The cost breakdown should clearly indicate those line items to be funded by the Investor's equity and the timing thereof;

- All management contracts, operating agreements, franchise agreements, or other contractual arrangements affecting the operation of the Project. Bank reserves the right to require that all such contracts and agreements be conditionally assigned by Borrower to Bank, and to further, at the option of Bank, require that such assignments be acknowledged by the contracting third parties;

- Evidence in the form of letters from the appropriate provider or from the Project engineer, that public water, sanitary and storm sewer, electricity, gas, and other required utilities are available to the Project (as clearly identified in said letters) and in quantities sufficient for the successful operation of the Project. All utility lines must enter the Project through adjoining public streets or, if passing through adjoining private land, do so in accordance with recorded public or private easements satisfactory in form and content to Bank;

- Evidence that the rate of the permanent loan has been locked at less than 6.25% per annum;

- Evidence that the Project and all planned improvements and intended uses will fully comply with all applicable deed restrictions, laws, regulations, and zoning requirements, and copies of all building and

SCHEDULE II

CONDITIONS TO CONVERSION

The terms of conversion will include but are not limited to the following:

- Lien free completion and certificate of occupancy.
- Full compliance with all regulatory documents and requirements, as well the Borrower's organizational documents and other agreements with the Investor.
- Payment of all costs related to the conversion, including Bank fees.
- Compliance with all agreed upon insurance requirements.
- All reserves and escrows required by the Bank's loan documents shall have been created and fully funded to the extent required at conversion. Proof of insurance paid in advance for next 12 months and proof of paid property taxes may be provided in place of a tax or insurance escrow. However, failure to maintain agreed upon insurance will result in establishment of an insurance and/or escrow requirements with cash flow capture to those accounts).
- A debt service coverage ratio of 1.20 or greater in each of the previous three months based on actual signed leases and the greater of annualized then-current expenses or Bank pro-forma expenses, the latter of which may be adjusted based on actual results at the reasonable discretion of the Bank.
- A loan to value ratio, expressed as a percentage, not to exceed 80% based on a current, as complete and stabilized appraised value using restricted rents.
- All funding sources that are expected by the Bank to be funded prior to or concurrent with conversion have been funded or will be at conversion.

No default or event of default under the Bank's loan documents.

grading permits, operating permits, licenses, consents and approvals, which building and grading permits, operating permits, licenses, consents and approvals shall be conditionally assigned to Bank;

- Sale of the 99% interest in the borrowing entity and funding of the Initial equity proceeds. In addition, the Bank must also approve the entity documentation and agreements between the parties, including the LLC regulations and other documents;

- Such other financial information and other documents as shall be required by the Bank's loan documents; and

- Each of the foregoing conditions precedent and all other conditions precedent set forth in the Bank's loan documents shall be fully satisfied on or before closing date.

HUDSON
HOUSING CAPITAL

February 25, 2013

Mr. Rene Campos
2013 Travis Oak Creek GP, LLC
3001 Knox Street, Suite 400
Dallas, TX 75205

Re: **Oak Creek Village, Austin, TX**
2013 Travis Oak Creek, LP. (the "Partnership")

Dear Rene:

Thank you for providing Hudson Housing Capital LLC ("Hudson", the "Company") with the opportunity to extend a purchase offer for the limited partner interest in 2013 Travis Oak Creek, LP (the "Partnership") that will own Oak Creek Village in Austin, TX (the "Property") with a total of 173 tax credit units.

Hudson is a Delaware limited liability company formed to directly acquire limited partnership interests in partnerships which own apartment complexes qualifying for low-income housing tax credits ("Tax Credits") under Section 42 of the Internal Revenue Code of 1986, as amended (the "Code").

Set forth is our proposal as to the basic business terms under which Hudson or its designee ("Investor") will acquire at closing ("Closing") a 99.99% limited partnership interest in the Partnership, which will own the Property. An affiliate of the Investor will be admitted to the Partnership as a special limited partner (the "Special Limited Partner", "SLP") with limited supervisory rights.

You have advised us that 2013 Travis Oak Creek Developer, Inc. (the "Developer") will be the developer of the Property. 2013 Travis Oak Creek GP, LLC (the "General Partner") shall serve as the general partner of the Partnership. You have further advised us that the Property is applying for a 2013 9% Tax Credit allocation from the Texas Department of Housing and Community Affairs (the "State Agency") in the amount of $2,000,000 per year.

Subject to review of financials, individuals acceptable to Hudson shall guarantee the obligations of the General Partner (the "Guarantor").

HUDSON HOUSING CAPITAL LLC
630 Fifth Avenue, Suite 2850 New York, NY 10111 Telephone 212 218 4488 Facsimile 212 218 4467

I. Equity Investment

The Investor will contribute to the Partnership a total of $18,598,140 (the "Total Equity"), or approximately $0.93 (the "Tax Credit Ratio") per total Tax Credit available to the Investor, payable in the following installments:

Contribution	Contribution %	Timing
First	10%	Admission
Second	40%	Construction Completion
Third	40%	Perm Conversion / Breakeven
Fourth	10%	Issuance of 8609s

a. ***First Capital Contribution.*** The Investor will fund the First Capital Contribution at Closing.

b. ***Second Capital Contribution.*** The Second Capital Contribution will be paid upon the satisfaction of the conditions set forth in the Partnership Agreement, which are principally as follows: (i) lien-free construction completion of the Property substantially in accordance with the Plans and Specifications in a workmanlike manner approved by Hudson; (ii) issuance of Certificates of Occupancy for 100% of the units in the Property; (iii) receipt of unaudited cost certification for the Property from independent accountants to the Partnership (the "Accountants"), setting forth the eligible basis and the total available Tax Credits; (iv) if not received at the Initial Closing, receipt of a carry-over allocation for the Property; (v) receipt of a pay-off letter from the general contractor or sub-contractors, as applicable; (vi) satisfactory financial condition of the Guarantors (no event of bankruptcy); and (vii) receipt of prior year's income tax returns in the event such returns are then due.

c. ***Third Capital Contribution.*** The Third Capital Contribution will be paid upon the satisfaction of the conditions set forth in the Partnership Agreement, which are principally as follows: (i) closing of the permanent first mortgage loan ("Permanent Loan Closing"); (ii) receipt of final Tax Credit cost certification from the Accountants stating the eligible basis, the amount of Tax Credits the Partnership will claim for 2015/2016/2017 and the amount allocable to each partner (the "Final Certification"); (iii) receipt of prior year's income tax returns in the event such returns are then due; (iv) satisfactory financial condition of the Guarantors (no event of bankruptcy); (v) qualification of 100% of the set-aside apartment units in the Property for Tax Credits; and (vi) achievement of Breakeven level for three consecutive months (the "Breakeven Date").

"Breakeven" shall mean that, for each such month, occupancy is at least 92.5% and that Property income (with rents not to exceed maximum allowed tax credit rents net of the applicable utility allowances) exceeds the greater of the underwritten and actual expenses, including replacement reserves, reassessed taxes, land lease payments (if applicable) and permanent loan debt service (calculated on a stabilized and accrual basis) and generates debt

service coverage of not less than 1.20X (utilizing the maximum amount of the Permanent Loan which shall be fixed at Closing) assuming the greater of actual or a 7.5% vacancy rate.

d. ***Fourth Capital Contribution.*** The Fourth Capital Contribution will be paid upon satisfaction of the conditions set forth in the Partnership Agreement, which are principally as follows: (i) receipt of Form 8609 with respect to all buildings constituting the Property; and (ii) receipt of a tax return and an audited financial statement for the year in which the Breakeven Date occurred.

To the extent that all the conditions for the funding of the Fourth Capital Contribution have been satisfied except for (ii) above, only $15,000 of the Fourth Capital Contribution will be held back and released upon the receipt of a tax return and an audited financial statement for the year in which the Breakeven Date occurred.

II. ***Developer Fee***

The Developer shall receive a Developer Fee of $2,914,000 to be paid on a schedule to be agreed upon. You have represented that the amount of the Developer Fee does not exceed the amount permitted to be paid by the State Agency. Deferred developer fees estimated to be $461,970 shall be paid from available cash flow as detailed in Section V and shall bear interest at the AFR. Principal payments on the deferred developer fees shall commence with the funding of the Fourth Capital Contribution. The General Partner agrees to make a special capital contribution to the Partnership equal to any unpaid balance of the deferred portion of the Developer Fee if such portion has not been fully paid within 12 years from the date of the payment of the Second Capital Contribution.

III. ***Property Management Fee***

The General Partner shall retain a firm acceptable to Hudson to be the managing agent for the Property on commercially reasonable terms. The management agreement, to be approved by the Investor, shall have an initial term of 1 year and shall be renewable annually thereafter, shall provide for an annual management fee not to exceed 5% of gross effective income, and shall otherwise be on commercially reasonable terms (including a termination right by the General Partner in the event of fraud/gross negligence or material default by the Manager). If the managing agent is affiliated with the General Partner, the management agreement shall provide for a deferral of up to 100% of the management fee in the event that the property does not generate positive Cash Flow.

IV. ***Intentionally Omitted***

V. ***Cash Flow Distributions***

Prior to the Permanent Loan Closing

Any Cash Flow and income generated by the Property prior to the Permanent Loan Closing (the "Net Interim Income") will be released upon the funding of the Fourth Capital Contribution first to pay and amounts owed to the Limited Partners, and then to any excess development costs, Developer Fees and the balance treated as Cash Flow.

Subsequent to the Breakeven Date
Cash flow from the Property, after payment of operating expenses (including the Administrative Expense Reimbursement, current and any deferred property management fees from prior years, debt service), replenishment of required reserves (including any reserve payments which were not made due to insufficient cash flow) and payment of any tax liability incurred by the Limited Partner ("Cash Flow"), shall be distributed annually (subsequent to the Breakeven Date) as follows:

a. to maintain the Minimum Balance in the Operating Reserve;
b. to the payment of any Operating Deficit Loans, if any;
c. 90% of Cash Flow after V.a. to payment of (i) the Developer Fees; then (ii) to payments due under any subordinate loans; and (iii) the balance (if any) to the General Partner as a preferred return with an equivalent allocation of income, and;
d. the remainder to be split in accordance with Partnership interests.

VI. Sale or Refinancing Proceeds

Net sale or refinancing proceeds (i.e., after payment of, outstanding debts, liabilities other than to the General Partner and its affiliates and expenses of the Partnership and establishment of necessary reserves) shall be distributed as follows:

a. Repayment of outstanding loans by the limited partners, if any;
b. Payment of amounts due to the limited partners under the Tax Credit Adjuster;
c. Repayment of outstanding loans by the General Partner, including the Deferred Developer Fee (if not paid) and Operating Deficit loans; and
d. 10% to the Investor and 90% to the General Partner, less any amounts paid as a Developer Fee paid from sale or refinancing proeeeds.

VII. General Partner Commitments

a. ***Low Income Housing Tax Credit Adjustment.*** Our offer is based upon the assumption that the Partnership will qualify for and claim $754,902 in 2015, $1,982,353 in 2016 the full amount of the Partnership's Tax Credit allocation, $2,000,000 for each year from 2017 through 2024, and $1,245,098 in 2025, and $17,647 in 2026.

(i) Timing Adjuster

In the event that the Final Certification specifies that, while the aggregate amount of Tax Credits allocable to the Partnership is unchanged, the amount of Tax Credits allocable to the Partnership in 2015/2016/2017 is less than the amounts stated above for the corresponding years, the Second/Third/Fourth Capital Contributions will be reduced by $.70 for each dollar by which such amounts exceed the amount of Tax Credits allocable to the Partnership for such period.

(ii) Volume Adjuster

In the event that either the Form 8609's or the Final Certification indicate that the Property will not generate the projected aggregate amount of Tax Credits (other

than as specified below), the Partnership Agreement will provide for a return of such capital which shall be an adjustment in the amount of any unpaid Capital Contributions and/or a payment by the General Partner to the Investor, sufficient to restore the Tax Credit Ratio as defined above.

(iii) Compliance Adjuster

After the Form 8609's have been issued, in the event that the actual amount of Tax Credits claimed by the Partnership is less than the amount specified in such Forms, the General Partner shall reimburse the Investor on a dollar-for-dollar basis for each lost dollar of Tax Credits and plus any resulting penalties or taxes due. Similarly, if there is a recapture of Tax Credits (except from the sale or transfer of the Investor's interest in the Partnership, or due to a change of applicable tax law), the General Partner shall upon demand indemnify the Investor and its partners against any Tax Credit recapture liability (including interest, penalties and any reasonable related legal or accounting costs) which they may incur during the Compliance Period. Any Fees or Cash Flow payable to the General Partner, or their affiliates, will be subordinated to any required payment pursuant to this paragraph.

b. ***Construction Completion Guaranty.*** The General Partner shall be responsible for completion of the Property in a workmanlike manner, in accordance with approved plans and specifications, free and clear of all liens. To the extent that the costs of construction and operations until the Breakeven Date exceed the amount of any funding by approved permanent third party lenders, any unpaid Developer Fees and the amount of the Investor's capital commitment (adjusted as set forth above), the General Partner shall pay all such costs and expenses connected with development and construction of the Property, including all operating expenses of the Property until the Breakeven Date has been achieved.

The General Contractor shall provide a 100% Payment and Performance Bond or a Letter of Credit with terms acceptable to Hudson. The development budget shall include a hard cost contingency line item of 5% of the construction contract amount which shall be out of the General Contractor's control.

c. ***Operating Deficit Guarantee.*** The General Partner shall make interest free loans to the Partnership (repayable from Cash Flow and/or sale and refinancing proceeds as described above) equal to any Operating Deficits (including the Minimum Deposit described in VII e. below and the administration fee described in VIII. a. below) incurred during the period beginning on the Breakeven Date and ending on the completion of five consecutive years of Breakeven operations, in an amount not to exceed 12 months of underwritten operating expenses in the aggregate (the "Operating Deficit Guaranty").

An Operating Reserve in an amount equal to six months of underwritten operating expenses and debt service shall be funded at the time of the Third Capital Contribution. The General Partner shall be obligated to fund this reserve. Any draws from the Operating Reserve shall require Hudson's consent and shall be replenished from Net Cash Flow. The Operating Reserve shall be maintained for

the duration of the compliance period and cannot be used until the expiration of the Operating Deficit Guaranty.

d. ***Obligations of General Partner/Repurchase and Removal Events.*** Immediately following the occurrence of any of the following events, (x) the General Partner shall admit the Special Limited Partner or its designee as the managing general partner of the Partnership and, at the option of the Investor, withdraw from the Partnership; or, (y) at the option of the Investor with respect to any of the events described in clauses (i) through (v) below, repurchase the Investor's interest in the Partnership: (i) an IRS Form 8609 is not issued with respect to each of the buildings in the Property in a timely manner after each such building has been placed in service; (ii) the Property is not fully placed in service by September 30, 2015; (iii) the permanent loan commitment is canceled or substantially modified, and a suitable replacement loan to be approved by the Investor is not obtained or if the Property qualifies for a permanent loan not sufficient to balance the sources and uses of funds; (iv) permanent loan closing has not occurred not later than December 30, 2016; (v) the Partnership fails to meet the minimum set aside test (as defined in Section 42 of the Code) or fails to execute and record a Tax Credit Extended Use Commitment by the close of the first year of the Credit Period: (vi) the Partnership shall have been declared in default by any mortgage lender or under the tax credit allocation or foreclosure proceedings have been commenced against the Property and such default is not cured or such proceeding is not dismissed within 30 days; or (vii) there is a material violation of the Partnership Agreement by the General Partner or if the property manager is an affiliate of the General Partner, a material violation of the management agreement by the manager which causes material adverse harm to the Investor, the Partnership or the Property.

If the Investor elects to have its interest repurchased by the General Partner, the repurchase price shall be equal to the sum of (i) 105% of the Total Equity, (ii) interest on such amount at Prime + 1%, (iii) any tax liability (if any) incurred by the Investor as a result of such repurchase, less the amount of Total Equity which has not been funded to the Partnership to date.

e. ***Replacement Reserve.*** Commencing with the month following Completion, the Partnership will make a minimum monthly replacement reserve deposit (the "Minimum Deposit") equal to (on an annualized basis) the greater of (i) the amount required by the permanent lender, and (ii) $250/unit. The amount of the Minimum Deposit shall be increased annually by a percentage (the "CPI Percentage"). If the sum of all lender-imposed monthly replacement reserve deposits is less than the Minimum Deposit, Investor will establish a separate account into which the General Partner will deposit the difference. Any interest earned on such account shall become a part thereof.

f. ***Reporting.*** The Partnership will be required to furnish Investor with (a) quarterly unaudited financial statements within 45 days after the end of each quarter of the fiscal year; (b) annual audited financial statements within 60 days after the end of each fiscal year; (c) an annual budget for each fiscal year of the Partnership, not later than November I of the preceding year; and (d) the Partnership's tax returns and K-1 forms within 45 days after the end of each fiscal

year. The penalty for any failure to deliver Partnership tax returns or K-1 forms prior to the specified deadline shall be (i) $50 per day for the first seven days after such deadline, (ii) $100 per day for the next seven days and (iii) $150 per day thereafter, provided that the amount of such penalty shall not exceed $5,000 in any year.

VIII. Asset Management Fees to Affiliates of Hudson

An affiliate of Hudson shall receive an annual Asset Management Fee from the Partnership in the amount of $5,000 (commencing with payment of the Second Capital Contribution), which amount shall be increased annually by the CPI Percentage.

IX. Representations, Warranties and Covenants

The General Partner and Developer shall make certain representations and warranties as to the Partnership, the General Partner and the Property to be set forth in the Partnership Agreement.

XII. Accountants

The Accountants for the Partnership shall be CohnReznick, Novogradac & Co., or another firm approved by the Investor. The Accountants shall prepare tax and financial reports as set forth in the Partnership Agreement, and the Final Certification referred to in I.c., above.

XIII. Investment Partnership Rights

The Partnership Agreement will provide certain approval rights as to major actions proposed to be taken by the General Partner. The Investor shall have the right to remove the General Partner and the Manager for cause.

XIV. Insurance

At the closing, the General Partner shall provide for title insurance satisfactory to counsel to the Investor in an amount equal to the Gross Capital Contribution, all mortgage loans and the amount of any Development Fee Note. Prior to the payment of any additional installment of the Capital Contribution, a "date down" of such policy shall be provided. The General Partner shall provide for (i) liability (general and excess) insurance in an amount of at least $6,000,000 (increased biennially by the CPI Percentage), (ii) hazard insurance (including boiler and machinery coverage) in an amount of not less than the replacement value of the Property, (iii) rental loss insurance for a period of 12 months after the date of loss and (iv) law and ordinance coverage with no sublimit, including changes in law and ordinances enacted during the course of reconstruction. Builder's risk insurance shall be provided during construction. Architects shall submit evidence of errors and omissions coverage, in amounts reasonably satisfactory to the Investor. Workers Compensation insurance shall be provided as to any entity with employees working at the Apartment Complex. All policies shall name the Investor as an additional insured and shall otherwise be subject to Investor approval.

XV. Indemnity Agreement

The General Partner shall indemnify the Investor, Hudson and its affiliates, and their respective officers, directors for any untrue statement of a material fact or omission to state a material fact necessary to make any such statement, in light of the circumstances under which they were made, not misleading, by the General Partner or its agents set forth in any document delivered by the General Partner or its agents in connection with the acquisition of the Property, the investment by the Investor in the Partnership and the execution of the Partnership Agreement.

XVI. General Conditions

Payment of the Second/Third/Fourth Capital Contributions shall be conditioned upon completion of an appropriate due diligence review by the Investor to confirm that there have been no changes in material circumstances affecting the Property, including (i) review of title (including a "date-down" endorsement), survey, environmental and other legal and regulatory matters, (ii) receipt of a "date-down" legal opinion from counsel to the Partnership for the Fourth Capital Contribution; and (iii) certification by the General Partner as to the continued accuracy of representations and warranties made in the Partnership Agreement.

XVII. Hudson Right of First Refusal

The General Partner and Developer shall grant Hudson a right of first refusal to purchase any Tax Credits generated by any subsequent phase of the Property which may be developed. Any terms and conditions of such purchase (other than the price and timing of equity payments) shall be on substantially the same terms as this letter.

XVIII. Conditions to Closing

Hudson will perform, and will request the full cooperation of you and your professionals in, customary due diligence in connection with the acquisition of the Property and the Investor interest in the Partnership.

To facilitate the due diligence process, you agree to deliver to Hudson in a timely manner: (i) an appraisal; (ii) a Phase I environmental study of the Property site, prepared in accordance with ASTM standards, and any subsequent additional testing deemed necessary by Investor in its sole discretion; (iii) evidence of the required approval of the transaction by any governmental entity; (iv) evidence of the allocation/reservation of Tax Credits; (v) evidence of payment by the General Partner of any taxes imposed on the transfer of the limited Partnership interest in the Partnership; (vi) representation from a certified public accountant with regard to the tax credit basis being sufficient to support the allocated Tax Credits and the validity of depreciating real property over 27.5 years; (vii) evidence of the financial status of the Guarantor(s) by way of current financial statements prepared in accordance with A.I.C.P.A. standard; and (viii) such other materials as are reasonably required by Investor as part of its customary financial and legal due diligence review. Such items shall be prepared and furnished at your own expense. Your execution of this letter (the "Letter of Intent") will also be deemed consent to perform background checks on the principal(s) of the General Partner and Developer, as well as any individual Guarantor(s). At closing, Hudson shall be reimbursed up to $25,000 for its legal and due diligence related expenses based on actual invoices. The General Partners understands that any engineering, environmental or other consultant, selected for the project shall be acceptable to

the lender and to the Investor and that the Partnership shall bear the cost of fees associated with pre-construction feasibility studies, structural analysis, and monthly inspections.

Additionally, approval of this transaction is subject to Investor's satisfactory completion of due diligence (including site visit) in its sole discretion. By executing this proposal and in consideration of the substantial expenses to be incurred by Hudson and its affiliates in legal and accounting fees and for due diligence, you agree that you and your affiliates will not offer any interest in the Property to any other party unless this Letter of Intent is terminated by mutual consent or unless you are notified that, pursuant to its due diligence, the Investor will not complete its investment in the Partnership, which notification shall be given not later than 45 days from our receipt of this letter executed by you, subject to extension in the event of any delay on your part in furnishing the requested due diligence materials. This proposal is terminable by the owner if the Project is not awarded tax credits for the 2013 QAP or if the owner does not issue a written notice to proceed by August 1, 2013.

If the above proposal is acceptable, please indicate your acceptance by executing two copies of this Letter of Intent and returning one to Hudson at the above address. We look forward to working with you.

Sincerely,

Hudson Housing Capital LLC

By:_____
Joshua Lappen
Assistant Vice President

ACCEPTED AND AGREED TO
THIS _____ DAY OF _____, 2013
2013 Travis Oak Creek, LP
By: 2013 Travis Oak Creek, GP, LLC

By:_____
Name: Rene O. Campos
Title: Manager

CrossTimbers
Capital, Inc.

February 27, 2013

TDHCA

RE: Oak Creek Village, LIHTC Application for 2013 Travis Oak Creek, LP

Dear Sirs,

We have been asked to provide a letter to TDHCA confirming that $2,964,892 is available to 2013 Travis Oak Creek, LP in connection with the Owner Contribution described in the subject application. CrossTimbers Capital has had a standing relationship with Rene Campos and has banked him on many of his projects. The amount of funds noted above is available through CrossTimbers Capital to Mr. Campos as needed for the subject transaction.

Please let us know if you have any questions.

Sincerely,

Michael Broder
President

10670 N. Central Expwy ~~5220 Spring Valley Rd.~~ • Suite 410 • Dallas, Texas 75231 ~~75254~~ • 972/503-5500 • Fax 214/540-1201 ~~866/855-9890~~

JOHN P. OSBORN, CPA, PLLC

CERTIFIED PUBLIC ACCOUNTANT

5944 LUTHER LANE
SUITE 405
DALLAS, TEXAS 75225

TELEPHONE: (214) 691-0900
TELEFAX: (214) 691-1800
JPO@JPOCPA.COM

MEMBER OF
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

February 28, 2013

TDHCA

RE: Oak Creek Village, LIHTC
2013 Travis Oak Creek, LP

This letter is provided in connection with your request for verification that the Development Owner, Rene O. Campos, has the capacity to provide the proposed financing for the above named entity with funds that are not otherwise committed. I have provided tax and consulting services for the proposed development owner for nineteen years. I have no information which would indicate that Mr. Campos does not have the capacity to provide the proposed uncommitted funds for the above named Development.

AT section 9101, *Attest Engagements: Attest Engagements Interpretations of Section 101, No. 2*, paragraph 25 states that CPA practitioners should not provide any form of assurance that an entity [including individuals] is not insolvent or would not be rendered insolvent upon a proposed condition, or that an entity has the ability to pay debts as they mature. This letter should not be construed to be a comment on solvency and thus prohibited under the standards.

Please contact me if you have any questions.

Sincerely,

John P. Osborn, CPA

U.S. Department of Housing and Urban Development

Office of Housing

Project-based Section 8

HOUSING ASSISTANCE PAYMENTS

BASIC RENEWAL CONTRACT

ONE-YEAR TERM

PREPARATION OF CONTRACT

Reference numbers in this form refer to notes at the end of the contract text. These endnotes are instructions for preparation of the Basic Renewal Contract. The instructions are not part of the Renewal Contract

RECEIVED
NOV 21 2012

RECEIVED
NOV 27 2012
SOUTHWEST HOUSING
COMPLIANCE CORPORATION

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U.S Department of Housing And Urban Development
Office of Housing

Project-Based Section 8

HOUSING ASSISTANCE PAYMENTS

BASIC RENEWAL CONTRACT

ONE-YEAR TERM

1 CONTRACT INFORMATION [2]

PROJECT

Section 8 Project Number: TX59E000046

Section 8 Project Number of Expiring Contract: TX59E000046

FHA Project Number (if applicable): N/A

Project Name: Oak Creek Village Apartments

Project Description: [3]

2324 Wilson Street, Austin, TX 78704
Travis County

TYPE OF RENEWAL

X Check this box for a project renewed under Section 524(a) of MAHRA (not including a Mark-Up-To-Market renewal).

Check this box for a project renewed at exception rents under Section 524(b) of MAHRA

PARTIES TO RENEWAL CONTRACT

Name of Contract Administrator [4]

Southwest Housing Compliance Corporation

Address of Contract Administrator

1124 South IH 35
Austin, TX 78704

Name of Owner [5]

2007 Travis Heights, LP

Address of Owner

3001 Knox Street Ste 400
Dallas, TX, 75205

2 TERM AND FUNDING OF RENEWAL CONTRACT

a The Renewal contract begins on November 1, 2012[6] and shall run for a period of one year.

b Execution of the Renewal Contract by the Contracts Administrator is an obligation by HUD of $852,088,[7] an amount sufficient to provide housing assistance payments for approximately 12[8] months of the Renewal Contract term.

c HUD will provide additional funding for the remainder of the Renewal Contract term subject to availability of sufficient appropriations. When such appropriations are available, HUD will

obligate additional funding and provide the Owner written notification of (i) the amount of such additional funding, and (ii) the approximate period of time within the Renewal Contract term to which it will be applied.

3 DEFINITIONS

ACC. Annual contributions contract.

Contract rent. The total monthly rent to owner for a contract unit, including the tenant rent (the portion of rent to owner paid by the assisted family).

Contract units. The units in the Project which are identified in Exhibit A by size and applicable contract rents.

HAP contract. A housing assistance payments contract between the Contract Administrator and the Owner.

HUD. The United States Department of Housing and Urban Development.

HUD requirements. HUD regulations and other requirements, including changes in HUD regulations and other requirements during the term of the Renewal Contract.

MAHRA. The Multifamily Assisted Housing Reform and Affordability Act of 1997 (Title V of Public Law No.105-65, October 27, 1997, 111 Stat. 1384), as amended.

PHA. Public housing agency (as defined and qualified in accordance with the United States Housing Act of 1937. 42 U.S.C. 1437 et seq.).

Project. The housing described in section 1 of the Renewal Contract.

Renewal Contract. This contract, including applicable provisions of the Expiring Contract (as determined in accordance with section 5 of the Renewal Contract).

Section 8. Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f)

4 RENEWAL CONTRACT

a Parties

(1) The Renewal Contract is a housing assistance payments contract ("HAP Contract") between the Contract Administrator and the Owner of the Project (see section 1).

(2) If HUD is the Contract Administrator, HUD may assign the Renewal Contract to a public housing agency ("PHA") for the purpose of PHA administration of the Renewal Contract, as Contract Administrator, in accordance with the Renewal Contract (during the term of the annual contributions contract ("ACC") between HUD and the PHA). Notwithstanding such assignment, HUD shall remain a party to the provisions of the Renewal Contract that specify HUD's role pursuant to the Renewal Contract, including such provisions of section 9 (HUD requirements), section 10 (statutory changes during term) and section 11 (PHA default), of the Renewal Contract.

b Statutory authority

The Renewal Contract is entered pursuant to section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), and section 524 of MAHRA.

c Expiring Contract

Previously, the Contract Administrator and the Owner had entered into a HAP Contract ("expiring contract") to make Section 8 housing assistance payments to the Owner for eligible families living in the Project. The term of the expiring contract will end prior to the beginning of the term of the Renewal Contract.

d Purpose of Renewal Contract

(1) The purpose of the Renewal Contract is to renew the expiring contract for a one-year term. During the term of the Renewal Contract, the Contract Administrator shall make housing assistance payments to the Owner in accordance with the provisions of the Renewal Contract.

(2) Housing assistance payments shall only be paid to the Owner for contract units occupied by eligible families leasing

decent, safe and sanitary units from the Owner in accordance with statutory requirements, and with all HUD regulations and other requirements. If the Contract Administrator determines that the Owner has failed to maintain one or more contract units in decent, safe and sanitary condition, and has abated housing assistance payments to the Owner for such units, the Contract Administrator may use amounts otherwise payable to the Owner pursuant to the Renewal Contract for the purpose of relocating or rehousing assisted residents in other housing.

e **Contract units**

The Renewal Contract applies to the Contract units.

5 **EXPIRING CONTRACT – PROVISIONS RENEWED**

a Except as specifically modified by the Renewal Contract, all provisions of the Expiring Contract are renewed (to the extent such provisions are consistent with statutory requirements in effect at the beginning of the Renewal Contract term).

b All provisions of the Expiring Contract concerning any of the following subjects are not renewed, and shall not be applicable during the renewal term:

(1) Identification of contract units by size and applicable contract rents;

(2) The amount of the monthly contract rents;

(3) Contract rent adjustments; and

(4) Project account (sometimes called "HAP reserve" or "project reserve") as previously established and maintained by HUD pursuant to former Section 8(c)(6) of the United States Housing Act of 1937 (currently Section 8(c)(5) of the Act, 42 U.S.C. 1437f(c)(5)). Section 8(c)(5) does not apply to the Renewal Contract, or to payment of housing assistance payments during the Renewal Contract term.

c The Renewal Contract includes those provisions of the Expiring Contract that are renewed in accordance with this section 5.

6 CONTRACT RENT

a Contract rents

Throughout the Renewal Contract term, the contract rent for each bedroom size (number of bedrooms) shall be the contract rent amount listed in Exhibit A of the Renewal Contract.

b No rent adjustments

There shall be no adjustment of the contract rents during the term of the Renewal Contract. Special adjustments shall not be granted.

7 OWNER WARRANTIES

a The Owner warrants that it has the legal right to execute the Renewal Contract and to lease dwelling units covered by the contract.

b The Owner warrants that the rental units to be leased by the Owner under the Renewal Contract are in decent, safe and sanitary condition (as defined and determined in accordance with HUD regulations and procedures), and shall be maintained in such condition during the term of the Renewal Contract.

8 OWNER TERMINATION NOTICE

a Before termination of the Renewal Contract, the Owner shall provide written notice to the Contract Administrator and each assisted family in accordance with HUD requirements.

b If the Owner fails to provide such notice in accordance with the law and HUD requirements, the Owner may not increase the tenant rent payment for any assisted family until such time as the Owner has provided such notice for the required period.

9 HUD REQUIREMENTS

The Renewal Contract shall be construed and administered in accordance with all statutory requirements, and with all HUD regulations and other requirements, including changes in HUD regulations and other requirements during the term of the Renewal Contract. However, any changes in HUD requirements that are inconsistent with the provisions of the Renewal Contract, including the provisions of section 6 (contract rent), shall not be applicable.

10 STATUTORY CHANGES DURING TERM

If any statutory change during the term of the Renewal Contract is inconsistent with section 6 of the Renewal Contract, and if HUD determines, and so notifies the Contract Administrator and the Owner, that the Contract Administrator is unable to carry out the provisions of section 6 because of such statutory change, then the Contract Administrator or the Owner may terminate the Renewal Contract upon notice to the other party.

11 PHA DEFAULT

a This section 11 of the Renewal Contract applies if the Contract Administrator is a PHA acting as Contract Administrator pursuant to an annual contributions contract ("ACC") between the PHA and HUD. This includes a case where HUD has assigned the Renewal Contract to a PHA Contract Administrator, for the purpose of PHA administration of the Renewal Contract.

b If HUD determines that the PHA has committed a material and substantial breach of the PHA's obligation, as Contract Administrator, to make housing assistance payments to the Owner in accordance with the provisions of the Renewal Contract, and that the Owner is not in default of its obligations under the Renewal Contract, HUD shall take any action HUD determines necessary for the continuation of housing assistance payments to the Owner in accordance with the Renewal Contract.

12 EXCLUSION OF THIRD-PARTY RIGHTS

a The Contract Administrator does not assume any responsibility for injury to, or any liability to, any person injured as a result of the Owner's action or failure to act in connection with the Contract Administrator's implementation of the Renewal Contract, or as a result of any other action or failure to act by the Owner.

b The Owner is not the agent of the Contract Administrator or HUD, and the Renewal Contract does not create or affect any relationship between the Contract Administrator or HUD and any lender to the Owner or any suppliers, employees, contractors or subcontractors used by the Owner in connection with implementation of the Renewal Contract.

c If the Contract Administrator is a PHA acting as Contract Administrator pursuant to an annual contributions contract ("ACC") between the PHA and HUD, the Contract Administrator is not the agent of HUD, and the Renewal Contract does not create any relationship between HUD and any suppliers, employees, contractors or subcontractors used by the Contract Administrator to carry out functions or responsibilities in connection with contract administration under the ACC.

13 WRITTEN NOTICES

a Any notice by the Contract Administrator or the Owner to the other party pursuant to the Renewal Contract shall be given in writing.

b A party shall give notice at the other party's address specified in section 1 of the Renewal Contract, or at such other address as the other party has designated by a contract notice. A party gives notice to the other party by taking steps reasonably required to deliver the notice in ordinary course of business. A party receives notice when the notice is duly delivered at the party's designated address.

SIGNATURES

Contract Administrator (HUD or PHA)

Name of Contract Administrator
Southwest Housing Compliance Corporation

By: _____

Signature of Authorized representative

Michael Gerber, President and CEO
Name and Official Title

Date: 11/21/12

U.S. Department of Housing and Urban Development

By: 11/27/12 _____

Signature of Authorized representative

Gretchen Marchand, Director, San Antonio Multifamily Program Center
Name and Official Title

Date: 11/27/12

Owner
2007 Travis Heights, LP

By: _____

Signature of Authorized representative

Rene Campos, Manager of the GP
Name and Official Title

Date: Nov. 20, 2012

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NOV 27 2012
SOUTHWEST HOUSING
COMPLIANCE CORPORATION

EXHIBIT A

IDENTIFICATION OF UNITS ("CONTRACT UNITS")

BY SIZE AND APPLICABLE CONTRACT RENTS

Section 8 Contract Number: TX59E000046
FHA Project Number (if applicable): N/A

Effective Date of the Rent Increase (if applicable): 11/1/2012

Number of Contract Units	Number of Bedrooms	Contract Rent	Utility Allowance	Gross Rent
48	1 BR	$705	N/A	$705
58	2 BR	$788		$788
48	3 BR	$853		$853
16	4 BR	$937		$937

NOTE: This Exhibit will be amended by Contract Administrator notice to the Owner to specify adjusted contract rent amounts as determined by the Contract Administrator in accordance with section 6b of the Renewal Contract.

Comments:

INSTRUCTIONS FOR PREPARATION OF RENEWAL CONTRACT

The following instructions are not part of the Renewal Contract.

Endnote numbers are keyed to references in the text of the Renewal Contract.

---

[1] This form of Renewal Contract is to be used for initial and subsequent renewals of an expiring Section 8 project-based HAP contract under the authority of Section 524(a) or 524(b)(1) of MAHRA for a one-year term. Attachment 11-2 is to be used for renewals under the authority of Section 524(a) or 524(b)(1) of MAHRA for a renewal term of two or more years.

This form may not be used for Mark-Up-To-Market Renewals. The HUD prescribed form of Mark-Up-To-Market Renewal Contract must be used for this purpose.

Section 2 of the Renewal Contract specifies the date on which the one-year renewal term begins.

[2] To prepare the Renewal Contract for execution by the parties, fill out all contract information in section 1 and section 2.

[3] Enter a description of the housing that will be covered by the Renewal Contract. The description must clearly identify the Project by providing the Project's name, street address, city, county, state and zip code, block and lot number (if known), and any other information necessary to clearly designate the covered Project.

If necessary, attach an exhibit with a site plan, legal description or other descriptive information. Enter a reference to the attached exhibit.

[4] Enter the name of the Contract Administrator that executes the Renewal Contract. If HUD is the Contract Administrator, enter "United States of America – Department of Housing and Urban Development (HUD)". If the Contract Administrator is a public housing agency ("PHA"), enter the full legal name of the PHA.

[5] Enter the full legal name of the Owner. For example: "ABC Corporation, Inc., a Maryland corporation."

[6] The Renewal Contract must be entered before expiration of the Expiring Contract. Enter the date of the first day after expiration of the term of the Expiring Contract.

[7] Enter the amount of funding obligated.

[8] Enter a whole number of months.

NOTIFICATION OF SECTION 8 CONTRACT RENTS AND FUNDING

For: ☐ Initial Renewal ☐ Subsequent Renewal ☐ Amend Rent/BA Only

Section 8 Contract Number: TX59E000046 Expires on: 10/31/2012

Owner Name: 2007 Travis Heights, LP

Project Name: Oak Creek Village Apartments

Project Location: 2324 Wilson Street, Austin, TX 78704

FHA Project No.: N/A

Section 8 Number: TX59E000046 Rent Effective Date: 11/1/2012

FUNDING

BUDGET AUTHORITY INCREASE: $852,088

Contract/Renewal Effective Date: 11/1/2012 Expiration Date: 10/31/2013

(Signature)

Ann Gass
(Printed Name)

Director of Contracts
(Official Title)

11/21/12
(Date)

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: Homestead Apartments

Project Address: 3226 W. Slaughter Lane, Austin, TX **Zip Code** 78748

Total # units in project/property: 138
Total # units to be assisted with RHDA Funding: 138

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

Amount of funds requested: **Terms Requested**: $2,250,000

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

Foundation Communities, Inc.
Name

3036 S. 1st Street
Street Address

Austin	Texas, 78704	(512) 447-2026
City	**State, Zip**	**Telephone #**

Jennifer Hicks	(512) 610-4025	jennifer.hicks@foundcom.org
Contact Person	**Contact Telephone #**	**E-mail address**

74-2563260
Federal Tax ID Number or SS#

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.***

Foundation Communities, Inc.
Legal Name of Developer/Entity

Walter Moreau
Signature of Authorized Officer

1-10-13
Date

Director
Title

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

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)

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

__X___ **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 X____Single-family _____
B. Numbers of proposed PSH Units:
138___Total Number of Units in project
138___Total Number of RHDA-assisted Units Proposed (include PSH units and non-PSH units)
14____ 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 _____

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.**14**_____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.

Foundation Communities is applying for $2,250,000 from the City of Austin for the new construction of Homestead Apartments – 138 units of family-focused affordable housing located at 3226 W. Slaughter Lane in the high opportunity area of Southwest Austin. The $2,250,000 in City funding will be used to cover acquisition, hard construction and/or soft costs related to the development of Homestead Apartments.

Homestead Apartments will be an innovative, mixed-income rental community for families that will be a model of green building and located near employment, high-performing schools, parks and retail. The 29-acre site is a former ranch and is covered in beautiful oak trees. The trees and green space will be preserved to offer residents a park-like setting that is still very convenient to amenities. The site feeds into Cowan Elementary School which has an "Exemplary" rating from the Texas Education Agency and Bowie High School which is the only "Recognized" high school in Austin ISD. Both schools will offer children living at Homestead Apartments a high-quality education. The on-site learning center will partner with the teachers and after-school staff working together to help each child succeed.

Homestead Apartments will be designed to push the envelope on green standards for affordable housing resulting in lower utility bills for residents and lower operating costs for Foundation Communities. Modeled after FC's recently completed M Station, Homestead Apartments will seek a LEED Gold or Platinum designation and a 4 or 5-Star Austin Energy Green Building Rating.

Foundation Communities is thrilled about this unique opportunity to develop a family affordable rental housing community in this high opportunity area of Austin. We look forward to partnering with the City to replicate the successes of our M Station project at Homestead Apartments.

a. **Describe the tenant population, income levels, and services, if any, to be provided to or made available to residents.**

The target population of Homestead Apartments is families with children. 10% of the property (14 units) will be set-aside for homeless families as part of FC's transitional supportive housing program – the Children's HOME Initiative program. Homestead Apartments will have 14 units (10% of the property) that are accessible to persons with mobility disabilities. In addition, all ground floor units will be made adaptable to persons with mobility disabilities. The property will also have 3 units (2% of the property) that are accessible for persons with hearing and/or visual disabilities.

Of the 138 units, 10% will be for tenants with approximate incomes less than 30% of the Area's Median Family Income (AMFI), 50% will be for tenants with approximate incomes of less than 50% of the AMFI, and 40% will be for tenants with approximate incomes of less than 60% of the AMFI.

FC started the Children's HOME Initiative (CHI) in 2003 in response to the growing rates of poverty and homelessness in Austin among families with children. The CHI program helps homeless families transition to stable housing and addresses the underlying issues surrounding homelessness that many Austin area children struggle with daily. The CHI program addresses housing stability and breaks the cycle of poverty and homelessness. CHI helps formerly homeless participants create opportunities for all members of the family; develop money management skills and improve financial stability; and engage children in youth development activities and promote their emotional well-being. This eighteen month program provides a stable roof overhead, parenting and money management classes, and employment resources. While living in an attractive, well-maintained, family-oriented community is a first step, it is the year and a half of intensive case management support that empowers CHI participants to make the lasting changes in their lives that will lead to long-term stability. Working closely with a case manager, CHI families face the underlying issues that contributed to their poverty. Case managers meet weekly with families to help them evaluate their situations, establish realistic and

attainable goals, and develop road maps toward self-sufficiency. Money management, job skills, employment, childcare, health insurance, debt, and long-term housing are among the issues addressed. FC currently has 103 CHI units spread out over 6 properties. Homestead Apartment would add 14 more units to the program.

The menu of services that we plan to make available to residents at Homestead Apartments include:

- Afterschool Program – Foundation Communities will offer both an afterschool and summer school program in the on-site Community Learning Center for children living at the Homestead Apartments.
- Adult Classes including English as a Second Language, Money Management, Homebuyer Education and Computer Training will be offered on-site in the Community Learning Center.
- Off-Site services to be provided by Foundation Communities include: Financial Education, Financial Coaching, Matched Savings Accounts, College Savings and Financial Assistance, Free Tax Preparation.

The Children's HOME Initiative program typically offers the following menu of services:

- Computer training
- Intensive Case Management
- Individualized Family Support
- Crisis Management
- Financial Literacy
- Debt Management
- Children's Advocacy
- Educational Support
- Career Awareness & Enrichment
- Long-term Goal Development
- Resource Brokering

Please see Section 15(a) for a more detailed explanation of services to be provided at Homestead Apartments.

b. **Include the type of structure (multi-family or single-family), number and size of units in square feet.**

Homestead Apartments will be a 138-unit multifamily rental community for families. The property will also contain a leasing office, clothes care center, supportive service staff offices, community learning center with classrooms and a computer lab. 10% of the units at the property will be designated as transitional supportive housing as part of the Children's HOME Initiative – an FC program that combines reduced rent with intensive supportive services to help families achieve self-sufficiency.

The unit mix for the property is as follows:

Unit Type	**# of Units**	**Square Footage**
1 bedroom/1 bath	54	650 sq. ft.
2 bedroom/2 bath	60	850 sq. ft.
3 bedroom/3 bath	24	1,050 sq. ft.
TOTAL Rentable Square Feet		111,300 sq ft
TOTAL Common Area Square Fee t		8,000 sq ft
TOTAL Square Feet		**119,300**

c. **Occupation:** Homestead Apartments is new construction and therefore is not occupied.

d. **VMU, TOD, PUD:** Homestead Apartments is not located in a VMU, TOD or PUD.

e. **Preservation:** Homestead Apartments is new construction and therefore will be adding 138 new units to Austin's affordable housing stock.

f. **Existing Structure:** Homestead Apartments is new construction therefore this section is not applicable.

g. **Section 8:** Homestead Apartments will not be reserving units for Section 8 voucher holders. Instead, vouchers will be accepted at our property.

h. **Indicate the number of units that are or will be made accessible and adaptable for persons with mobility, sight or hearing disabilities.**

At a minimum, 10% of the total units (14) will be designed for persons with Mobility Impairments using Section 504 and Fair Housing Accessibility as guidelines. In addition, at a minimum, 2% of total units (3) will be made accessible for persons with hearing and visual impairments.

i. **Demonstrate the Project's compatibility with current Neighborhood Plan (if applicable).**

Homestead Apartments does not fall within the boundaries of a City of Austin Neighborhood Planning Area.

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.**

The total cost to construct the 138-unit Homestead Apartments is $23,787,117. The sources of funds for this project include:

City of Austin, in the total amount of $2,250,000. These funds will be used to pay for hard and/or soft costs. Since this project is serving a population that can only afford to pay a minimal amount in monthly rent, the project will only be feasible if there is no debt service to repay. We request these funds from the City to be in the form of a deferred forgivable loan.

We understand that the City funds will be the first piece of funding brought into the project, but the timing is critical to ensure the capture of points associated with a priority scoring item in the LIHTC 9% tax credit application which gives 12 points for applicants who have secured a contribution from the Local Political Subdivision in the amount of equal to or greater than $15,000 per unit and an additional point for having that commitment in place by March 1st. If our application does not gain these points, it will likely not be competitive within the region and will not be eligible for the housing tax credit funding.

TDHCA Low Income Housing Tax Credits (LIHTC), in the amount of approximately $13,648,635. The 9% tax credits will be used for construction costs. A pre-application was submitted on January 8, 2013 and a final application will be submitted on March 1, 2013. We will have final approval from TDHCA by August 1, 2013.

Permanent Loan in the amount of $4,476,000. We have not finalized a lender, but will forward a commitment letter upon final decision. Foundation Communities has excellent relationships with several lenders that allow for competitive rates and pricing. We currently have private mortgages with Compass Bank, Bank of America, Wells Fargo and Greater Texas Federal Credit Union. While we have great relationships with these and many other conventional lenders, we have a fiduciary duty to bid out our finance opportunities, and we've always found this to end up with the best rate and terms.

Private Fundraising in the amount of $2,145,482. We will seek out funding from the FHLB AHP Program in the amount of $1,000,000 with $750,000 coming from NeighborWorks America. The FHLB AHP application is to be submitted in April. We will also seek out foundation grants in the amount of $395,482.

Deferred Developer fee in the amount of $1,267,000.

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

k. **A map (8 ½" x 11") indicating the property location and the distance to the nearest Capital Metro Transit Stop to which residents will have access.**

Please see **ATTACHMENT 5** for a map of the property location and distance to nearest Capital Metro Transit Stop.

l. **Locate on the "Opportunity Map of Austin" the census tract in which the property lies. The map is attached to the Program Guidelines.**

Homestead Apartments is located in a MODERATE opportunity census tract on the "Opportunity Map of Austin." Please see **ATTACHMENT 6** for a copy of the map and opportunity designation.

5. Site Control and Demonstration of Value

Foundation Communities, Inc. has a contract for purchase on the proposed site for Homestead Apartments. Please see **ATTACHMENT 7: Contract** and **ATTACHMENT 8: Current Tax Documentation**.

6. Zoning

The proposed site for Homestead Apartments is currently zoned MF-4-CO which allows for multifamily development up to the density proposed. Please find attached **ATTACHMENT 9: Zoning Verification Letter** from Wendy Rhoades confirming the zoning for the proposed use.

7. S.M.A.R.T. Housing™: We plan to discuss Homestead Apartments with Javier Delgado and plan to submit our SMART Housing Application the week of January 14th. We will copy David Potter on the SMART Housing Application submission and will forward the certification letter once received. Will be **ATTACHMENT 10.**

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.

NOTE: The development team for Homestead Apartments has not, yet, been completely assembled. Foundation Communities always promotes the inclusion of MBE/WBE businesses as part of our development team.

	Name and Contact Information	**MBE? (Mark X if Yes)**	**WBE? (Mark X if Yes)**	**Non-profit? (Mark X if Yes)**
Owner	FC SW Housing, LP, 3036 S. 1st Street, Austin, TX 78704			
Developer	Foundation Communities, Inc., 3036 S. 1st Street, Austin, TX 78704			X
Architect	TBD			
Engineer	TBD			
Construction Lender	TBD			
Other Lenders	TBD			
Attorney	Rick Hightower			
Accountant	Ann Clift, CFO, Foundation Communities, Inc., 3036 S. 1st Street, Austin, TX 78704			X
General Contractor	TBD			
Consultant (if Applicable)	Not Applicable			
Property Management Provider	Foundation Communities, Inc., 3036 S. 1st Street, Austin, TX 78704			X
Other: Supportive Service Provider	Foundation Communities, Inc., 3036 S. 1st Street, Austin, TX 78704			X

Foundation Communities has 20 years of experience contracting for and overseeing the construction and rehabilitation of affordable housing. As the owner and manager of 14 affordable housing properties (1,982 units) in Austin and 3 affordable housing properties (691 units) in North Texas, Foundation Communities has built a strong development team and has worked together on many projects. Three of our communities were new construction projects financed with tax credits. Fourteen of our communities

were purchased as existing properties and rehabilitated. Each has greatly improved with renovations, green spaces and playscapes, learning centers, landscaping, signage, lighting and green building features (solar panels and rain water harvesting). Four properties are single room occupancy permanent supportive housing, two properties are duplexes and the remaining 11 properties are multifamily properties.

Housing Development Team - Our Housing Development Team consists of the following FC staff (Please see **ATTACHMENT 11** for resumes):

Walter Moreau is FC's Executive Director. During his 20-year career, Moreau has secured subsidy financing of more than $100 million to create more than 2,400 units of service-enriched, nonprofit-owned affordable housing. Moreau was recognized as a 2007 James A. Johnson Community Fellow by the Fannie Mae Foundation. He was also awarded the 2005 Social Entrepreneur of the Year Award and the 2004 Texas Houser Award. He holds a Master's degree from UT's LBJ School of Public Affairs. He has been with Foundation Communities for more than 16 years.

Sunshine Mathon, Design and Development Director, assists in the programming, design and construction management of all development projects. He has a focus on green building and sustainability issues, such as energy and water conservation, use of recycled content materials and indoor environmental quality.

Vicki McDonald, Asset Manager, oversees the income and assets of the FC portfolio. She has over 30 years of experience in owning and managing multifamily, office and retail developments. For the past 25 years, she has owned and operated Vista Properties, a real estate firm specializing in the management, leasing and brokerage of income producing assets.

Jennifer Hicks, Director of Housing Finance, pursues new development opportunities and identifies and applies for subsidy and conventional financing for multi-family housing. Jennifer has 10 years of housing development experience.

Homestead Apartments, as a new construction family property, will draw from experience on the recently completed new construction of M Station. Please see **ATTACHMENT 12** for a description of this project.

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

a. **project management:** Sunshine Mathon was the Project Manager of M Station and Arbor Terrace, as well as for Capital Studios (now underway.) Sunshine coordinates the RFQ and bid process for architect, engineer and general contractor. He is also acts as the direct link between the third party design and construction professionals and FC's development team. Jennifer Hicks has packaged the financing for all developments by Foundation Communities the last 10 years. The packaging includes running project proformas, applying for the funding, bidding out equity/mortgages, coordinating closings, and ensuring compliance with construction-related funding provisions. Jennifer also coordinates due diligence reports such as the Phase I ESA, appraisal, market studies, property condition reports, and surveys.

b. **market analysis:** Foundation Communities typically engages a third party firm to conduct market studies for each of our proposed projects. The market study is ordered in the contract feasibility period. Jennifer Hicks receives bids and engages each project's market analyst.

c. **site selection and control:** Walter Moreau has 20 years of site selection experience. Sites are selected based on a variety of factors including current funding priorities, availability of low-cost land, preservation of affordable housing opportunities and availability of sites in close proximity to existing FC properties. Vicki McDonald is a licensed real estate broker and is involved in all real estate contract negotiations. Jennifer Hicks works with the title company to ensure all requirements are met on the buyer side and oversees the closing on behalf of Foundation Communities.

d. **planning and construction**: Sunshine Mathon has structured the professional development team and overseen the planning and construction for FC's last three projects. Foundation Communities contracts with third-party General Contractors. FC has had the privilege of working with a number of quality general contractors and invites those firms to bid on all projects developed by Foundation Communities (in addition, to other firms who might be interested.)

e. **design, architecture and engineering:** Sunshine Mathon also oversees the hiring of the design and engineering team. Typically, Sunshine issues an RFQ to an invited list of bidders (open to all interested parties.) The list is narrowed down based on responses and then the FC development team including Walter, Vicki, Jennifer and Sunshine meet the finalists and make a selection based on presentations.

f. **legal and accounting:** Rick Hightower has been the general counsel for Foundation Communities for the past 15+ years and handles most real estate transactions. Foundation Communities has historically worked with Kutak Rock as a tax credit counsel on LIHTC projects. All accounting is performed in-house by an accounting team led by Ann Clift, CFO. Tax returns, audits and cost certifications for tax credit properties are contracted out to Novogradac and Company, LLC.

g. **federal funding rules:** Foundation Communities has extensive experience working with programs funded by HUD and their associated federal regulations including: Federal Labor Standards, Davis Bacon Reporting, Section 3, Affirmative Marketing, Environmental Clearances, Public Notices and Procurement Standards. Please see **ATTACHMENT 13** for a list of properties and the federal funding programs in place at each property.

h. **other funding source rules (e.g. Low Income Housing Tax Credits):**Our finance experience includes work with the following programs:
   - City of Austin – General Obligation Bond Funding, HOME, CDBG and HTF
   - TDHCA – 9% and 4% Housing Tax Credits
   - TDHCA – Housing Trust Fund, SECO Energy Grant Program and HOME Program
   - 501(c)(3) Bond Program
   - Federal Home Loan Bank (Affordable Housing Program)
   - Resolution Trust Corporation – Affordable Housing Disposition Program
   - Multi-family Private Activity Bonds
   - HUD Section 8 Moderate Rehabilitation SRO Program, Supportive Housing Program and Shelter Plus Care
   - Grants from foundations, corporations and individuals

   Please see **ATTACHMENT 13** for a list of properties and the funding sources in place at each property. Also, please see Question 11 for more detailed information on Financing Experience.

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.

	DATE(S)
Acquisition and/or holding	**Not Applicable**
Environmental and/or historic review (AHFC)	**July-October 2013**
Securing and packaging project financing	**July-December 2013**
Construction Specifications and Cost estimates	**December 2013 – February 2014**
Construction Bids	**March 2014**
Construction Start	**May 2014**
Anticipated Draws (list all)	**June 2014** **July 2014** **August 2014** **September 2014** **October 2014**
End Construction	**June 2015**
Start of Rent-up	**June 2015**
Completion & Operation	**December 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.

_____Units adaptable for persons with mobility disabilities

14_____Units accessible for persons with mobility disabilities

_____Units adaptable for persons with sight and hearing disabilities

3_____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.

Recent Development Experience: Homestead Apartments will draw upon the recently completed new construction of M Station Apartments, as well as the completion of four SRO housing communities. Please see **ATTACHMENT 12** for a description of this project and **ATTACHMENT 13** for a list of all projects developed by Foundation Communities, Inc.

Funding Experience: Foundation Communities, Inc. has experience utilizing all funding tools available for the development of affordable multifamily housing. We have an excellent track record of securing funding in competitive allocations such as the 9% LIHTC and the Federal Home Loan Bank Affordable Housing Program. We also have solid relationships with multiple lenders. Three most recently completed projects utilize the following five layers of funding: 9% LIHTCs, City of Austin RHDA funding, FHLB AHP program, construction/permanent loan and private fundraising.

LIHTCs and BONDS

Foundation Communities has applied for and been awarded 9% LIHTCs for five developments. Two of these awards were forward commitments by the Texas Department of Housing Board of Directors giving testament to Foundation Communities track record of high-quality developments with compelling missions. FC's development team is well-versed in the LIHTC program and application process. All applications are completed in-house by staff. Staff also closely follows the drafting of the Qualified Allocation Plan and is aware of changes to threshold and scoring items that impact a high-scoring application. FC has a staff team that has over 10 years of tax credit compliance with a record of no significant findings. FC also has relationships with multiple tax credit investors including Enterprise Community Investment and Bank of America.

Foundation Communities built and financed the Southwest Trails Apartments utilizing 4% LIHTC and private activity bonds. Bonds were issued by Austin Housing Finance Corporation. The credits were purchased by Related Capital and the bonds financed with Chartermac. The closing took place over two days with a dozen attorneys, but was successful.

City of Austin RHDA

The City of Austin has been a major contributor on every project completed by Foundation Communities in the past 10 years. The FC Development team follows the release of the City's application rules and NOFA and has a solid working relationship with City of Austin NHCD/AHFC staff.

FHLB AHP Program

Foundation Communities has applied for and received eight awards through the FHLB Affordable Housing Program and received the highest funding amount awarded for our M Station property of $1,500,000.

Private Mortgages

Foundation Communities has excellent relationships with several lenders that allow for competitive rates and pricing. We currently have private mortgages with Compass Bank, Bank of America, Wells Fargo and Greater Texas Federal Credit Union.

Private Fundraising

Foundation Communities employs a diverse fundraising strategy. In 2012, private fundraising totaled over $3,000,000 (not including capital funding from City of Austin). Foundation and corporate grants range from $3000 to hundreds of thousands of dollars, and fund both capital projects and FC's wide range of programs (education, supportive housing, etc.).

Property Management Experience: Foundation Communities performs all leasing, maintenance, accounting, compliance and other property management functions for its 14 Austin properties. Foundation Communities earns property management and asset management fees that help support the overall nonprofit mission. The success of Foundation Communities' property management is demonstrated through its high occupancy (usually averaging more than 95 percent), low turnover (under 32 percent), ability to keep all properties performing within their operating budgets, completion of capital repairs of over $535/unit, and a relatively high percentage of move outs going to homeownership (20 percent).

A majority of Foundation Communities' 17 properties feature a federal source of funding. Specifically, Foundation Communities' staff has experience with the compliance and reporting requirements of the Low Income Housing Tax Credit program, HOME program, and HUD Continuum of Care Funding Programs.

Please find attached **ATTACHMENT 13** for a list of the properties managed by Foundation Communities and the funding programs in place at the specific property. Homestead Apartments will be staffed with a property manager, assistant property manager, leasing agent, lead maintenance and assistant maintenance. The property will also have a full-time learning center coordinator. All family housing properties are overseen by Desiree Golden, Property Supervisor, who is overseen by Sandra Lumley, Property Director. Sandra has been with Foundation Communities for 20 years and has extensive knowledge of all funding programs and required compliance.

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.

DETAILED PROJECT BUDGET				
	Cost	**Prior award of RHDA Funds (if any)**	**RHDA Funds Requested**	**Description or Comments**
PREDEVELOPMENT				
Appraisal	20,000			
Environmental Review	35,000			
Engineering	135,000			
Survey	35,000			
Architectural	595,000			
TOTAL PREDEVELOPMENT	**820,000**			
ACQUISITION				
Site and/or Land	4,000,000			
Structures				
Other (specify)	10,000			
TOTAL ACQUISITION	**4,010,000**			
CONSTRUCTION				
Infrastructure	595,000			
Site work	1,685,000			
Demolition	330,000			
Concrete	433,000			
Masonry	271,000			
Rough carpentry	1,487,000			
Finish carpentry	558,000			
Waterproofing & Insulation	402,000			
Roofing & Sheet Metal	454,000			
Plumbing/Hot Water	1,002,000			
HVAC	1,132,000			
Electrical	1,210,000			
Doors/Windows/Glass	412,000			
Lath & Plaster/ Drywall & Acoustical	485,000			
Tile work	480,000			
Soft & Hard Floor	183,000			
Paint/Decorating/Blinds/Shades	287,000			
Specialties/Special Equipment	177,000			
Cabinetry/Appliances	261,000			
Carpet	235,000			
Green Improvements	522,000			
Constractor Profit and Fee	1,458,000			
Construction Contingency	522,000			
TOTAL CONSTRUCTION	**14,581,000**			

SOFT & CARRYING COSTS				
Legal	162,000			
Audit/Accounting	37,000			
Title/Recording	114,000			
Architectural (Inspections)	15,000			
Construction Interest	656,145			
Construction Period Insurance	130,000			
Construction Period Taxes	150,000			
Relocation	0			
Marketing	15,000			
Davis-Bacon Monitoring	0			
Other: Tax Credit Compliance	118,000			
FFE (common area furniture)	95,000			
TOTAL SOFT & CARRYING COSTS	**1,492,145**			
RESERVES & DEVELOPMENT FEE				
Operating and Lease-Up Reserves	350,000			
Development Fee	2,533,972			
TOTAL RESERVES & DEVELOPMENT FEE	**2,883,972**			
TOTAL PROJECT BUDGET	**23,787,117**			

13. Funds Proposal. Provide the following information to facilitate financial review of the proposed project:

a. **Sources and Uses of Funds** – Complete **Tables A (below) & B (on the following page)**, identifying all sources and uses of funds to implement project and include evidence of funds anticipated (financial statements, commitment letters, etc.).

TABLE A: SOURCES OF FUNDS SUMMARY					**Intended Use of Funds (Predevelopment, Acquisition, Construction, Soft Costs)**
	Term	Interest Rate	Amount	Evidence (Deed, Sales Contract)	
Owner Equity					
Private Financing (List Lenders)					
Low Income Housing Tax Credits			13,648,635	Pre-App submitted Jan. 8	Construction/hard/soft costs
Permanent Loan	30 yr amo	5.50%	4,476,000		
Private Fundraising			2,145,482		(FHLB AHP, NWA, Private Grants)
Other Sources (List Below)					
Deferred Developer Fee			1,267,000		
Proposed RHDA Funds	2,250,000	0%			
TOTAL					

TABLE B: USES OF FUNDS SUMMARY		
	Total Cost	Cost/Unit

Predevelopment	820,000	5,942
Acquisition	4,010,000	29,058
Hard Costs	14,581,000	105,659
Soft & Carrying Costs	1,492,145	10,813
Other Costs	2,883,972	20,898
Total Project Costs	**$23,787,117**	**172,370**

b. **Leveraging** – Complete **Table C (below)**. Include evidence of other funds leveraged by AHFC funds to implement the project such as owner equity and commitments from private and/or other public resources.

TABLE C: LEVERAGE SUMMARY	
TOTAL RHDA FUNDS	**$2,250,000**
TOTAL OTHER FUNDS	**$21,537,117**
LEVERAGE (%)	**9.46%**

c. **Operating Proforma –** Please see **ATTACHMENT 14.**

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.

Foundation Communities believes the key to a project's true success is the support and engagement of the surrounding neighborhood and stakeholders. The first step in pursuing any new development is to approach the neighborhood and talk to key stakeholders about the project, target population and show examples of our projects.

The following neighborhoods were sent a public notification of the proposed Homestead Apartments project per the 2013 Qualified Allocation Plan which governs the LIHTC program administered by the Texas Department of Housing and Community Affairs:

- Cherry Creek on Brodie
- Tanglewood Forest Neighborhood Association
- Tanglewood Oaks Owners Association
- Palomino Park Homeowners Association
- Bauerle Ranch Homeowners Association

Early next week Foundation Communities will begin reaching out to the neighborhoods via phone and email to provide more details and offer to meet with each group. We will also offer tours of our existing properties, so neighborhood members can see the quality of our projects for themselves. We also plan to have a web page on our main website that will contain the most updated information on the project for easy public dissemination.

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.

Foundation Communities will provide free, supportive service programs that will educate, support and improve financial standing for residents of Homestead Apartments. Supportive Service programs to be offered ON-SITE at Homestead Apartments include:

Afterschool Program - We plan to hold an after-school program in the on-site community learning center available to all children living on the property. Foundation Communities' afterschool programs offer academic assistance, enrichment activities, fitness activities, nutrition lessons and provide support services and educational opportunities for parents as well. Our PATHS (Planning Ahead Toward Health and School Success) program helps low-income children address low reading scores and obesity/inactivity/poor nutrition, setting them on a path to lifelong self-sufficiency and success. FC maintains a strong relationship with nearby schools with teachers and after-school staff working together to help each child succeed.

Our afterschool programs currently serve over 600 students each year. We estimate that Homestead Apartments, a completely new from the ground up property with a brand new Learning Center, will serve 85 students the first year alone.

Summer-Youth Program – We plan to make available a summer-youth program to all children at Homestead Apartments and will be held in the on-site community learning center. The goal of the Summer Youth Program is to provide a structured, supervised environment where youth can gain exposure to a variety of summer learning and enrichment activities, develop important social skills, and work toward a brighter future. In addition, the program will:

- provide free access to rewarding, hands-on educational, cultural, artistic, and recreational activities for youth ages 5-14.
- retain educational gains made during the school year.
- provide a structured, supervised time with caring adults who model and reward positive behavior and interaction.
- supply free, nutritious lunches and snacks five days per week.

Adult Classes - Foundation Communities believes it is important to offer "at your door" education opportunities to adults. We offer classes for adults on the following topics:

- English as a Second Language
- Money Management (offered in English and Spanish)
- Homebuyer Education
- Computer training

Children's HOME Initiative – 10% of the units (15 units) at Homestead Apartments will be available for families participating in FC's Children's HOME Initiative (CHI) program. The CHI program provides low-cost transitional housing for up to 18 months to families who are considered Extremely Low Income (at or below 30% of the area's MFI). By engaging in case management services, families are able to outline their path toward permanent affordable housing and work to achieve an independent and healthy lifestyle.

The following services will be provided for residents participating in the CHI program at Homestead Apartments:

- Computer training
- Intensive Case Management
- Individualized Family Support
- Crisis Management
- Financial Literacy
- Debt Management
- Children's Advocacy
- Educational Support
- Career Awareness & Enrichment
- Long-term Goal Development
- Resource Brokering

Supportive Service programs provided by Foundation Communities, but located OFF-SITE include:

Financial Education - A ten-hour personal finance course, offered in English and Spanish, will help Homestead Apartments residents evaluate their financial status and set financial goals. The course includes a one-on-one credit counseling session and follow-up.

Financial Coaching - Families of Homestead Apartments will have the opportunity to meet individually with a trained volunteer. The volunteer works with the resident on a variety of personal finance issues which may include a credit report review, creating a credit repair plan or a debt reduction plan, establishing a household budget, exploring ways to reduce expenses, or setting financial goals. Financial Coaching sessions may be a single one hour session up to eight hours of individual sessions, depending on the situation.

Matched Savings Accounts - Individual Development Accounts will be offered to families of Homestead Apartments to help them save money for buying a first home, funding post-secondary education or opening or expanding a small business. Account holders earn matching funds ($1-$3 for each dollar saved) in special savings accounts. All participants commit to making regular monthly deposits and completing personal finance courses.

Microenterprise - Community Tax Centers provide services to self-employed and small business owners with five employees or fewer (including the owner), helping them to file their taxes and educating them about tax and liability implications and best practices.

College Savings & Financial Assistance - Families may open a Texas 529 College Savings Plan and receive up to $100 in incentives for their contributions. Trained staff are available at the Community Tax Centers and financial aid events to help students complete the Free Application for Federal Student Aid (FAFSA) to obtain grants and loans for college.

b. The number and types of residents/clients expected to be served annually.

Homestead Apartments will house 138 families at any given time. The service needs of the property will vary according to the resident profile. We are reserving 10% of the units for FC's Children's HOME Initiative – a transitional supportive housing program that offers participants a menu of more intensive supportive services. With an average turnover of 20% and average family size of 2.5, we expect to serve approximately 414 adults and children a year with some degree of services.

c. Describe the developer's experience and qualifications in providing the services to be offered.

Foundation Communities, as the primary supportive service provider at Homestead Apartments, has 20 years experience in the provision of supportive services to its residents. At all of our properties, we enable our residents to increase their personal development, education, safety, and health at one convenient location in their neighborhood. Through strategic partnerships, last year FC gave 600+ children of working parents a safe place to go when school's out right where they live and helped 85% of students maintain or improve grades. Talented volunteers help us increase adults' earning potential through classes in English as a Second Language, GED preparation, and computer skills, as well as employment counseling and social service referrals. Each year, we also empower more than 100 families to become smart consumers through economic education and at least 50% of them to reduce debt. More than 125 families have earned a 2-to-1 match in special savings accounts to purchase a home, attended college, or started a business. We also provide free income tax preparation for 20,000+ low-income workers and retirees with the help of 400 IRS-certified volunteers.

The Children's HOME Initiative Program (CHI) is the only program of its kind in Austin. In 2003, Foundation Communities launched CHI to address the overwhelming need in the community for quality affordable housing for families with incomes of 30% of the Median Family Income. Grants from NeighborWorks America, a national funder, enabled us to pay down mortgages at three of our apartment complexes and permanently set aside apartments to create this program; 10% or more of every new family property we open will be reserved for CHI. Of a dozen national housing organizations that were granted similar funding, FC was the first to get the program up and running and has the longest and most successful track record. We have developed a successful model for helping families with extremely low incomes achieve self-sufficiency by providing stable housing and intensive case management. Since 2003, CHI has supported close to 300families and more than 600 children in regaining housing and economic stability.

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.

All supportive services at Homestead Apartments will be provided by Foundation Communities, Inc.

e. 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.

Supportive Service Staff (Please see **ATTACHMENT 15** for staff resumes):

Julian Huerta – Deputy Director - provides leadership for all Foundation Communities' resident and community services. He has many years experience in the provision of social and educational services and in program management, evaluation and fundraising. Mr. Huerta holds a Masters Degree in Community and Regional Planning from the University of Texas and has been with FC for ten years.

Mario Cortez, Director of Supportive Housing. Mario has 15 years of experience working with homeless and low-income populations, and holds a Masters in Social Work. Prior to joining Foundation Communities, he spent 3 years developing the Keep Austin Housed AmeriCorps project. He Co-Chairs the Social Services Case Management Network & the Housing Stability Committee of the Basic Needs Coalition, sits on the Executive Committee of the Basic Needs Coalition, and leads planning for Stand Up and Be Counted. Mario oversees all supportive housing programs.

Erika Leos - Adult Education Coordinator, is responsible for teaching the ten-hour financial education course (in both English and Spanish) available to residents of Foundation Communities and a required component of participants in the Individual Development Account (IDA) Matched Savings Program. Leos also oversees the English as a Second Language program offered on Foundation Communities' properties. Leos earned a Bachelor's of Business Administration from the University of Texas at Austin in 2002.

Karen Lyons – Director of Asset Building - is responsible for all aspects of FC's Asset Building Programs. She was the past Director of FC's IDA savings program. Her experience includes five years of experience teaching ESL and a long involvement with immigrant issues. She has a BA in Education.

All Foundation Communities' Learning Center Coordinators are highly qualified, with degrees in education, social work, or a related field. Some have Masters Degrees, and all are bilingual. They undergo rigorous staff training on a regular basis, and are involved in both implementing and evaluating PATHS at their property's Learning Center, including coordinating with local schools and designing homework assistance for individual students. Learning Center Coordinators' bios are available upon request.

f. Demonstrate financial capacity to provide support services and/or operate a supportive services program by providing the following information:

1. **<u>Sources of Funds</u>: Identify sources and amounts of funds that will be or are expected to be utilized to provide supportive services.**

Uses of Funds:

Direct Expenses	Amount	Notes
1 full-time Case Manager for the CHI Program	$33,000	One FTE salary
1 part-time Adult Education Coordinator	$18,000	One PTE salary
Taxes and Benefits	$10,200	20% of salary
Supplies and Printing	$1,000	for client meetings and classes
Training/Travel	$1,000	Professional education
Direct Aid to Clients	$1,500	Bus passes, work search expenses, etc.
TOTAL	**$64,700**	

Sources of Funds:
The funding for the supportive services to be provided at Homestead Apartments will be raised from private foundations, corporations and individuals. This is the same method used to fund the

supportive service programs in place at our existing family properties. We have a donor base that is dedicated to the support of our service programs. Past funders we will tap include:

- Michael and Susan Dell Foundation – Children's HOME Initiative and financial programs
- Schwab Foundation – financial programs
- Lowe Foundation – Children's HOME Initiative
- Rachael and Ben Vaughan Foundation – Children's HOME Initiative
- Amerigroup Foundation

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.**

   Please see **ATTACHMENT 16** for a detailed supportive services budget for Homestead Apartments.

ATTENTION:

Please submit with the Application a completed "self-evaluation" using the following Scoring Criteria.

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	X	11. Experience/Qualifications	X
OR		12. Project Budget	X
2b. For-profit List of Items	N/A	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. Community Engagement Strategy or Efforts	X
8. Development Schedule	X		
9. Developer Capacity	X		

*The Zoning Verification letter has been requested from the City of Austin Planning and Zoning Department and will be immediately forwarded to David Potter upon receipt.
**The SMART Housing Application will be submitted 1/14/2013 and will submit the SMART Housing Certification letter once received.

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) **5**

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) **18**

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%
50%	3	5	7	9	11	13	15	17	19	25
40%	5	7	9	11	13	15	17	19	21	25
30%	7	9	11	13	15	17	19	23	24	25

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

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

7. **TRANSITIONAL HOUSING** (10 points) **5**

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) **15**

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) **0**

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
2 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.

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).

NOTE: FC expects to contract with MBE/WBE subcontractors. Since we have not yet bid out the services of the architect, engineer, interior designer, we are unable to provide evidence of the entities that will be MBE/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.

NOTE: Please find attached an MOU with local non-profit Austin Clubhouse who will provide services funded by the SAMHSA grant that will be applied to service provision at Homestead Apartments. Please see ATTACHMENT 16 for reference of this relationship and ATTACHMENT 17 for the MOU.

TOTAL SCORE 172 points

ATTACHMENT 1: Certificate of Status

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

January 9, 2013

CERTIFICATE OF ACCOUNT STATUS

THE STATE OF TEXAS
COUNTY OF TRAVIS

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO HEREBY CERTIFY that according to the records of this office

FOUNDATION COMMUNITIES, INC.

is exempt from payment of franchise tax and consequently is in good standing with this office.

GIVEN UNDER MY HAND AND
SEAL OF OFFICE in the City of
Austin, this 9th day of
January 2013 A.D.

Susan Combs
Texas Comptroller

Taxpayer number: 17425632605
File number: 0114499001

Form 05-303(Rev. 1-03/6)

ATTACHMENT 2: IRS Certification

Internal Revenue Service

Date: August 24, 2004

Foundation Communities, Inc.
3036 South First Street
Austin, TX 78704-6391

Department of the Treasury
P. O. Box 2508
Cincinnati, OH 45201

Person to Contact:
Janet M. Duncan 31-07676
Customer Service Specialist
Toll Free Telephone Number:
8:00 a.m. to 6:30 p.m. EST
877-829-5500
Fax Number:
513-263-3756
Federal Identification Number:
74-2563260
Group Exemption Number:
7171

Dear Sir or Madam:

This is in response to your request of July 6, 2004, regarding your organization's tax-exempt status.

In May 1990 we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records indicate that your organization is also classified as a public charity under section 509(a)(2) of the Internal Revenue Code.

Based on the information supplied, we recognized the subordinates named on the list your organization submitted as exempt from federal income tax under section 501(c)(3) of the Code.

Our records indicate that contributions to your organization are deductible under section 170 of the Code, and that you are qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Internal Revenue Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,

Janna K. Skufca

Janna K. Skufca, Director, TE/GE
Customer Account Services

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
1100 COMMERCE STREET
DALLAS, TX 75242-0000

DEPARTMENT OF THE TREASURY

Date:
JUN 06 1995

CENTRAL TEXAS MUTUAL HOUSING
ASSOCIATION
C/O CINDY CHRISTIANSEN
2512 S IH 35 STE 350
AUSTIN, TX 78704-5751

Employer Identification Number:
74-2563260
Case Number:
755122043
Contact Person:
ANNETTE SMITH
Contact Telephone Number:
(214) 767-6023

Our Letter Dated:
May 23, 1990
Addendum Applies:
No

Dear Applicant:

This modifies our letter of the above date in which we stated that you would be treated as an organization that is not a private foundation until the expiration of your advance ruling period.

Your exempt status under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) is still in effect. Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Code because you are an organization of the type described in section 509(a)(2).

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(2) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(2) organization.

If we have indicated in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help resolve any questions about your private foundation status, please keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Bobby E. Scott
District Director

ATTACHMENT 3: Audit

FOUNDATION COMMUNITIES, INC.

Consolidated Financial Statements and Independent Auditors' Report for the Years Ended December 31, 2011 and 2010

MAXWELL & LOCKE RITTER

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MAXWELL LOCKE & RITTER LLP
Accountants and Consultants
An Affiliate of CPAmerica International
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Austin: 401 Congress Avenue, Suite 1100
Austin, TX 78701

Round Rock: 303 East Main Street
Round Rock, TX 78664

INDEPENDENT AUDITORS' REPORT

To the Boards of Directors of
Foundation Communities, Inc.:

We have audited the accompanying consolidated statements of financial position of Foundation Communities, Inc. and its affiliates (collectively, "Foundation Communities") as of December 31, 2011 and 2010 and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of Foundation Communities' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Foundation Communities as of December 31, 2011 and 2010 and the consolidated changes in its net assets and its cash flows for the years then ended in conformity with accounting principals generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 31, 2012 on our consideration of Foundation Communities' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Affiliated Company
ML&R WEALTH MANAGEMENT LLC
"A Registered Investment Advisor"
This firm is not a CPA firm

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements of Foundation Communities taken as a whole. The accompanying supplementary information of the schedule of financial position by entity, the schedule of activity by entity and the community housing development organization property tax reinvestment public expenditure test are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the State of Texas Uniform Grant Management Standards, and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Maxwell Locke + Ritter LLP

May 31, 2012

FOUNDATION COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2011 AND 2010

	2011		2010	
ASSETS				
Cash and cash equivalents		7,798,211		7,564,002
Accounts and notes receivable:				
Trade	4,139,738		3,618,090	
Grants and pledges	1,604,640		1,902,085	
Interest	2,668,378		2,062,081	
Notes receivable	18,731,377		17,206,377	
Development fees	4,188,757		2,072,186	
		31,332,890		26,860,819
Escrow and security deposits		306,963		312,869
Prepaid expenses		122,992		132,227
Investment in partnerships		1,497,638		2,014,059
Property and equipment, net		34,991,388		29,217,883
Intangible assets, net		544,879		594,307
TOTAL ASSETS		76,594,961		66,696,166
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable		4,220,553		4,160,427
Deferred revenue		117,715		58,561
Resident security deposits		393,712		388,657
Interest rate swap agreements		1,052,640		624,651
Notes payable		10,893,862		12,460,950
Forgivable loans payable		22,105,754		17,207,562
Total liabilities		38,784,236		34,900,808
Net assets:				
Unrestricted		25,242,873		21,243,181
Temporarily restricted		4,912,395		3,955,000
Permanently restricted		7,655,457		6,597,177
Total net assets		37,810,725		31,795,358
TOTAL LIABILITIES AND NET ASSETS		76,594,961		66,696,166

See notes to consolidated financial statements.

FOUNDATION COMMUNITIES, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue:				
Rental income	11,225,783	--	--	11,225,783
Contributions and grants	3,283,322	3,754,457	1,058,280	8,096,059
Interest	550,780	--	--	550,780
Other property contractual fees	2,738,570	--	--	2,738,570
Net assets released from restriction	2,797,062	(2,797,062)	--	--
Total revenue	20,595,517	957,395	1,058,280	22,611,192
Expenses:				
Program:				
Property operations and maintenance	4,609,278	--	--	4,609,278
Community social services	4,138,652	--	--	4,138,652
Real estate taxes	57,333	--	--	57,333
Utilities	1,013,440	--	--	1,013,440
Insurance	237,003	--	--	237,003
Interest expense	1,547,316	--	--	1,547,316
Depreciation and amortization	2,882,523	--	--	2,882,523
Management and general				
General and administrative	1,721,886	--	--	1,721,886
Fundraising	388,394	--	--	388,394
Total expenses	16,595,825	--	--	16,595,825
Change in net assets	3,999,692	957,395	1,058,280	6,015,367
NET ASSETS, BEGINNING OF YEAR	21,243,181	3,955,000	6,597,177	31,795,358
NET ASSETS, END OF YEAR	25,242,873	4,912,395	7,655,457	37,810,725

See notes to consolidated financial statements.

FOUNDATION COMMUNITIES, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue:				
Rental income	11,673,741	--	--	11,673,741
Contributions and grants	1,292,558	4,016,722	1,075,000	6,384,280
Interest	209,913	--	--	209,913
Other property contractual fees	1,936,516	--	--	1,936,516
Net assets released from restriction	3,722,154	(3,522,154)	(200,000)	--
Total revenue	18,834,882	494,568	875,000	20,204,450
Expenses:				
Program:				
Property operations and maintenance	4,877,316	--	--	4,877,316
Community social services	3,115,368	--	--	3,115,368
Real estate taxes	204,867	--	--	204,867
Utilities	1,186,805	--	--	1,186,805
Insurance	261,229	--	--	261,229
Interest expense	1,521,676	--	--	1,521,676
Depreciation and amortization	2,785,926	--	--	2,785,926
Management and general:				
General and administrative	2,742,300	--	--	2,742,300
Fundraising	403,787	--	--	403,787
Total expenses	17,099,274	--	--	17,099,274
Change in net assets	1,735,608	494,568	875,000	3,105,176
NET ASSETS, BEGINNING OF YEAR	19,507,573	3,460,432	5,722,177	28,690,182
NET ASSETS, END OF YEAR	21,243,181	3,955,000	6,597,177	31,795,358

See notes to consolidated financial statements.

FOUNDATION COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	6,015,367	3,105,176
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,882,523	2,785,926
Unrealized loss on interest rate swap agreements	427,989	206,377
Operating losses from partnership investments	516,421	90,632
(Increase) decrease in assets:		
Accounts and notes receivable:		
Trade	(521,648)	(2,703,360)
Grants and pledges	297,445	(858,257)
Interest	(606,297)	(309,451)
Notes receivable	(1,525,000)	(5,886,822)
Development fees	(2,116,571)	198,000
Escrow and security deposits	5,906	(45,606)
Prepaid expenses	9,235	(26,891)
Decrease (increase) in liabilities:		
Accounts payable	60,126	2,782,158
Deferred revenue	59,154	(2,208)
Resident security deposits	5,055	921
Net cash provided by (used in) operating activities	5,509,705	(663,405)
CASH FLOWS FROM INVESTING ACTIVITIES-		
Purchases of property and equipment	(8,606,600)	(2,065,048)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on forgivable loans	5,398,192	3,500,000
Borrowings on notes payable	2,550,000	--
Principal payments on notes payable	(4,617,088)	(1,900,172)
Net cash provided by financing activities	3,331,104	1,599,828
Net change in cash and cash equivalents	234,209	(1,128,625)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,564,002	8,692,627
CASH AND CASH EQUIVALENTS, END OF YEAR	7,798,211	7,564,002
SUPPLEMENTAL DISCLOSURE-		
Cash paid for interest	1,495,632	1,238,764

See notes to consolidated financial statements.

Note 1: Description of the Organization and its Mission

Foundation Communities, Inc. ("FCI") and its affiliates (collectively "Foundation Communities") is a Texas nonprofit corporation that provides development, asset management, educational and social services, and property management to its affiliates.

Foundation Communities' stated purpose is to create housing where families succeed through programs and services for low income families and individuals that include: affordable housing, on-site learning centers offering educational programs for youth and adults, supportive housing including case management, and asset-building opportunities which include financial literacy education, matched savings accounts, and free income tax preparation assistance.

The following are FCI's Affiliates:

1. Buckingham Mutual Housing Corporation ("Buckingham") was incorporated in 1991 and commenced operations on June 1, 1991.

2. Cherry Creek Mutual Housing Corporation ("Cherry Creek") was incorporated in 1989 and commenced operation on June 1, 1989.

3. Crossroads Mutual Housing Corporation ("Crossroads") was incorporated in 1990 and commenced operations on April 1, 1990.

4. St. Elmo Mutual Housing Corporation (dba Sierra Ridge) ("St. Elmo") was incorporated in 1991 and commenced operations on March 1, 1991.

5. Daffodil Mutual Housing Corporation ("Daffodil") was incorporated in 1996 and commenced operations on February 26, 1996.

6. Sleepy Hollow Mutual Housing Corporation ("Sleepy Hollow") was incorporated in 1995 and commenced operations on June 1, 1995.

7. Shadow Brook Mutual Housing Corporation ("Shadow Brook") was incorporated in 1995 and commenced operations on June 1, 1995.

8. Peter's Colony Mutual Housing Corporation ("Peter's Colony") was incorporated in 1995 and commenced operations on June 1, 1995.

9. Village Green Mutual Housing Corporation (dba Vintage Creek) ("Village Green") was incorporated in 1999 and commenced operations on February 15, 2000.

10. Garden Terrace Housing Corporation ("Garden Terrace") was incorporated in 2001 and commenced operation on February 28, 2002.

11. Spring Terrace Housing Corporation ("Spring Terrace") was incorporated in September 2006 and commenced operations in December 2006.

12. Central Texas/Searight Housing Corporation ("CTSHC") was formed in 1998 as the sole general partner and .01% owner of Searight Park, Ltd., owner of Trails at the Park apartment complex. The 99.99% limited partnership interest was sold to raise tax credit equity for the project. Trails at the Park is an affordable housing project, construction of which was completed in early 2000. The project costs, totaling approximately $15,400,000, were financed by owner tax credits, mortgages, FCI reimbursable reserves, and grants. FCI was the developer and is the manager of this project through its affiliation with CTSHC.

13. Central Texas/SWA Mutual Housing Corporation ("CTSWA") was created in March of 1999 and commenced operations on February 1, 2000. CTSWA is the majority shareholder of CTSWA Funding Corporation, a for profit corporation that acts as the sole general partner and .01% owner of SWA Housing, Ltd., owner of the Southwest Trails apartment complex. The 99.99% limited partnership interest was sold to raise tax credit equity. Construction of Southwest Trails, a 160 unit affordable housing project in the Oak Hill area of Austin began in October of 2000. Construction was completed in the fall of 2001. FCI, through its affiliation with CTSWA, is the developer and manager of this project. The project costs, totaling approximately $12,750,000, were financed by owner tax credits, the sale of private activity bonds, grants, and FCI reimbursable reserves.

14. FC Skyline Terrace Housing, L.L.C. ("Skyline LLC") was formed in 2006 as the sole general partner and .01% owner of Skyline Terrace Housing, L.P., owner of the Skyline Terrace project. The 99.99% limited partnership interest was sold in 2007 to raise tax credit equity for the project. Skyline Terrace is a 100 unit affordable housing project undergoing renovations to the existing structure that began in 2007 and were completed in March 2008. The project costs, totaling approximately $10,450,000, were financed by the owner tax credits and FCI reimbursable reserves and grants. FCI was the developer and is the manager of this project through its affiliation with Skyline.

15. FC M Station Housing, L.L.C. ("M Station LLC") was formed in 2010 as the sole general partner and .01% owner of M Station Housing, L.P., owner of the M Station project. The limited partnership interest was sold to raise tax credit equity for the project. M Station is a 150 unit affordable housing project completed during 2011. FCI will be the developer and manager of this project through its affiliation with M Station.

16. FC Shady Oaks Housing, L.L.C. ("Shady Oaks LLC") was formed in 2010 as the sole general partner and .01% owner of Shady Oaks Housing, L.P., owner of the Sierra Vista project. The limited partnership interest was sold in December 2010 to raise tax credit equity for the project. Sierra Vista will be a 238 unit affordable housing project to be renovated during 2011 and 2012. FCI will be the developer and manager of this project through its affiliation with Shady Oaks. Central Texas PC Mutual Housing Corporation ("Central Texas PC Mutual") purchased and operated Sierra Vista Apartments between February and December 2010 when the property was transferred to Shady Oaks Housing, L.P. Central Texas PC Mutual was created in March of 2000 but had no assets nor operations until the purchase of the Sierra Vista Apartments.

17. FC Austin One Housing Corporation was formed in 2007. In 2010, FC Austin One Housing Corporation filed a dba as Arbor Terrace Housing Corp. and entered into a contract to purchase existing property which will be developed into another affordable housing property. As of December 31, 2011 the purchase was complete and renovations begun on 120 units of residential supportive housing.

18. FC Austin Two Housing Corporation was formed in 2010. FC Austin Two Housing Corporation does not hold any assets as of December 31, 2011.

The 2011 and 2010 consolidated financial statements include the accounts of FCI and its affiliates, but do not include the accounts of SWA Housing, Ltd., Searight Park, Ltd., Skyline Terrace Housing, L.P., M Station Housing, L.P, or Shady Oaks Housing, L.P. All inter-organizational transactions and balances have been eliminated between the affiliated corporations (see Note 15). Related party transactions are disclosed in Notes 16, 17, 18, 19, 20 and 21. SWA Housing, Ltd., Searight Park, Ltd., Skyline Terrace Housing, L.P., M Station Housing, L.P. and Shady Oaks Housing, L.P are reported as separate entities and have their own audited financial statements.

Cherry Creek, Crossroads, St. Elmo, Buckingham, Peter's Colony, Shadow Brook, Sleepy Hollow, Daffodil, Garden Terrace, Village Green, Spring Terrace, Central Texas PC Mutual, CTSHC, CTSWA and FC Austin Housing One Corporation are Texas nonprofit 501(c)(3) corporations that either own and operate duplex and apartment communities or own partnership interests in low-income housing tax credit partnerships. Their purpose is to promote charitable and educational activities and includes improving overall community stability through the development and management of affordable housing alternatives for low income individuals and providing educational activities to expand opportunities for the residents. Skyline LLC, M Station LLC and Shady Oaks LLC are for profit entities and are therefore not included in the group exemption maintained for the other affiliated corporations but are included in these reports because they are 100% owned by FCI.

The majority of the Boards of Directors for the affiliated corporations serve on the Board of Directors of FCI. Funds are solicited, controlled, and disbursed at the direction of FCI for the benefit of the affiliated corporations.

Note 2: Summary of Significant Accounting Policies

Basis of Presentation
The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") as defined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). Under the accrual basis of accounting, revenue is recognized when earned regardless of when collected, and expenses are recognized when the obligation is incurred regardless of when paid. Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Foundation Communities and changes therein are classified and reported as follows:

Unrestricted net assets - These types of net assets are not subject to donor-imposed stipulations. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Temporarily restricted net assets - These types of net assets are subject to donor imposed stipulations, which limit their use by Foundation Communities to a specific purpose and/or the passage of time. When a restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. See Note 13 for restrictions.

Permanently restricted net assets - These types of net assets are subject to donor-imposed stipulations, which require them to be maintained permanently by Foundation Communities. See Note 14 for restrictions.

Use of Estimates
The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents
For purposes of the statement of cash flows, Foundation Communities considers unrestricted highly liquid assets with an original maturity of three months or less as cash and cash equivalents.

Investments
Investments primarily consist of investments in partnerships, which are accounted for under the equity method of accounting. The equity method is required because Foundation Communities is a non-controlling general partner.

Fair Value Instruments
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

Level 1 - Inputs based on quoted market prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 - Unobservable inputs that reflect Foundation Communities' own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value: 1) market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities, 2) cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost), and 3) income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Accounts Receivable and Allowance for Doubtful Accounts
Accounts receivable are recorded at the amount Foundation Communities expects to collect on outstanding balances. No allowance for doubtful accounts has been recorded as management believes all significant accounts receivable to be collectible. Management records bad debts using the direct charge-off method. U.S. GAAP requires that the allowance method be used to record bad debts; however, the effect of using the direct charge-off method is not materially different from the results that would have been obtained using the allowance method.

Grants and Pledges Receivable
Grants and pledges receivable are recorded at the amount Foundation Communities expects to receive from grantors and donors. No allowance for uncollectible grants receivable has been recorded as, historically, Foundation Communities has not experienced material uncollectible amounts.

Notes Receivable
Notes receivable represent loans issued to the tax credit partnerships. Notes receivable are stated at unpaid principal balances and represent subordinate lien positions on the tax credit partnerships' real estate. Refer to Notes 5, 16, 17, 18, 19 and 20 for additional information.

Property and Equipment
Property and equipment are recorded at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years. The composite method is used for the housing unit buildings and improvements. Under the composite method, proceeds from the retirement of assets are credited to accumulated depreciation. Gains or losses on disposition of property and equipment (other than housing unit buildings and improvements) are credited or charged to operations. Foundation Communities capitalizes expenditures over $500. However, certain expenditures for major renewals and betterments that generally cost less than $500 related to major renovation projects are also capitalized, as well as the costs that relate to the acquisition and development of properties. Interest costs are capitalized while development is in progress. Maintenance and repairs are charged to expense as incurred.

Construction in progress represents construction costs and land development costs incurred on incomplete properties not yet available for occupancy. Construction in progress is stated at cost and not depreciated. Depreciation on construction in progress commences when the assets are ready for their intended use.

Intangible Assets
All intangible assets have been determined to have finite lives and as such are being amortized over their respective useful lives. Leasehold interests are being amortized on a straight-line basis over 30 years. Loan orgination fees are being amortized on a straight-line basis over the life of the corresponding debt which ranges from 10 to 35 years. FCI tests intangible assets for impairment at least annually. Foundation Communities has determined that there was no impairment loss during the years ended December 31, 2011 or 2010.

Interest Rate Swap Agreements
Interest rate swaps are valued based on market values provided by the third party intermediary. Foundation Communities has three interest rate swap agreements with a bank that are accounted for as cash flow hedges. These agreements are used to manage exposure to fluctuations in variable interest rates on three note payable agreements. Foundation Communities records the interest rate swap agreements based on the fair value at the statement of financial position date. The corresponding change in the fair value of the agreements is recognized in the current period as an adjustment to interest expense.

Rental Income Recognition
Rental income is recognized as the rent becomes due under the terms of the related agreements. The apartment and duplex units are leased under non-cancelable operating leases with up to twelve-month terms.

Government Grant Revenue Recognition
Revenue from grants received from federal, state, and local governments are earned based on Foundation Communities incurring allowable costs or providing services. Therefore, revenue is recognized as those costs are incurred or the services are provided.

Contributions
All contributions are recorded at their fair value and are considered to be available for operations of Foundation Communities unless specifically restricted by the donor. Unconditional pledges to give cash and other assets are reported as either temporarily or permanently restricted net assets, if they are received with donor stipulations that limit the use of donated assets. Conditional pledges to give are recognized only when the conditions on which they depend are substantially met and the pledges become unconditional. Contributions revenue for the year ended December 31, 2011 and 2010 includes $85,979 and $88,680, respectively, of interest imputed at a 9% rate on a no interest loan from a nonprofit organization and $476,503 and $337,168, respectively, of interest imputed on eleven no interest loans with interest imputed at 6%, two no interest loans with interest imputed at 4.5% and two no interest loans with interest imputed at 3% received from governmental entities (see Note 10). There is no effect on the change in net assets for the year ended December 31, 2011 and 2010, as offsetting interest expense has been recorded for the same amount.

Functional Allocation of Expenses
The expense information contained in the statements of activities is presented on a functional basis. Accordingly, certain expenses are allocated between functional categories.

Federal Income Taxes
FCI and its affiliates are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, with the exception of Skyline LLC, M Station LLC and Shady Oaks, LLC, which are for profit entities solely owned by FCI. As of December 31, 2011 and 2010, there was no significant tax liability related to these for profit entities.

Reclassifications
Certain amounts from prior year have been reclassified to conform to the presentation adopted in the current year. There was no impact on net assets.

Note 3: Concentrations of Credit Risk

Financial instruments which potentially subject Foundation Communities to concentrations of credit risk consist principally of cash and cash equivalents, investments, and receivables. Foundation Communities places its cash and cash equivalents with a limited number of high quality financial institutions and may exceed the amount of insurance provided on such deposits. Management believes no significant risk exists with respect to cash and cash equivalents. Investments are exposed to various risks, such as interest rate market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the near-term could materially affect the amounts reported in the statement of financial position. Foundation Communities does not maintain collateral for its receivables and does not believe significant risk exists at December 31, 2011 and 2010.

Note 4: Cash and Cash Equivalents

	2011	2010
Cash available for operations	$ 3,635,773	$ 2,360,073
IDA/AFI designated cash *	108,000	269,682
Reserve for contingencies **	3,445,493	3,768,159
Reserve for security deposits	393,713	388,656
Temporarily restricted cash balance	141,418	354,141
Permanently restricted cash balance	73,814	423,291
Total	$ 7,798,211	$ 7,564,002

*FCI maintains separate accounts for the funds designated for the resident matched savings program, which provide matching funds to residents who save money for a qualified purchase of a home, education, or small business purpose.

**FCI maintains a central reserve for all affiliated properties to cover possible contingencies for replacements and cash flow shortages due to market fluctuations or unexpected expenses on their affiliates at a board designated level of at least $1,000 per unit.

Note 5: Accounts Receivable

Trade Receivables

Trade receivables represent primarily construction costs incurred by Foundation Communities to be reimbursed per contract terms with governmental agencies and loan bridged financing agreements. Trade receivables also include uncollected rents from residents at low-income housing properties, uncollected management fees from tax credit properties not included in the consolidated group and accruals of payroll related items. Trade receivables consisted of the following at December 31:

	2011	2010
Construction progress billings	$ 2,993,228	$ 2,565,840
Uncollected rents	713,359	674,550
Uncollected management fees	381,316	322,881
Other receivable amounts	51,835	54,819
Total	$ 4,139,738	$ 3,618,090

Grants and Pledges

Grants and pledges receivable consisted of the following at December 31:

	2011	2010
Grants	$ 900,014	$ 1,296,842
Undesignated pledges	704,626	605,243
Total	$ 1,604,640	$ 1,902,085

As of December 31, 2011 the maturity of these receivables is as follows:

Due in less than one year	$ 1,411,172
Due in one to five years	193,468
Total	$ 1,604,640

Grants and pledges receivable were valued using the income approach and inputs were considered level 3 in the fair value hierarchy with activity as follows:

Balance, January 1, 2010	$ 1,043,828
Receipt of new grants and pledges	6,384,280
Payments on receivables	(5,498,792)
Write off uncollectible	(27,231)
Balance, December 31, 2010	1,902,085
Receipt of new grants and pledges	8,096,059
Payments on receivables	(8,355,524)
Write off uncollectible	(37,980)
Balance, December 31, 2011	$ 1,604,640

Interest Receivable

Interest accrued on notes receivable from tax credit partnerships not included in the consolidated group (See Notes 16, 17, 18, 19 and 20) consisted of the following at December 31:

	2011	2010
Interest receivable – SWA Housing, Ltd.	$ 1,220,553	$ 1,069,840
Interest receivable – Searight Park, Ltd. Note	650,269	543,585
Interest receivable – Searight Park, Ltd. Development Fee	450,406	387,138
Interest receivable – Shady Oaks Housing, L.P.	181,820	--
Interest receivable – M Station Housing, L.P.	102,760	11,698
Interest receivable – Skyline Terrace Housing, L.P.	62,570	49,820
Total	$ 2,668,378	$ 2,062,081

Notes Receivable

Notes receivable from tax credit partnerships (See Notes 16, 17, 18, 19 and 20) consisted of the following at December 31:

	2011	2010
Note receivable – Searight Park, Ltd.	$ 790,500	$ 765,500
Note receivable – SWA Housing, Ltd.	2,340,877	2,340,877
Note receivable – Skyline Terrace Housing, L.P.	2,000,000	2,000,000
Note receivable – Skyline Terrace Housing, L.P.	1,450,000	1,450,000
Note receivable – Skyline Terrace Housing, L.P.	750,000	750,000
Note receivable – Skyline Terrace Housing, L.P.	850,000	850,000
Note receivable – M Station Housing L.P.	2,000,000	2,000,000
Note receivable – M Station Housing L.P.	3,000,000	3,000,000
Note receivable – Shady Oaks Housing, L.P.	3,000,000	3,000,000
Note receivable – Shady Oaks Housing, L.P.	2,550,000	1,050,000
Total	$ 18,731,377	$ 17,206,377

Development Fees Receivable
Foundation Communities earns development fees on new low-income housing projects. Unpaid balances upon construction completion bear terms that payments are subject to cash flow from the property. Development fees receivable consisted of the following at December 31:

	2011	2010
Development fees receivable – M Station Housing, L.P.	$ 2,266,571	$ --
Development fees receivable – SWA Housing, Ltd.	1,565,000	1,565,000
Development fees receivable – Searight Park, Ltd.	357,186	357,186
Development fees receivable – Shady Oaks Housing, L.P.	-	150,000
Total	$ 4,188,757	$ 2,072,186

Note 6: Investments in Partnerships

Investments at December 31, 2011 and 2010 consisted of the following:

	2011	2010
Investment in SWA Funding Corp	$ 1,000	$ 1,000
Investment in Searight Park, Ltd. (Note 17)	160,583	676,905
Investment in Skyline Terrace Housing, L.P. (Note 18)	1,362,731	1,362,764
Investment in FC M Station Housing, L.P. (Note 19)	377	443
Investment in FC Shady Oaks Housing, L.P. (Note 20)	(27,053)	(27,053)
Total	$ 1,497,638	$ 2,014,059

Note 7: Property and Equipment

Property and equipment at December 31, 2011 and 2010 consisted of the following:

	2011	2010
Building and improvements	$ 50,623,982	$ 49,720,782
Construction and renovations in progress	5,484,448	--
Furniture, appliances, and equipment	3,985,663	3,758,881
	60,094,093	53,479,663
Less accumulated depreciation	(31,829,255)	(30,088,330)
	28,264,838	23,391,333
Land	6,726,550	5,826,550
Property and equipment, net	$ 34,991,388	$ 29,217,883

Depreciation expense was approximately $2,780,000 and $2,570,000 for the years ended December 31, 2011 and 2010, respectively.

Note 8: Intangible Assets

Intangible assets at December 31, 2011 and 2010 consisted of the following:

	2011	2010
Loan origination fees	$ 1,072,896	$ 1,072,896
Other	26,726	26,726
Total	1,099,622	1,099,622
Less accumulated amortization	(554,743)	(505,315)
Intangibles, net	$ 544,879	$ 594,307

Amortization expense was approximately $50,000 for the years ended December 31, 2011 and 2010. Estimated aggregate future amortization expense at December 31, 2011 is as follows:

2012	$ 50,000
2013	50,000
2014	50,000
2015	50,000
2016	50,000
Thereafter	294,879
Total	$ 544,879

Note 9: Notes Payable

Notes payable at December 31, 2011 and 2010 consisted of the following:

	2011	2010
Cherry Creek:		
Promissory note, with a floating LIBOR interest rate which was swapped for a fixed interest rate of 6.12%, collateralized by land, buildings and improvements, furniture and equipment, all interest in tenant leases and income leases, and income from the property. Principal and interest payable in monthly installments of $24,794; due April 1, 2012.	$ 71,371	$ 380,644
Buckingham:		
Promissory note, with a floating LIBOR interest rate which was swapped for a fixed interest rate of 6.37%, collateralized by land, buildings and improvements, furniture and equipment, all interest in tenant leases, and income from the property. Principal and interest payable in monthly installments of $24,510; due June 1, 2014.	710,804	1,004,930
Shadow Brook:		
Promissory note, bearing interest at 7.06%, collateralized by land, buildings and improvements, furniture and equipment, all interest in tenant leases, and income from the property. Principal and interest payable in monthly installments of $34,806; due July 1, 2024.	3,675,296	3,852,478

Village Green:		
Promissory note, with a floating LIBOR interest rate which was swapped for a fixed interest rate of 5.75%, collateralized by land, buildings and improvements, furniture and equipment, all interest in tenant leases and income leases, and income from the property. Principal and interest payable in monthly installments of $33,500; remaining balance payable February 5, 2028.	4,227,235	4,382,019
Peter's Colony:		
Promissory note in the amount of $2,413,074 due August 1, 2020, bearing no interest, collateralized by land, buildings and improvements, furniture and equipment, all interest in tenant leases, and income from the property. Payments in monthly installments of $8,044. Foundation Communities records interest expense based on the imputed rate of 9.0%, the market rate of interest at the origination date. The note has several debt covenants, one of which requires Foundation Communities to rent certain units in Peter's Colony at rates substantially below those of the remaining units, pursuant to the Land Use Restriction Agreement, effective simultaneously with the promissory note. The note further requires additional payments equal to 50% of the net cash flow, as defined; however, management does not believe such excess cash payments will be required in the foreseeable future. The lender may accelerate the maturity of the note upon twelve months' notice of its intent to demand repayment of a portion or all of the outstanding indebtedness any time on or before the fifteenth year of the note. If this option is exercised, and Foundation Communities is unable to refinance the entire demand amount, the portion not refinanced will become subordinate to the refinanced debt. The note further calls for a prepayment penalty of 5.0% should Foundation Communities accelerate payments for any reason other than the lender's right to accelerate the maturity date.	828,489	925,012
FCI (M Station):		
Promissory note in the amount of $500,000, uncollateralized, with a due date of June 30, 2012, bearing interest at 2% with interest only payments due each December 31st.	--	500,000
FCI (Stassney):		
Promissory note in the amount of $704,000 with a floating interest rate based on Wall Street Prime interest rate (3.25% at December 31, 2011), collateralized by land, buildings and improvements. Monthly payments of $2,933 principal plus interest; matures on October 10, 2014.	630,667	665,867
FCI (Green Building Initiatives):		
Promissory note in the amount of $750,000 with initial due date of October 24, 2013, bearing an interest rate of 2%. Quarterly interest payments are due on the loan.	750,000	750,000
	$ 10,893,862	$ 12,460,950

The loan agreements obtained for Cherry Creek, Buckingham and Village Green contain various covenants, including the requirement to maintain certain financial ratios. Failure to comply with the covenants could result in the debt being called by the lender.

Maturities of notes payable as of December 31, 2011 are as follows:

2012	$ 835,790
2013	801,445
2014	1,929,945
2015	523,786
2016	552,252
Thereafter	6,250,644
	$ 10,893,862

Note 10: Forgivable Loans Payable

Foundation Communities receives financial assistance for land acquisition and property development costs from the City of Austin administered through the CHDO Program of Austin Housing Finance Corporation ("AHFC"), Texas Department of Housing and Community Affairs ("TDHCA") and other grantors. Under the terms of agreements with AHFC, TDHCA and other grantors, funds are provided to Foundation Communities in the form of forgivable loans. The agreements provide for the forgivable loan to be secured by deeds of trust on the property acquired under the agreement. The loan under each agreement is forgiven upon adhering to the Land Use Restrictions to provide housing to income qualified residents for the time period specified in each agreement. Amounts received are reported as forgivable loans payable until all conditions necessary to secure the forgiveness of the debt are met, at which time the forgivable loans are recognized as grant revenue. Forgivable loans payable represent amounts received for which all conditions necessary to secure the forgiveness of the debt had not yet been met.

Forgivable loans payable at December 31, 2011 and 2010 consisted of the following:

	2011	2010
Crossroads:		
Promissory note bearing no interest, collateralized by land, building and improvements, furniture and equipment, all interest in tenant leases and income from the property. No monthly installments are due on the loan. Rather, the lender will defer payments and forgive the principal contingent upon the property adhering to the restrictive covenants until the maturity date of June 17, 2108. Foundation Communities records interest expense based on the imputed rate of 4.5%, the market rate of interest at the origination date.	$ 900,000	$ 900,000
CTSWA (Southwest Trails):		
Promissory note, bearing interest at 6.0%, collateralized by land, buildings and improvements, furniture and equipment, all interest in tenant leases, and income from the property. Principal and interest payable in two installments, the first on December 21, 2011, unless forgiven, and the second and final on December 21, 2020. Provided the maker has not defaulted on any of the terms or conditions of the note on the applicable due date, said installment payments shall be forgiven.	500,000	1,000,000

Promissory note in the amount of $596,506 due February 28, 2021, bearing no interest, collateralized by land, buildings and improvements. No monthly installments are due on the loan. Rather, the lender will forgive the loan upon compliance with 20 year affordability requirements identified in a Certification Affidavit provided in the final application. Foundation Communities records interest expense based on the imputed rate of 6.0%, the market rate of interest at the origination date.	596,506	596,506
Promissory note in the amount of $1,600,000 with an initial due date of February 28, 2032, bearing no interest, collateralized by land, buildings and improvements. No monthly installments are due on the loan. Rather, the lender will extend the loan to February 28, 2064 upon compliance with 30 year affordability requirements identified in the loan documentation. Foundation Communities records interest expense based on the imputed rate of 6.0%, the market rate of interest at the origination date.	1,600,000	1,600,000
Promissory note in the amount of $1,000,000 with a renewed maturity date of January 9, 2023, bearing no interest, collateralized by land, buildings and improvements. No monthly installments are due on the loan. Rather, the lender will forgive the balance upon maturity contingent upon the property adhering to Restrictive Covenants until the maturity date. Foundation Communities records interest expense based on the imputed rate of 6.0%, the market rate of interest at the origination date.	1,000,000	1,000,000
Promissory note, bearing no interest, collateralized by land, buildings and improvements, furniture and equipment, all interest in tenant leases, and income from the property. Payment of principal and interest deferred until February 28, 2032. Foundation Communities records interest expense based on the imputed rate of 6.0%, the market rate of interest at the origination date.	175,750	175,750
Promissory note in the amount of $500,000 due June 1, 2038, bearing no interest, collateralized by land, buildings and improvements. No monthly installments are due on the loan. Rather, the lender will forgive the loan upon compliance with 30 year affordability requirements identified in a Certification Affidavit provided in the final application. Foundation Communities records interest expense based on the imputed rate of 6.0%, the market rate of interest at the origination date.	500,000	500,000
Spring Terrace:		
Promissory note in the amount of $786,446 with an initial due date of July 1, 2012, bearing no interest. No monthly installments are due on the loan. At maturity, the payment terms are to be restructured based on actual net operating income. Foundation Communities records interest expense based on the imputed rate of 6.0%, the market rate of interest at the origination date.	786,446	786,446

Promissory note up to an amount of $682,010 with an initial due date of July 1, 2012, bearing no interest. No monthly installments are due on the loan. At maturity, the payment terms are to be restructured based on actual net operating income. Foundation Communities records interest expense based on the imputed rate of 6.0%, the market rate of interest at the origination date.	682,010	682,010
FCI (Skyline Terrace):		
Promissory note in the amount of $1,450,000 with an initial due date of January 1, 2048, bearing no interest, collateralized by land, buildings, and improvements owned by Skyline Terrace Housing, L.P. No monthly installments are due on the loan. Rather, the lender will waive repayment of principal contingent upon the property adhering to the Land Use Restriction Agreement until the maturity date. Foundation Communities records interest expense based on the imputed rate of 6.0%, the market rate of interest at the origination date.	1,450,000	1,450,000
Promissory note in the amount of $1,118,309 with an initial due date of August 23, 2036, bearing no interest, collateralized by land, buildings, and improvements owned by Skyline Terrace Housing, L.P. No monthly installments are due on the loan. Rather, the lender will defer payments and forgive the principal contingent upon the property adhering to the Restrictive Covenants until the maturity date. Foundation Communities records interest expense based on the imputed rate of 6.0%, the market rate of interest at the origination date.	1,118,309	1,118,309
Promissory note in the amount of $881,691 with an initial due date of March 1, 2039, bearing no interest, collateralized by land, buildings, and improvements owned by Skyline Terrace Housing, L.P. No monthly installments are due on the loan. Rather, the lender will defer payments and forgive the principal contingent upon the property adhering to the Restrictive Covenants until the maturity date. Foundation Communities records interest expense based on the imputed rate of 6.0%, the market rate of interest at the origination date.	881,691	881,691
Promissory note in the amount of $1,516,850 with an initial due date of June 12, 2048, bearing no interest, collateralized by land, buildings, and improvements owned by Skyline Terrace Housing, L.P. No monthly installments are due on the loan. Rather, the lender will defer payments and forgive the principal contingent upon the property adhering to the Restrictive Covenants until the maturity date. Foundation Communities records interest expense based on the imputed rate of 4.5%, the market rate of interest at the origination date.	1,516,850	1,516,850
Promissory note in the amount of $2,000,000 with a due date of November 30, 2108, bearing 3% interest, secured by land for the M Station project. Payment due at maturity or date FCI is required to repay Austin Housing Finance Corporation.	2,000,000	2,000,000

FCI (Shady Oaks):		
Promissory note in the amount of $3,000,000 with a due date of January 1, 2109, bearing no interest, collateralized by land, buildings and improvements owned by Shady Oaks Housing, L.P. No monthly installments are due on the loan. Rather, the lender will defer payments and forgive the principal contingent upon the property adhering to the Restrictive Covenants until the maturity date. Foundation Communities records interest expense based on the imputed rate of 3%, the market rate of interest at the origination date.	3,000,000	3,000,000
FC Austin One Housing Corp (Arbor Terrace):		
Promissory note in the amount of $7,260,290 with a due date of July 1, 2042, bearing no interest, collateralized by land, buildings and improvements owned by Austin Housing Finance Corp and leased to FC Austin One Housing Corp. Annual payments will become due beginning July 1, 2013. No monthly installments are due on the loan. Rather, the lender will defer payments and forgive the principal each year contingent upon the property adhering to the restrictive covenants until the maturity date. No interest rate was imputed on this loan at December 31, 2011. Interest will be imputed once the property is placed in service.	5,398,192	--
	$ 22,105,754	$ 17,207,562

Note 11: Letter of Credit

Foundation Communities has a $2,500,000 letter of credit agreement with a financial institution that is renewed annually. The letter of credit expires in 2012 and it is collateralized by the land, building and improvements owned by Cherry Creek Mutual Housing Corporation. There have been no amounts drawn under this letter of credit as of December 31, 2011 and 2010.

Note 12: Interest Rate Swap Agreements

In 2002, Buckingham and Cherry Creek each entered into an interest rate swap agreement with a bank to hedge their exposure to interest rate fluctuations resulting from their variable interest rate note payable agreements. In 2008, Village Green entered into a similar agreement. The three interest rate swaps were valued using the market approach and inputs were considered level 2 in the fair value hierarchy.

Level 2 hierarchy inputs are inputs other than quoted prices in active markets for identical assets or liabilities that are observable for the asset or liability either directly or indirectly. In the case of the interest rate swap agreements, the observable inputs are the relevant interest rates. Under the interest rate swap agreements, the affiliates agree to exchange the LIBOR based variable interest payment charged on the note payable agreements for a fixed interest payment that approximates 6%. The original notional amount of the interest rate swap agreements approximated the respective outstanding principal balances at the time the agreements were entered into. The original notional amounts decrease as principal payments are made on the underlying note payable agreements. The interest rate swap agreements expire in May 2014, March 2012 and February 2028 for Buckingham, Cherry Creek and Village Green, respectively. In the event of default, Foundation Communities would be exposed to interest rate fluctuations. Foundation Communities does not anticipate nonperformance by the bank. Foundation Communities records the estimated fair value of these swap agreements on the consolidated statements of financial position. The fair value at December 31, 2011 and 2010 resulted in a liability of $35,118 and $62,524, respectively, for Buckingham; a liability of $458 and $9,044, respectively, for Cherry Creek; and a liability of $1,017,064 and $553,083 for Village Green, respectively. The change in the fair value of the interest rate swap agreements is recorded as an adjustment to interest expense.

Note 13: Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2011 and 2010 were restricted for the following purposes:

Temporarily restricted net assets:	2011	2010
Affordable housing programs	$ 4,020,000	$ 2,812,000
Learning Center programs	255,000	--
Asset building programs	413,148	988,591
Supportive housing programs	224,247	154,409
Total temporarily restricted net assets	$ 4,912,395	$ 3,955,000

Included in temporarily restricted net assets are six subsidies from the Federal Home Loan Bank and the Austin Home Financing Corporation totaling $3,900,000 at December 31, 2011 and $2,550,000 at December 31, 2010. Information from these subsidies is included below.

In 2001, the Federal Home Loan Bank of Dallas ("FHLBD") granted a direct subsidy of $500,000 to CTSWA. The FHLBD Grant and Subsidy agreements require the Southwest Trails property to be occupied by and affordable for households whose income is at or below certain levels as specified in the agreement. This compliance requirement will remain in effect until October of 2016. In the event of sale of the property or noncompliance with the aforementioned compliance requirements, recapture of the subsidy is required.

In 2004, the Federal Home Loan Bank of Atlanta ("FHLBA") granted a direct subsidy of $500,000 to Garden Terrace. The FHLBA Grant and Subsidy agreements require the Garden Terrace property to be occupied by and affordable for households whose income is at or below certain levels as specified in the agreement. This compliance requirement will remain in effect until November of 2017. In the event of sale of the property or noncompliance with the aforementioned compliance requirements, recapture of the subsidy is required.

In 2004, the City of Austin granted a direct subsidy of $150,000 to Village Green Mutual Housing Corporation. The City Grant and Subsidy agreements require the Village Green property to be occupied by and affordable for households whose income is at or below certain levels as specified in the agreement. This compliance requirement will remain in effect until July of 2016. In the event of sale of the property or noncompliance with the aforementioned compliance requirements, recapture of the subsidy is required.

In 2006, the FHLBD granted a direct subsidy of $350,000 to Spring Terrace. The FHLBD Grant and Subsidy agreements require the Spring Terrace property to be occupied by and affordable for households whose income is at or below certain levels as specified in the agreement. This compliance requirement will remain in effect until November 7, 2021. In the event of sale of the property or noncompliance with the aforementioned compliance requirements, recapture of the subsidy is required.

In 2006, the Federal Home Loan Bank of San Francisco ("FHLBS") granted a direct subsidy of $750,000 to FCI. The FHLBS Grant and Subsidy agreements require the Skyline Terrace property to be occupied by and affordable for households whose income is at or below certain levels as specified in the agreement. This compliance requirement will remain in effect until September 1, 2021. In the event of sale of the property or noncompliance with the aforementioned compliance requirements, recapture of the subsidy is required.

In 2009, the Federal Home Loan Bank of San Francisco ("FHLBS") granted a direct subsidy of $300,000 to FCI. The FHLBS Grant and Subsidy agreements require the Garden Terrace property to be occupied by and affordable for households whose income is at or below certain levels as specified in the agreement. This compliance requirement will remain in effect until January 16, 2023. In the event of sale of the property or noncompliance with the aforementioned compliance requirements, recapture of the subsidy is required.

In 2011, the Federal Home Loan Bank of San Francisco ("FHLBS") granted a direct subsidy of $1,500,000 to FCI. The FHLBS Grant and Subsidy agreements require the M Station property to be occupied by and affordable for households whose income is at or below certain levels as specified in the agreement. This compliance requirement will remain in effect until fifteen years following the date construction was completed (September 2, 2011). In the event of sale of the property or noncompliance with the aforementioned compliance requirements, recapture of the subsidy is required.

Note 14: Permanently Restricted Net Assets

As of December 31, 2011 and 2010, Foundation Communities had been awarded a total of $7,655,457 and $6,597,177, respectively, in capital fund grants by Neighborworks America. These funds were awarded to establish and maintain a capital fund for the expressed purpose of funding the costs of acquiring, constructing, or rehabilitating real properties, and funding pre-development costs such as architectural and engineering. Under the terms of the agreement, loan repayments and proceeds from capital projects must be returned to the capital fund to ensure its perpetuity; thus, these funds have been accounted for as permanently restricted. Should Foundation Communities fail to comply with any of the terms of the agreement, or become defunct, the remaining grant funds, proceeds, and the loan and capital projects portfolios representing the uses of these funds shall revert back to Neighborworks America. Neighborworks America issued a capital conversion to reduce the permanently restricted funds by $200,000 to make those funds available for operations during 2010.

Capital fund grants are originally received by FCI and then passed through to the Affiliates in the form of notes or grants. At December 31, 2011 and 2010 the Capital Fund consisted of the following:

	2011	2010
Cash and cash equivalents	$ 73,814	$ 423,290
Notes receivable from:		
CTSHC	1,056,532	1,056,532
Crossroads	335,000	335,000
Garden Terrace	239,701	281,945
Peter's Colony	30,000	30,000
Village Green	1,609,135	1,609,135
Spring Terrace	1,131,275	1,131,275
Shady Oaks, LLC	500,000	500,000
M Station Housing, LLC	1,000,000	--
FC Austin One Housing (Arbor Terrace)	450,000	--
Extremely low income (ELI) - permanently restricted grants:		
Daffodil-ELI	300,000	300,000
St. Elmo-ELI	430,000	430,000
Village Green-ELI	500,000	500,000
Total permanently restricted net Assets	$ 7,655,457	$ 6,597,177

Note 15: Inter-Organizational Transactions

FCI provides management, financial and resident services and long-term asset management functions to its affiliated corporations. FCI manages daily operations of the apartment and duplex communities, including engaging and supervising personnel and providing accounting and other services. FCI receives management, asset management and resident service fees based on 2% - 15% of the total rent and other revenue on a monthly basis and is reimbursed for the property salaries and benefits costs. For the year ended December 31, 2011 and 2010, management and resident service fees received from the affiliates were $1,638,289 and $1,368,585, respectively, and reimbursed costs were $8,292,066 and $4,216,590, respectively.

Note 16: Related Party Transactions - SWA Housing Ltd.

Note Receivable

SWA Housing, Ltd. has received funding of $2,340,877 from CTSWA for the purpose of paying development and operating costs for the apartment complex. The principal amount bears no interest. The note does not have a due date; however, it must be paid upon winding up of SWA Housing, Ltd. As of December 31, 2011 and 2010 the outstanding principal balance was $2,340,877.

Development Fee Earned
In consideration for acting as the developer of the project, Foundation Communities is entitled to a development fee of $1,565,000. The unpaid development fee bears interest at 6% per annum. Payments from the amounts due for the development fee are made from SWA Housing, Ltd. cash flow and from sale or refinancing transaction proceeds. As of December 31, 2011 and 2010, the entire fee of $1,565,000 was receivable and $1,220,555 and $1,069,840, respectively, in accrued interest were receivable by Foundation Communities.

Ground Lease Agreement
On August 14, 2000, CTSWA entered into a ground lease agreement with SWA Housing, Ltd. The term of the agreement is 50 years and the base rent is $5,000 per month. As of December 31, 2011 and 2010, $680,000 and $620,000, respectively, in accrued rents were due as a result of this lease.

Property Management Fee
As compensation for managing the property, Foundation Communities is entitled to a property management fee in the amount of 4.5% of the monthly rental collections. During 2011 and 2010, Foundation Communities accrued $59,592 and $58,425, respectively, in total fees. According to the management agreement, 40% of the fee is subject to available cash flow from property operations as determined on a quarterly basis. As of December 31, 2011 and 2010, $152,341 and $127,444, respectively, were receivable.

Note 17: Related Party Transactions - Searight Park, Ltd.

Note Receivable
Searight Park, Ltd. has received funding of $790,500 from CTSHC for the purpose of paying development and operating costs for the apartment complex. The principal amount bears interest at an annual rate of 8.0%. Quarterly payments of interest are made over the life of the loan from the net cash flow of Searight Park, Ltd. The note does not have a due date; however, it must be paid upon winding up of the Searight Park, Ltd. As of December 31, 2011 and 2010, the outstanding principal balance was $790,500 and $765,500, and interest of $650,269 and $543,385 was accrued, respectively.

Development Fee Earned
In consideration for acting as the developer of the project, Foundation Communities is entitled to a development fee of $1,749,675. The unpaid development fee bears interest at the higher of the applicable federal rate, as defined, or 8% per annum. Payments from the amounts due for the development fee are made from Searight Park, Ltd. cash flow. As of December 31, 2011 and 2010, $357,186 of the fee was receivable and $450,406 and $387,138, respectively, in accrued interest were receivable by Foundation Communities.

Property Management Fee
As compensation for managing the property, Foundation Communities is entitled to a property management fee in the amount of 5% of the monthly rental collections. During the year ended December 31, 2011 and 2010, Foundation Communities received $95,403 and $92,539, respectively, in total fees. As of December 31, 2011 and 2010, $9,168 and $7,626, respectively, were receivable as a result of this fee.

Partnership Management Fee
CTSHC receives a partnership management fee in the amount of $25,000 annually. This fee is paid quarterly from the net cash flow of Searight Park, Ltd., taking into account the priority distribution as stated in the partnership agreement. As of December 31, 2011 and 2010, $206,250 and $181,250, respectively, were receivable.

Managing General Partner Incentive Fee
To compensate CTSHC for services provided to Searight Park, Ltd., CTSHC is entitled to receive 85% of the available Searight Park, Ltd. net cash flow each year. As of December 31, 2011 and 2010, nothing was due to CTSHC as a result of this fee.

Contingency-Deficit Makeup
If, at the time of any liquidation of the Searight Park, Ltd., the capital account of CTSHC has a deficit after giving effect to all contributions, distributions, and allocation for all taxable years, including the taxable year in which the liquidation occurs, CTSHC shall make a capital contribution in the amount needed to restore such deficit balance to zero. As of December 31, 2011 and 2010, no deficit balances had occurred.

Note 18: Related Party Transactions - Skyline Terrace Housing, L.P.

Note Receivable
Skyline Terrace Housing, L.P. has received funding of $5,050,000 from FCI for the purpose of paying development and renovations for the affordable housing project. FCI received $1,450,000 from Texas Department of Housing and Community Affairs, $750,000 from the FHLBS and $2,000,000 ($1,118,309 and $881,691) from Austin Housing Finance Corporation. An additional $850,000 was subsequently loaned to Skyline Terrace Housing, L.P. by FCI. The principal amounts bears interest at 0.25%. The notes do not have a due date; however, they must be paid upon winding up of Skyline Terrace Housing, L.P. As of December 31, 2011 and 2010, the outstanding principal balance was $5,050,000, and interest of $62,572 and $49,820, respectively, was accrued.

Development Fee Earned
In consideration for acting as the developer of the project, Foundation Communities is entitled to a development fee of $898,000. As of December 31, 2011 and 2010, there was no outstanding balance.

Property Management Fee
As compensation for managing the property, Foundation Communities is entitled to a property management fee in the amount of 6% of the monthly rental collections. During the years ended December 31, 2011 and 2010 Foundation Communities earned $33,198 and $33,350, respectively, in total fees and $3,648 and $3,271 were receivable at December 31, 2011 and 2010, respectively.

Note 19: Related Party Transactions – M Station Housing, L.P.

Note Receivable
M Station Housing, L.P. received funding of $5,000,000 from FCI for the purpose of paying for land acquisition and development costs for the affordable housing project. FCI received $2,000,000 from Austin Housing Finance Corporation and those funds are included in the balance from M Station. Note terms are annual payments to the extent of available cash flow. The principal amounts bears interest at 1%. The additional $3,000,000 received by M Station was loaned by FCI in 2011. Funding sources include $1,500,000 from FHLBS (see Note 12), $1,000,000 from Neighborworks America (see Note 13) and $500,000 from private donors and FCI's unrestricted funds. At December 31, 2011 and 2010, the outstanding principal balance was $5,000,000, and interest of $102,760 and $11,698 had accrued, respectively.

Development Fee Earned
In consideration for acting as the developer of the project, Foundation Communities is entitled to a development fee of $2,266,571. The unpaid development fee bears no interest. Payments on the amounts due for the development fee are made from M Station Housing, L.P's limited partner equity as determined in the partnership agreement and then remaining balances will be paid from the partnership's cash flow from operations. As of December 31, 2011, $2,266,571 of the fee was receivable. At December 31, 2011, $1,477,132 in construction costs funded by FCI was receivable.

Property Management Fee
As compensation for managing the property, Foundation Communities is entitled to a property management fee in the amount of 5% of the monthly rental collections. During the year ended December 31, 2011 Foundation Communities earned $19,506 in total fees and $5,543 was receivable at December 31, 2011.

Note 20: Related Party Transactions - Shady Oaks Housing, L.P.

Note Receivable

As of December 31, 2010, FCI had funded $3,000,000 received from the Austin Housing Finance Corporation to Shady Oaks Housing, L.P. for purpose of acquisition and development costs for the affordable housing project. In 2011 FCI loaned Shady Oaks an additional $1,500,000 for development costs. Note terms are annual payments to the extent of available cash flow. The principal amounts bears interest at 1%. At December 31, 2011, and 2010, the outstanding principal balance was $5,550,000 and interest of $181,821 was accrued at December 31, 2011.

Development Fee Earned

In consideration for acting as the developer of the project, Foundation Communities is entitled to a development fee of $1,493,850 upon completion of construction and other requirements set forth in the partnership agreement. The unpaid development fee bears no interest. Payments on the amounts due for the development fee are made from Shady Oaks Housing, L.P's limited partner equity as determined in the partnership agreement and then remaining balances will be paid from the partnership's cash flow from operations. As of December 31, 2011 and 2010, none of the fee was receivable as construction was not completed yet. An initial installment of $150,000 had been paid to Foundation Communities. At December 31, 2011, $ 1,452,245 in construction costs funded by FCI was receivable.

Property Management Fee

As compensation for managing the property, Foundation Communities is entitled to a property management fee in the amount of 5.1% of the monthly rental collections. During the year ended December 31, 2011 and 2010, Foundation Communities received $12,485 and $217, respectively, in total fees. As of December 31, 2011 and 2010, $4,365 and $217, respectively, were receivable as a result of this fee.

Note 21: Related Party Transactions - Personal Contributions from Board Members

Board contributions for the year ended December 31, 2011 and 2010 were $130,388 and $42,465, respectively.

Foundation Communities has a conflict of interest policy by which each Board member must abide. This policy requires Board members to disclose any potential conflict of interest involving themselves or a family member in regard to any matter which involves Foundation Communities.

Note 22: Leasehold Interests- Spring Terrace and Arbor Terrace

In 2005, Foundation Communities, through FC Ashford, a dormant affiliate, acquired a hotel property for approximately $2,850,000. In December 2005, FC Ashford sold the building and land to Austin Housing Finance Corporation, an unrelated third party, for approximately $2,000,000 and retained a leasehold interest in the building valued at approximately $850,000. Under the terms of the leasehold interest, Foundation Communities' affiliate, Spring Terrace, is allowed to use the building as a rental housing facility for qualified homeless and low-income individuals. The lease term is 99 years and begins on the date of the initial tenant occupancy. The leasehold interest of $872,210 is included in property and equipment at December 31, 2011 and 2010, and will be amortized over the expected useful life of the building.

In 2011, FC Austin One Housing Corporation, dba Arbor Terrace Housing Corporation entered into a leasehold agreement with Austin Housing Finance Corporation in conjunction with Austin Housing Finance Corporation providing $2,000,000 to acquire existing property now known as Arbor Terrace. Under the terms of the leasehold interest, Foundation Communities' affiliate, FC Austin One Housing Corporation is allowed to use the building as a rental housing facility for qualified homeless and low-income individuals. The lease term is 99 years and begun on June 6, 2011. Construction on the renovations to the property were in progress as of December 31, 2011 (see Note 7).

Note 23: Employee Benefit Plans

In 1999, Foundation Communities adopted a defined contribution, 401(k) employee benefit plan covering substantially all of its employees. Employees who elect to participate can contribute up to 75% of their gross pay to the plan up to $16,500 and up to $22,000 if the participant is over 50 years of age. In accordance with the plan document, Foundation Communities has elected to match the employee contribution up to 2% of the employee's gross pay. In addition, the employer may elect, on an annual basis through action of the Board of Directors, to make an additional contribution of up to the maximum allowable under the plan provisions. Foundation Communities' matching contributions expense for 2011 and 2010 totaled $184,342 and $163,183, respectively.

Note 24: Compliance with Community Housing Development Organizations' Tax Exemptions

Included in the supplementary information to these audited financial statements is a schedule titled *Community Housing Development Organization Property Tax Reinvestment Public Expenditure Test* that is included to show Foundation Communities' compliance with the exemption from ad valorem taxation for certain community housing developmental organization requirements of Texas Property Tax Code 11.182.

Note 25: Subsequent Events

Foundation Communities has evaluated subsequent events through May 31, 2012 (the date the consolidated financial statements were available to be issued), and no events have occurred from the consolidated statement of financial position date through that date that would impact the consolidated financial statements except for an additional $2,105,248 was drawn from various lenders for the continued construction for Arbor Terrace as of May 31, 2012.

SUPPLEMENTARY INFORMATION

FOUNDATION COMMUNITIES, INC.

SCHEDULE OF FINANCIAL POSITION BY ENTITY

DECEMBER 31, 2011

	Total	Eliminations	Foundation Communities	Buckingham	Cherry Creek	Crossroads	St. Elmo	Daffodil	Sleepy Hollow	Shadow Brook	Peter's Colony	Village Green	Garden Terrace	Spring Terrace	Central Texas PC Mutual	CTSHC	CTSWA	FC Austin One Housing Corp.	Skyline LLC	M Station LLC	Shady Oaks LLC
ASSETS																					
Cash and cash equivalents	7,798,211	--	4,815,996	236,884	185,541	146,911	117,165	2,616	127,329	482,390	1,083,031	1,612	14,080	2,062	--	50,531	33,404	496,825	898	936	-
Accounts receivable - Trade	4,139,738	--	3,220,129	2,416	975	2,802	--	1,390	2,341	4,210	820	9,847	2,448	4,466	--	206,250	680,000	--	--	1,644	--
Grants/Pledges receivable	1,604,640	--	1,604,640	--	--	-	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Due from affiliates	--	(7,786,373)	7,786,373	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Interest receivable-non affiliates	2,668,378	--	2,008,964	--	--	--	--	--	--	--	--	--	--	--	--	650,270	--	--	--	9,144	--
Notes receivable-non affiliates	18,731,377	--	14,100,000	--	--	--	--	--	--	--	--	--	--	--	--	790,500	2,340,877	--	--	1,000,000	500,000
Development fees-non affiliates	4,188,757	--	4,188,757	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Notes receivable-affiliates	--	(15,963,466)	15,963,466	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Development fees-affiliates	--	(350,000)	350,000	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Escrow and security deposits	306,963	--	75,000	--	--	--	--	--	--	20,150	112,139	-	--	71,824	--	--	--	27,850	--	--	--
Prepaid expenses	122,992	--	38,108	8,871	6,162	4,420	6,683	1,913	12,367	16,436	7,864	9,824	4,783	5,561	--	--	--	--	--	--	--
Investments in partnerships	1,497,638	(1,558,950)	1,558,950	--	--	--	--	--	--	--	--	--	--	--	--	160,583	1,000	--	1,362,731	377	(27,053)
Property and equipment, net	34,991,388	(991,511)	1,453,748	2,953,318	1,624,656	1,010,978	1,897,844	835,284	982,993	3,467,731	1,690,652	7,175,723	3,920,854	2,484,670	--	--	1,000,000	5,484,448	--	--	--
Intangible assets, net	544,879	--	--	37,421	72,083	92,956	4,889	2,223	1,442	95,671	2,257	235,937	--	--	--	--	--	--	--	--	--
TOTAL ASSETS	76,594,961	(26,650,300)	57,164,131	3,238,910	1,889,417	1,258,067	2,026,581	843,426	1,126,472	4,086,588	2,896,763	7,432,943	3,942,165	2,568,583	-	1,858,134	4,055,281	6,009,123	1,363,629	1,012,101	472,947
LIABILITIES AND NET ASSETS																					
Liabilities:																					
Accounts payable	4,220,553	(87,871)	3,204,927	37,203	27,721	20,040	30,773	7,742	22,798	82,808	64,660	66,336	29,343	23,855	--	--	660,000	30,152	--	66	--
Deferred revenue	117,715	--	--	20,655	15,304	6,129	2,045	1,372	5,084	21,177	5,637	3,673	16,586	20,053	--	--	--	--	--	--	--
Due to affiliates	--	(8,048,502)	--	--	--	11,076	-	159,413	20,857	22,665	61,520	3,884,186	371,556	750,173	--	2,414,112	343,800	--	--	9,144	--
Resident security deposits	393,712	--	--	79,908	54,100	23,610	35,243	8,350	33,676	64,809	32,991	49,795	5,200	6,030	--	--	--	--	--	--	--
Interest rate swap agreements	1,052,640	--	--	35,118	458	--	--	--	--	--	--	1,017,064	--	--	--	--	--	--	--	--	--
Notes payable	10,893,862	--	1,380,667	710,804	71,371	--	--	--	--	3,675,296	828,489	4,227,235	--	--	--	--	-	--	--	--	--
Forgivable loans payable	22,105,754	--	9,966,850	--	--	900,000	--	--	--	--	--	-	3,275,750	1,468,456	--	--	1,096,506	5,398,192	--	--	--
Notes payable to affiliates	--	(15,963,466)	--	47,363	47,363	1,009,966	23,681	728,854	661,490	142,088	30,000	6,103,230	557,702	1,642,975	--	1,847,032	1,041,087	580,635	--	1,000,000	500,000
Total liabilities	38,784,236	(24,099,839)	14,552,444	931,051	216,317	1,970,821	91,742	905,731	743,905	4,008,843	1,023,297	15,351,519	4,256,137	3,911,542	--	4,261,144	3,141,393	6,008,979	--	1,009,210	500,000
Net assets (deficit):																					
Unrestricted	25,242,873	(2,550,461)	33,073,835	2,307,859	1,673,100	(712,754)	1,504,839	(362,305)	382,567	77,745	1,873,466	(8,568,576)	(1,113,972)	(1,692,959)	--	(2,403,010)	413,888	144	1,363,629	2,891	(27,053)
Temporarily restricted	4,912,395	--	3,112,395	--	--	--	--	--	--	--	--	150,000	800,000	350,000	-	--	500,000	--	--	--	--
Permanently restricted	7,655,457	--	6,425,457	--	--	--	430,000	300,000	--	--	--	500,000	--	--	--	--	--	--	--	--	--
Total net assets (deficit)	37,810,725	(2,550,461)	42,611,687	2,307,859	1,673,100	(712,754)	1,934,839	(62,305)	382,567	77,745	1,873,466	(7,918,576)	(313,972)	(1,342,959)	--	(2,403,010)	913,888	144	1,363,629	2,891	(27,053)
TOTAL LIABILITIES AND NET ASSETS	76,594,961	(26,650,300)	57,164,131	3,238,910	1,889,417	1,258,067	2,026,581	843,426	1,126,472	4,086,588	2,896,763	7,432,943	3,942,165	2,568,583	--	1,858,134	4,055,281	6,009,123	1,363,629	1,012,101	472,947

FOUNDATION COMMUNITIES, INC.

SCHEDULE OF ACTIVITY BY ENTITY

YEAR ENDED DECEMBER 31, 2011

	Total	Eliminations	Foundation Communities	Buckingham	Cherry Creek	Crossroads	St. Elmo	Daffodil	Sleepy Hollow	Shadow Brook	Peter's Colony	Village Green	Garden Terrace	Spring Terrace	Central Texas PC Mutual	CTSHC	CTSWA	FC Austin One Housing Corp.	Skyline LLC	M Station LLC	Shady Oaks LLC
Revenue:																					
Rental income	11,225,783	--	--	1,536,217	1,129,310	659,084	1,012,894	241,544	752,053	2,084,569	1,032,183	1,441,620	627,582	648,727	--	--	60,000	--	--	--	--
Contributions and grants	8,096,059	(1,058,382)	6,913,143	60,972	70,331	40,500	615,238	29,520	--	--	79,992	487,734	234,755	88,536	--	--	533,720	--	--	--	--
Interest	550,780	(1,271,981)	1,698,036	876	571	457	690	--	434	1,489	3,840	--	--	250	--	106,685	67	221	--	9,145	--
Other property contractual fees	2,738,570	(1,416,120)	4,126,613	26,623	18,928	29,051	46,418	16,954	31,785	87,941	15,363	201,903	9,830	33,058	--	(491,322)	--	--	(33)	1,578	--
Total revenue	22,611,192	(3,746,483)	12,737,792	1,624,688	1,219,140	729,092	1,675,240	288,018	784,272	2,173,999	1,131,378	2,131,257	872,167	770,571	--	(384,637)	593,787	221	(33)	10,723	--
Expenses:																					
Program:																					
Property operations and maintenance	4,609,278	(884,082)		547,052	441,159	324,391	566,986	150,122	374,750	884,730	444,666	795,519	428,219	535,642	--	--	--	124	--	--	--
Community social services	4,138,652	(532,038)	3,226,028	78,500	57,702	34,269	362,184	56,974	112,905	195,992	201,818	211,511	64,516	68,291	--	--	--	--	--	--	--
Real estate taxes	57,333	--	42,405	8,723	--	--	--	6,205	--	--	--	--	--	--		--	--	--	--	--	--
Utilities	1,013,440	--	20,437	4,036	3,793	68,382	89,632	20,015	71,886	179,322	115,213	171,844	83,402	185,478	--	--	--	--	--	--	--
Insurance	237,003	--	6,909	28,964	20,005	13,409	19,340	6,169	17,613	43,719	22,355	29,075	13,975	15,470	--	--	--	--	--	--	--
Interest expense	1,547,316	(1,271,981)	69,630	28,710	7,681	108,615	1,109	43,345	46,665	272,895	85,979	1,179,346	278,918	229,605	--	315,602	142,053	--	--	9,144	--
Depreciation and amortization	2,882,523	(50,707)	105,862	325,426	209,192	115,178	233,100	80,594	200,596	481,493	224,856	609,302	219,086	128,545	--	--	--	--	--	--	--
Management and general - General and administrative	1,721,886	--	1,721,795	--	--	--	--	--	--	--	--	--	--	--	25	--	--	--	--	66	
Fundraising	388,394	--	388,394	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Grants to Affiliates	--	(1,058,382)	291,608	440,000	148,500	--	--	--	--	117,500	--	--	--	--	60,774	--	--	--	--	--	--
Total expenses	16,595,825	(3,797,190)	5,873,068	1,461,411	888,032	664,244	1,272,351	363,424	824,415	2,175,651	1,094,887	2,996,597	1,088,116	1,163,031	60,799	315,602	142,053	124	--	9,210	--
Change in net assets	6,015,367	50,707	6,864,724	163,277	331,108	64,848	402,889	(75,406)	(40,143)	(1,652)	36,491	(865,340)	(215,949)	(392,460)	(60,799)	(700,239)	451,734	97	(33)	1,513	--
NET ASSETS, BEGINNING OF YEAR	31,795,358	(2,601,168)	35,746,963	2,144,582	1,341,992	(777,602)	1,531,950	13,101	422,710	79,397	1,836,975	(7,053,236)	(98,023)	(950,499)	60,799	(1,702,771)	462,154	47	1,363,662	1,378	(27,053)
NET ASSETS, END OF YEAR	37,810,725	(2,550,461)	42,611,687	2,307,859	1,673,100	(712,754)	1,934,839	(62,305)	382,567	77,745	1,873,466	(7,918,576)	(313,972)	(1,342,959)	--	(2,403,010)	913,888	144	1,363,629	2,891	(27,053)

FOUNDATION COMMUNITIES, INC.

COMMUNITY HOUSING DEVELOPMENT ORGANIZATION
PROPERTY TAX REINVESTMENT PUBLIC EXPENDITURE TEST

YEAR ENDED DECEMBER 31, 2011

							2011 Expenditures				
Property	No. Units	Appraisal District Value 2011	Taxing Jurisdiction	Tax Rate 2011	Total EstimatedTax 2011	40% Test Amount	Capital Improve	Total Res. Serv.	Rent Reductions	Total Qual.Expend.	Percent Expended
Buckingham	166	*$ 12,579,373*	*Travis CAD*	*2.382%*	*$ 299,641*	**$ 119,856**	$ 137,432	$ 78,500	$ 46,374	**$ 262,306**	**88%**
Crossroads	92	*$ 3,537,485*	*Travis CAD*	*2.382%*	*$ 84,263*	**$ 33,705**	$ 47,472	$ 34,269	$ 137,337	**$ 219,078**	**260%**
Cherry Creek	122	*$ 6,461,883*	*Travis CAD*	*2.382%*	*$ 153,922*	**$ 61,569**	$ 160,871	$ 57,702	$ 21,672	**$ 240,245**	**156%**
Daffodil	40	*$ 1,380,040*	*Travis CAD*	*2.670%*	*$ 36,847*	**$ 14,739**	$ 58,345	$ 56,974	$ 20,970	**$ 136,289**	**370%**
Garden Terrace	85	*$ 2,810,465*	*Travis CAD*	*2.382%*	*$ 66,945*	**$ 26,778**	$ 23,623	$ 64,516	$ 117,060	**$ 205,199**	**307%**
St. Elmo	149	*$ 5,476,370*	*Travis CAD*	*2.382%*	*$ 130,447*	**$ 52,179**	$ 186,047	$ 362,184	$ 36,271	**$ 584,502**	**448%**
Vintage Creek	200	*$ 8,023,955*	*Travis CAD*	*2.382%*	*$ 191,131*	**$ 415,841**	$ 773,570	$ 211,511	$ 48,142	**$ 1,033,223**	**541%**
Spring Terrace	142	*$ 6,055,596*	*Travis CAD*	*2.382%*	*$ 144,244*	**$ 57,698**	$ 73,168	$ 68,291	$ 383,070	**$ 524,529**	**364%**
Peter's Colony	160	*$ 8,159,412*	*Denton CAD*	*2.252%*	*$ 183,750*	**$ 73,500**	$ 178,575	$ 201,818	$ 226,747	**$ 607,140**	**330%**
Shadow Brook	403	*$ 10,864,900*	*Tarrant CAD*	*2.594%*	*$ 281,836*	**$ 112,734**	$ 279,668	$ 195,992	$ 48,109	**$ 523,769**	**186%**
Sleepy Hollow	128	*$ 3,639,900*	*Tarrant CAD*	*2.594%*	*$ 94,419*	**$ 37,768**	$ 127,172	$ 112,905	$ 5,816	**$ 245,893**	**260%**
TOTALS	1,687	*$ 68,989,379*			*$ 1,667,445*	**$ 1,006,367**	$ 2,045,943	$ 1,444,662	$ 1,091,568	**$ 4,582,173**	**275%**

40% of the total tax amount = Necessary property expenses to maintain exemption

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Foundation Communities, Inc.:

We have audited the consolidated financial statements of Foundation Communities, Inc. and its affiliates (collectively, "Foundation Communities") as of and for the year ended December 31, 2011, and have issued our reports thereon dated May 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Foundation Communities is responsible for establishing and maintaining effective control over financial reporting. In planning and performing our audit, we considered Foundation Communities' internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Foundation Communities' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Foundation Communities' internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Affiliated Company
ML&R WEALTH MANAGEMENT LLC
"A Registered Investment Advisor"
This firm is not a CPA firm

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Foundation Communities' consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of the Board of Directors, management, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Maxwell Locke + Ritter LLP

May 31, 2012

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS

To the Board of Directors of
Foundation Communities, Inc.:

Compliance

We have audited the compliance of Foundation Communities, Inc. and its affiliates (collectively, "Foundation Communities") with the types of compliance requirements described in OMB *Circular A-133 Compliance Supplement* and the State of Texas Uniform Grant Management Standards ("UGMS") that could have a direct and material effect on each of Foundation Communities' major federal and state programs for the year ended December 31, 2011. Foundation Communities' major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal and state program is the responsibility of Foundation Communities' management. Our responsibility is to express an opinion on Foundation Communities' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and UGMS. Those standards, OMB Circular A-133, and UGMS require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Foundation Communities' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Foundation Communities' compliance with those requirements.

In our opinion, Foundation Communities' complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal and state programs for the year ended December 31, 2011.

Internal Control over Compliance

Management of Foundation Communities is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Foundation Communities' internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and UGMS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Foundation Communities' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Maxwell Locke + Ritter LLP

May 31, 2012

FOUNDATION COMMUNITIES, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2011

Federal or State Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
FEDERAL AWARDS		
U.S. DEPARTMENT OF TREASURY		
Passed through the Neighborhood Reinvestment Corporation		
Neighborworks	21.000	$ 152,200
Internal Revenue Service		
Volunteer Income Tax Assistance Matching Grant Program	21.009	130,000
U.S. DEPARTMENT OF EDUCATION		
Passed through the Texas Education Agency		
Texas 21st Century Community Learning Centers	84.287	199,840
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Assets for Independence Demonstration Program	93.602	9,055
Passed through Travis County		
Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse	93.087	13,500
Passed through Substance Abuse and Mental Health Service Administration		
Health Options for Moving Toward Empowerment	93.243	441,521
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Passed through Austin Housing Finance Corporation		
Neighborhood Stabilization Program Loan	14.228	5,398,192
HOME Investment Partnerships Program Loan	14.239	500,000
Community Development Block Grants/Entitlement Grants Program Loan	14.218	1,600,000
HOME Investment Partnerships Program Loan	14.239	956,003
HOME Investment Partnerships Program Loan	14.239	175,750
Passed through Texas Department of Housing and Community Affairs		
HOME Investment Partnerships Program Loan	14.239	1,450,000
HOME Investment Partnerships Program Loan	14.239	1,000,000
HOME Investment Partnerships Program Loan	14.239	786,446
TOTAL EXPENDITURES OF FEDERAL AWARDS		12,812,507
STATE AWARDS		
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS		
Housing Trust Fund Loan		596,506
Housing Trust Fund Loan		682,010
TOTAL EXPENDITURES OF STATE AWARDS		1,278,516
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS		$ 14,091,023

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2011

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state activity of Foundation Communities and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Uniform Grant Management Standards ("UGMS"). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the consolidated financial statements.

Note 2: Loans Included on the Schedule of Expenditures of Federal Awards

Included in the schedule of expenditures of federal and state awards are the outstanding balance at December 31, 2011 of the loans from the Neighborhood Stabilization Program, HOME, CDBG and the Texas Department of Housing and Community Affairs for the construction and remodeling of affordable low income housing projects. These loans are presented in the schedule of expenditures because these loans were funded with federal and state funds. Section 205 (b) of OMB Circular A-133 and UGMS require that the value of new loans made or received during the year and the outstanding balance of loans from previous years for which the federal or state government imposes continuing compliance requirements be included on the schedule of expenditures of federal and state awards.

FOUNDATION COMMUNITIES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2011

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____yes ___x___no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____yes ___x___none reported

Noncompliance material to financial statements noted? _____yes ___x___no

FEDERAL AND STATE AWARDS

Type of auditors' report issued on compliance for major program:

Neighborhood Stabilization Program Loan	unqualified
Mental Health Transformation Grant	unqualified
TDHCA Housing Trust Fund Loan	unqualified

Internal control over major programs:

- Material weakness(es) identified? _____yes ___x___no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____yes ___x___none reported

Any audit findings disclosed that are required to be reported with section 510(a) of Circular A-133? _____yes ___x___no

IDENTIFICATION OF MAJOR PROGRAMS:

CFDA Number	Name of Federal or State Program
Federal - 14.228	Neighborhood Stabilization Program Loan
Federal - 93.243	Health Options for Moving Toward Empowerment
State	TDHCA Housing Trust Fund Loan

Dollar threshold used to distinguish between type A and type B programs: Federal and State $300,000

Auditee qualified as low-risk auditee? ___x___yes _____no

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings or questioned costs required to be reported in accordance with *Government Auditing Standards* for the years ended December 31, 2011 and 2010.

SECTION III - FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

No findings or questioned costs required to be reported in accordance with section 510(a) of OMB Circular A-133 or the *State of Texas UGMS* for the years ended December 31, 2011 and 2010.

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May 31, 2012

To the Board of Directors of
Foundation Communities, Inc.:

We have audited the consolidated financial statements of Foundation Communities, Inc. and affiliates (collectively, "Foundation Communities") for the year ended December 31, 2011, and have issued our report thereon dated May 31, 2012. Professional standards require that we provide you with the following information related to our audit.

OUR RESPONSIBILITY UNDER U.S. GENERALLY ACCEPTED AUDITING STANDARDS AND OMB CIRCULAR A-133 AND STATE OF TEXAS SINGLE AUDIT CIRCULAR

As stated in our engagement letter dated December 12, 2011, our responsibility, as described by professional standards, is to express an opinion about whether the consolidated financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the consolidated financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Foundation Communities' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Office of Management and Budget ("OMB") Circular A-133 and the State of Texas Uniform Grant Management Standards ("UGMS").

As part of obtaining reasonable assurance about whether Foundation Communities' consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit.

Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Foundation Communities' compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and UGMS applicable to each of its major federal and state programs for the purpose of expressing an opinion on Foundation Communities' compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Foundation Communities' compliance with those requirements.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the consolidated financial statements are free of material misstatement. As part of our audit, we considered the internal control of Foundation Communities. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters. When applicable, we are also responsible for communicating matters required by laws or regulations, by agreement with Foundation Communities or additional requirements applicable to the engagement.

ACCCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by Foundation Communities are described in Note 2 to the consolidated financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2011. We noted no transactions entered into by Foundation Communities during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the consolidated financial statements in a different period than when the transaction occurred.

ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the consolidated financial statements were management's estimate of the allowance for doubtful accounts and the estimate of useful lives of fixed asset used to calculate depreciation. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the consolidated financial statements taken as a whole.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no difficulties in dealing with management in performing and completing our audit.

MISSTATEMENTS IDENTIFIED DURING THE AUDIT

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements identified during the audit.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated May 31, 2012. A copy of management's written representations is attached.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Foundation Communities' consolidated financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

SIGNIFICANT ISSUES RELEVANT TO THE OVERSIGHT OF THE FINANCIAL REPORTING PROCESS SUBJECT TO DISCUSSION OR CORRESPONDENCE WITH MANAGEMENT

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Foundation Communities' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Foundation Communities and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Maxwell Locke + Ritter LLP

Enclosure: Management representation letter

FOUNDATION COMMUNITIES
creating housing where families succeed
3036 South First
Suite 200
Austin, TX 78704
tel: (512) 474-1032
fax: (512) 467-0238

May 31, 2012

Maxwell Locke & Ritter LLP
401 Congress Ave., Suite 1100
Austin, TX 78701

We are providing this letter in connection with your audits of the consolidated statements of financial position of Foundation Communities, Inc. and Affiliates ("Foundation Communities") as of December 31, 2011 and 2010 and the related consolidated statements of activities, and cash flows for the years ended for the purpose of expressing an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position, changes in net assets, and cash flows of Foundation Communities in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation in the consolidated financial statements of financial position, changes in net assets, and cash flows in conformity with generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits:

1) The consolidated financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all assets and liabilities under Foundation Communities' control.
2) We have made available to you all:
   a) Financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
   b) Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
3) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4) There are no material transactions that have not been properly recorded in the accounting records underlying the consolidated financial statements.
5) We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
6) We have no knowledge of any fraud or suspected fraud affecting Foundation Communities involving:

a) Management,

b) Employees who have significant roles in internal control, or

c) Others where the fraud could have a material effect on the consolidated financial statements.

7) We have no knowledge of any allegations of fraud or suspected fraud affecting Foundation Communities received in communications from employees, former employees, grantors, regulators, or others.

8) Foundation Communities has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.

9) The following, if any, have been properly recorded or disclosed in the consolidated financial statements:

a) Related party transactions, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.

b) Guarantees, whether written or oral, under which Foundation Communities is contingently liable.

c) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with FASB Accounting Standards Codification 275, *Risks and Uncertainties*.

10) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

11) Foundation Communities is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

12) There are no:

a) Violations or possible violations of laws and regulations and provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or for reporting on noncompliance.

b) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements or which would affect federal award programs, and we have not consulted a lawyer concerning litigation, claims, or assessments.

c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by *FASB Accounting Standards Codification 450, Contingencies*.

d) Designations of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the consolidated financial statements.

13) Foundation Communities has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral except as made known to you and disclosed in the notes to the consolidated financial statements.

14) We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the consolidated financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.

15) We acknowledge our responsibility for presenting the Supplementary Information of the Schedule of Financial Position by Entity, the Schedule of Activity by Entity and the Community Housing Development Organization Property Tax Reinvestment Public Expenditure Test for the Year Ended December 31, 2011 in accordance with U.S. generally accepted accounting principles, and we believe the Supplementary Information of the Schedule of Financial Position by Entity, the Schedule of Activity by Entity for the Year Ended December 31, 2011 and the Community Housing Development Organization Property Tax Reinvestment Public Expenditure Test for the Year Ended December 31, 2011, including their form and content, are fairly presented in accordance with U.S. generally accepted accounting principles. The methods of measurement and presentation of the Supplementary Information of the Schedule of Financial Position by Entity, the Schedule of Activity by Entity and the Community Housing Development Organization Property Tax Reinvestment Public Expenditure Test for the Year Ended December 31, 2011 has not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

16) We represent that Foundation Communities:

a) Is organized for Internal Revenue Code Section 501(c)(3) purposes;

b) Is operated in a manner consistent with its mission as set forth in its current Articles of Incorporation and Bylaws;

c) Has not engaged in activities which would result in private inurement or excess benefit transactions;

d) Has not engaged in any political activities and has properly reported any lobbying activities;

e) Has determined that all sources of revenue are related to its exempt purpose or are excluded from unrelated business income treatment, unless otherwise indicated; and

f) Has determined that any unrelated business income has been properly reported and that expenses have been allocated on a reasonable basis.

g) Foundation Communities not currently under audit, nor has Foundation Communities been contacted for examination by any relevant tax jurisdictions. Based on our evaluation of the Foundation Communities' tax positions, management believes all positions taken are highly certain and would be upheld under an examination; therefore, no provision for the effects of uncertain tax positions has been recorded for the year end December 31, 2011.

17) With respect to federal and state award programs:

a) We are responsible for complying and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and The State of Texas Uniform Grant Management Standards ("UGMS").

b) We have, in accordance with OMB Circular A-133 and UGMS, identified in the schedule of expenditures of federal and state awards, expenditures made during the audit period for all awards provided by federal and state agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.

c) We are responsible for complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal and state programs and have identified and disclosed to you the requirements of laws, regulations and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal and state program.

d) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal and state programs that provides reasonable assurance that we are managing our federal and state awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in internal control over compliance and other factors to the date of this letter that might significantly affect internal control.

e) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal or state agencies or pass-through entities relating to federal or state programs.

f) We have received no requests from federal or state agencies to audit one or more specific programs as a major program.

g) We have complied, in all material respects, with the compliance requirements, including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement* or UGMS, relating to federal and state awards and have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal and state awards resulting from other audits or program reviews.

h) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

i) We have charged costs to federal and state awards in accordance with applicable cost principles.

j) We have made available to you all documentation related to the compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.

k) Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.

l) The copies of federal or state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal or state agency or pass-through entity, as applicable.

m) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.

18) No events have occurred subsequent to the consolidated statement of financial position date and through the date of this letter that would require adjustment to, or disclosure in, the consolidated financial statements.

Walter Moreau

Walter Moreau, Executive Director

5/31/12

Date

Ann Clift

Ann Clift, Chief Financial Officer

5-31-2012

Date

ATTACHMENT 4: Board Resolution

RESOLUTION
BOARD OF DIRECTORS OF
Foundation Communities, Inc.
Homestead Apartments

WHEREAS, **Foundation Communities, Inc.,** a non-profit Community Housing Development Organization, is applying for funding from the Austin Housing Finance Corporation in Rental Housing Development Assistance Funding for the following project:

Up to $2,250,000 in funding for a proposed 138-unit rental housing community for families located at 3226 W. Slaughter Lane, Austin, TX 78748. The funding will be used for acquisition and/or construction costs.

NOW, THEREFORE, the Board of Directors of **Foundation Communities, Inc.** hereby authorizes making an application for funding to the Austin Housing Finance Corporation.

Adopted and approved by the Board of Directors on the 9th day of January, 2013.

FOUNDATION COMMUNITIES, INC.

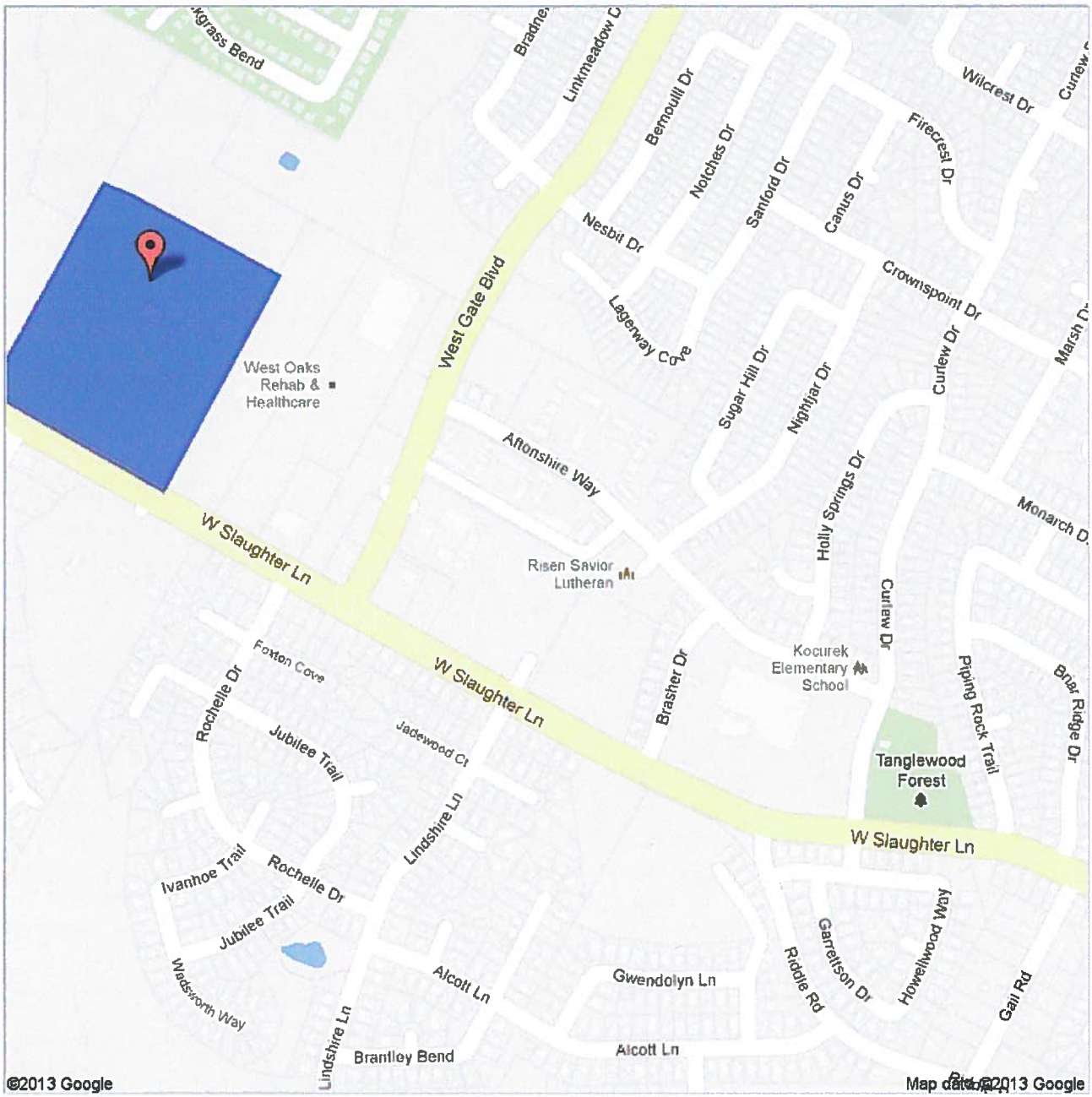
Christina Cohee, Secretary
Board of Directors of Foundation Communities, Inc.

ATTACHMENT 5: Transit Map

Google

You can enter notes here

Get Google Maps on your phone
Text the word "GMAPS" to 466453



Homestead Apartments 3226 Slaughter

Bus stops for route 103 (Manchaca Flyer) start at about .7 miles from proposed site. This route takes far South Austin residents into the downtown area and extends to UT campus.

Public · 0 views
Created on Jan 9 · By Kathy · Updated 5 minutes ago

3226 W Slaughter Ln
Austin, TX 78748

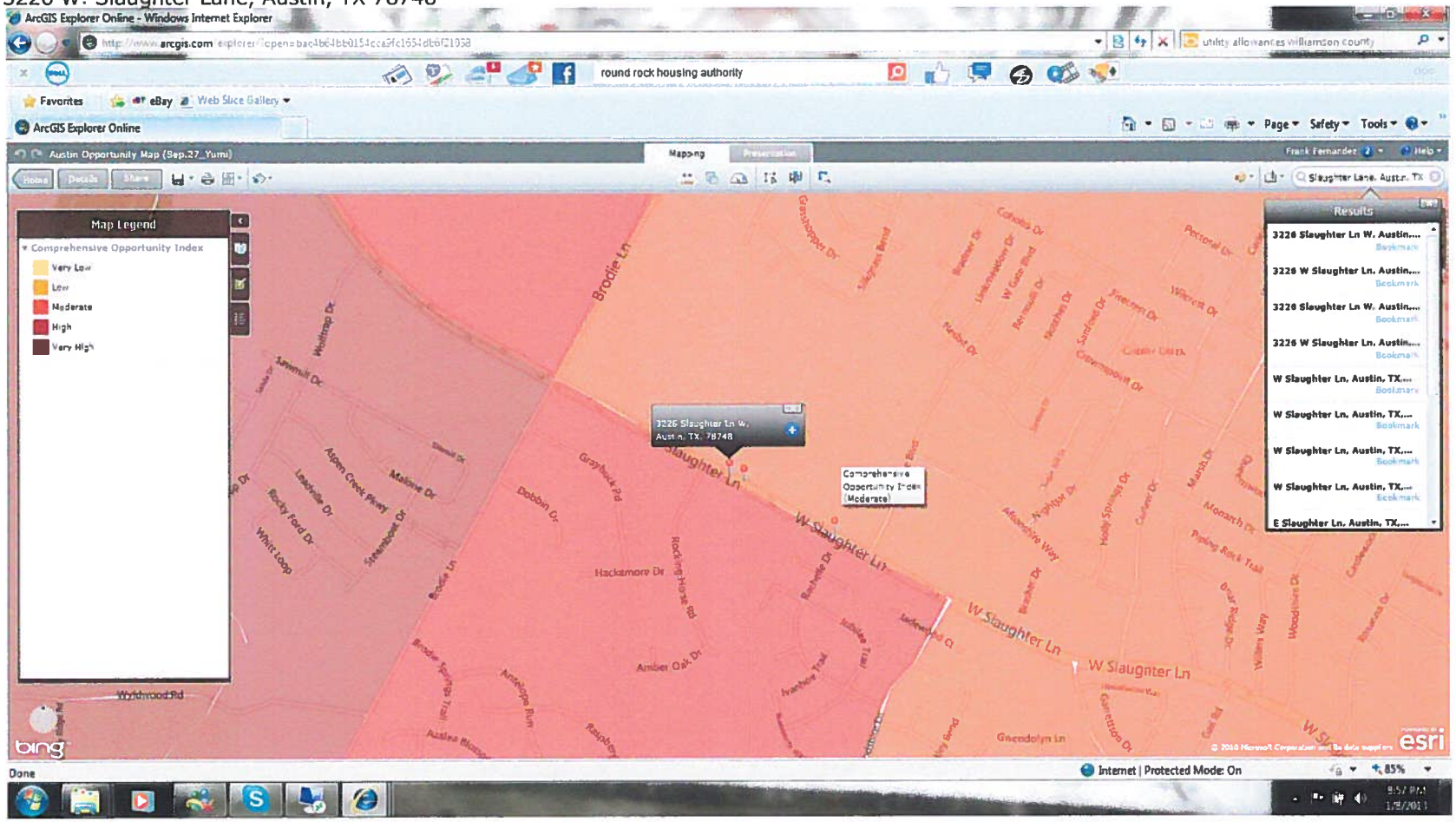
Homestead site

ATTACHMENT 6: Opportunity Map of Austin

OPPORTUNITY MAP OF AUSTIN

Homestead Apartments

3226 W. Slaughter Lane, Austin, TX 78748



ATTACHMENT 7:
Site Control

TEXAS ASSOCIATION OF REALTORS®

COMMERCIAL CONTRACT - UNIMPROVED PROPERTY

USE OF THIS FORM BY PERSONS WHO ARE NOT MEMBERS OF THE TEXAS ASSOCIATION OF REALTORS® IS NOT AUTHORIZED.
©Texas Association of REALTORS®, Inc. 2010

1. PARTIES: Seller agrees to sell and convey to Buyer the Property described in Paragraph 2. Buyer agrees to buy the Property from Seller for the sales price stated in Paragraph 3. The parties to this contract are:

Seller: John M & Joyce W Harmon
Address: 3226 W Slaughter, Austin, TX 78748
Phone: (512) 282-4962 Fax: _____
E-mail: _____

Buyer: Foundation Communities or Affiliates
Address: 3036 South 1st Street, Austin, TX 78704
Phone: (512) 610-4033 Fax: (512) 447-0288
E-mail: _____

2. PROPERTY:

A. "Property" means that real property situated in Travis County, Texas at 3226 W Slaughter Ln *(address)* and that is legally described on the attached Exhibit _____ or as follows:
ABS 3 SUR 18 BISSELL T ACR 1.0 & ABS 3 SUR BISSELL T ACR 28.41 (1-D-1)

B. Seller will sell and convey the Property together with:
(1) all rights, privileges, and appurtenances pertaining to the Property, including Seller's right, title, and interest in any minerals, utilities, adjacent streets, alleys, strips, gores, and rights-of-way;
(2) Seller's interest in all leases, rents, and security deposits for all or part of the Property; and
(3) Seller's interest in all licenses and permits related to the Property.

(Describe any exceptions, reservations, or restrictions in Paragraph 12 or an addendum.)
(If mineral rights are to be reserved an appropriate addendum should be attached.)

3. SALES PRICE:

A. At or before closing, Buyer will pay the following sales price for the Property:

(1) Cash portion payable by Buyer at closing ..... $ 4,000,000.00
(2) Sum of all financing described in Paragraph 4 ..... $ _____
(3) Sales price (sum of 3A(1) and 3A(2)) ..... $ 4,000,000.00

The Whitfield Company 3600 S. Lamar Austin, TX 78704
Phone: 512 476 9900 Fax: 512.462.2727 Gail Whitfield John Harmon -
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B. Adjustment to Sales Price: *(Check (1) or (2) only.)*

☒ (1) The sales price will not be adjusted based on a survey.

☐ (2) The sales price will be adjusted based on the latest survey obtained under Paragraph 6B.

(a) The sales price is calculated on the basis of $ _____ per:
☐ (i) square foot of ☐ total area ☐ net area.
☐ (ii) acre of ☐ total area ☐ net area.

(b) "Total area" means all land area within the perimeter boundaries of the Property. "Net area" means total area less any area of the Property within:
☐ (i) public roadways;
☐ (ii) rights-of-way and easements other than those that directly provide utility services to the Property; and
☐ (iii) _____.

(c) If the sales price is adjusted by more than _____ % of the stated sales price, either party may terminate this contract by providing written notice to the other party within _____ days after the terminating party receives the survey. If neither party terminates this contract or if the variance is less than the stated percentage, the adjustment to the sales price will be made to the cash portion of the sales price payable by Buyer.

4. FINANCING: Buyer will finance the portion of the sales price under Paragraph 3A(2) as follows:

☐ A. Third Party Financing: One or more third party loans in the total amount of $ _____. This contract:

☐ (1) is not contingent upon Buyer obtaining third party financing.
☐ (2) is contingent upon Buyer obtaining third party financing in accordance with the attached Commercial Contract Financing Addendum.

☐ B. Assumption: In accordance with the attached Commercial Contract Financing Addendum, Buyer will assume the existing promissory note secured by the Property, which balance at closing will be $ _____.

☐ C. Seller Financing: The delivery of a promissory note and deed of trust from Buyer to Seller under the terms of the attached Commercial Contract Financing Addendum in the amount of $ _____.

5. EARNEST MONEY:

A. Not later than 3 days after the effective date, Buyer must deposit $ 100,000.00 as earnest money with Gracy Title Elizabeth Young (escrow agent) at 100 N Congress Suite 100, Austin, TX 7870 (address) _____ (closer). If Buyer fails to timely deposit the earnest money, Seller may terminate this contract or exercise any of Seller's other remedies under Paragraph 15 by providing written notice to Buyer before Buyer deposits the earnest money.

B. Buyer will deposit an additional amount of $ _____ with the escrow agent to be made part of the earnest money on or before:
☐ (i) _____ days after Buyer's right to terminate under Paragraph 7B expires; or
☒ (ii) ~~See Special Provisions~~ See ADDENDUM.
Buyer will be in default if Buyer fails to deposit the additional amount required by this Paragraph 5B within 3 days after Seller notifies Buyer that Buyer has not timely deposited the additional amount.

C. Buyer may instruct the escrow agent to deposit the earnest money in an interest-bearing account at a federally insured financial institution and to credit any interest to Buyer.

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6. TITLE POLICY AND SURVEY:

A. Title Policy:

(1) Seller, at Seller's expense, will furnish Buyer an Owner's Policy of Title Insurance (the title policy) issued by Gracy Title (title company) in the amount of the sales price, dated at or after closing, insuring Buyer against loss under the title policy, subject only to:
(a) those title exceptions permitted by this contract or as may be approved by Buyer in writing; and
(b) the standard printed exceptions contained in the promulgated form of title policy unless this contract provides otherwise.

(2) The standard printed exception as to discrepancies, conflicts, or shortages in area and boundary lines, or any encroachments or protrusions, or any overlapping improvements:
☐ (a) will not be amended or deleted from the title policy.
☒ (b) will be amended to read "shortages in areas" at the expense of ☒ Buyer ☐ Seller.

(3) Within 30 days after the effective date, Seller will furnish Buyer a commitment for title insurance (the commitment) including legible copies of recorded documents evidencing title exceptions. Seller authorizes the title company to deliver the commitment and related documents to Buyer at Buyer's address.

B. Survey: Within 30 days after the effective date:

☐ (1) Buyer will obtain a survey of the Property at Buyer's expense and deliver a copy of the survey to Seller. The survey must be made in accordance with the: (i) ALTA/ACSM Land Title Survey standards, or (ii) Texas Society of Professional Surveyors' standards for a Category 1A survey under the appropriate condition.

☐ (2) Seller, at Seller's expense, will furnish Buyer a survey of the Property dated after the effective date. The survey must be made in accordance with the: (i) ALTA/ACSM Land Title Survey standards, or (ii) Texas Society of Professional Surveyors' standards for a Category 1A survey under the appropriate condition.

☒ (3) Seller will deliver to Buyer and the title company a true and correct copy of Seller's most recent survey of the Property along with an affidavit required by the title company for approval of the existing survey. ~~If the existing survey is not acceptable to the title company, Seller, at Seller's expense, will obtain a new or updated survey acceptable to the title company and deliver the acceptable survey to Buyer and the title company within 20 days after Seller receives notice that the existing survey is not acceptable to the title company. The closing date will be extended daily up to 20 days if necessary for Seller to deliver an acceptable survey within the time required. Buyer will reimburse Seller _____ (insert amount) of the cost of the new or updated survey at closing, if closing occurs.~~

C. Buyer's Objections to the Commitment and Survey:

(1) Within 30 days after Buyer receives the commitment, copies of the documents evidencing the title exceptions, and any required survey, Buyer may object in writing to matters disclosed in the items if: (a) the matters disclosed are a restriction upon the Property or constitute a defect or encumbrance to title other than those permitted by this contract or liens that Seller will satisfy at closing or Buyer will assume at closing; or (b) the items show that any part of the Property lies in a special flood hazard area (an "A" or "V" zone as defined by FEMA). If Paragraph 6B(1) applies, Buyer is deemed to receive the survey on the earlier of: (i) the date of Buyer's actual receipt of the survey; or (ii) of the deadline specified in Paragraph 6B.

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(2) Seller may, but is not obligated to, cure Buyer's timely objections within 15 days after Seller receives the objections. The closing date will be extended as necessary to provide such time to cure the objections. If Seller fails to cure the objections by the time required, Buyer may terminate this contract by providing written notice to Seller within 5 days after the time by which Seller must cure the objections. If Buyer terminates, the earnest money, less any independent consideration under Paragraph 7B(1), will be refunded to Buyer.

(3) Buyer's failure to timely object or terminate under this Paragraph 6C is a waiver of Buyer's right to object except that Buyer will not waive the requirements in Schedule C of the commitment.

7. PROPERTY CONDITION:

A. Present Condition: Buyer accepts the Property in its present condition except that Seller, at Seller's expense, will complete the following before closing: _____

B. Feasibility Period: Buyer may terminate this contract for any reason within 10 ~~120~~ days after the effective date (feasibility period) by providing Seller written notice of termination. *(Check only one box.)*

☒ (1) If Buyer terminates under this Paragraph 7B, the earnest money will be refunded to Buyer less $ 100.00 that Seller will retain as independent consideration for Buyer's unrestricted right to terminate. Buyer has tendered the independent consideration to Seller upon payment of the amount specified in Paragraph 5A to the escrow agent. The independent consideration is to be credited to the sales price only upon closing of the sale. If no dollar amount is stated in this Paragraph 7B(1) or if Buyer fails to deposit the earnest money, Buyer will not have the right to terminate under this Paragraph 7B.

☐ (2) Not later than 3 days after the effective date, Buyer must pay Seller $ _____ as independent consideration for Buyer's right to terminate by tendering such amount to Seller or Seller's agent. If Buyer terminates under this Paragraph 7B, the earnest money will be refunded to Buyer and Seller will retain the independent consideration. The independent consideration will be credited to the sales price only upon closing of the sale. If no dollar amount is stated in this Paragraph 7B(2) or if Buyer fails to pay the independent consideration, Buyer will not have the right to terminate under this Paragraph 7B.

C. Inspections, Studies, or Assessments:

(1) During the feasibility period, Buyer, at Buyer's expense, may complete or cause to be completed any and all inspections, studies, or assessments of the Property (including all improvements and fixtures) desired by Buyer.

(2) Buyer must:
(a) employ only trained and qualified inspectors and assessors;
(b) notify Seller, in advance, of when the inspectors or assessors will be on the Property;
(c) abide by any reasonable entry rules or requirements of Seller;
(d) not interfere with existing operations or occupants of the Property; and
(e) restore the Property to its original condition if altered due to inspections, studies, or assessments that Buyer completes or causes to be completed.

(3) Except for those matters that arise from the negligence of Seller or Seller's agents, Buyer is responsible for any claim, liability, encumbrance, cause of action, and expense resulting from

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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 contract.

D. Property Information:

(1) Delivery of Property Information: Within 10 days after the effective date, Seller will deliver to Buyer:

☐ (a) copies of all current leases pertaining to the Property, including any modifications, supplements, or amendments to the leases;

☐ (b) copies of all notes and deeds of trust against the Property that Buyer will assume or that Seller will not pay in full on or before closing;

☒ (c) copies of all previous environmental assessments, geotechnical reports, studies, or analyses made on or relating to the Property;

☒ (d) copies property tax statements for the Property for the previous 2 calendar years;

☒ (e) plats of the Property;

☒ (f) copies of current utility capacity letters from the Property's water and sewer service provider; and

☒ (g) any materials relevant to the property in Seller's files, including the Site Development Permit.

(2) Return of Property Information: If this contract terminates for any reason, Buyer will, not later than 10 days after the termination date: (a) return to Seller all those items described in Paragraph 7D(1) that Seller delivered to Buyer and all copies that Buyer made of those items; and (b) deliver copies of all inspection and assessment reports related to the Property that Buyer completed or caused to be completed. This Paragraph 7D(2) survives termination of this contract.

E. Contracts Affecting Operations: Until closing, Seller: (1) will operate the Property in the same manner as on the effective date under reasonably prudent business standards; and (2) will not transfer or dispose of any part of the Property, any interest or right in the Property, or any of the personal property or other items described in Paragraph 2B or sold under this contract. After the feasibility period ends, Seller may not enter into, amend, or terminate any other contract that affects the operations of the Property without Buyer's written approval.

8. LEASES:

A. Each written lease Seller is to assign to Buyer under this contract must be in full force and effect according to its terms. Seller may not enter into any new lease, fail to comply with any existing lease, or make any amendment or modification to any existing lease without Buyer's written consent. Seller must disclose, in writing, if any of the following exist at the time Seller provides the leases to the Buyer or subsequently occur before closing:

(1) any failure by Seller to comply with Seller's obligations under the leases;

(2) any circumstances under any lease that entitle the tenant to terminate the lease or seek any offsets or damages;

(3) any advance sums paid by a tenant under any lease;

(4) any concessions, bonuses, free rents, rebates, brokerage commissions, or other matters that affect any lease; and

(5) any amounts payable under the leases that have been assigned or encumbered, except as security for loan(s) assumed or taken subject to under this contract.

B. Estoppel Certificates: Within _____ days after the effective date, Seller will deliver to Buyer estoppel certificates signed not earlier than _____ by each tenant that leases space in the Property. The estoppel certificates must include the certifications contained in the current version

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of TAR Form 1938 – Commercial Tenant Estoppel Certificate and any additional information requested by a third party lender providing financing under Paragraph 4 if the third party lender requests such additional information at least 10 days prior to the earliest date that Seller may deliver the signed estoppel certificates.

9. BROKERS:

A. The brokers to this sale are:

The Whitfield Company Principal Broker 0316233 License No.	Cooperating Broker License No.
Gail M. Whitfield, CCIM Agent	Agent
4808 W William Cannon Address	Address
Austin, TX 78749	
(512)476-9900 (512)462-2727 Phone Fax	Phone Fax
gail@thewhitfieldco.com E-Mail	E-Mail

Principal Broker: *(Check only one box.)*
- ☐ represents Seller only.
- ☐ represents Buyer only.
- ☒ is an intermediary between Seller and Buyer.

Cooperating Broker represents Buyer.

B. Fees: *(Check only (1) or (2) below.)*

☐ (1) Seller will pay Principal Broker the fee specified by separate written commission agreement between Principal Broker and Seller. Principal Broker will pay Cooperating Broker the fee specified in the Agreement Between Brokers found below the parties' signatures to this contract.

☒ (2) At the closing of this sale, Seller will pay:

Principal Broker a total cash fee of:
- ☒ 1.500 % of the sales price.
- ☐ _____.

Cooperating Broker a total cash fee of:
- ☐ _____ % of the sales price.
- ☐ _____.

The cash fees will be paid in _____ County, Texas. Seller authorizes escrow agent to pay the brokers from the Seller's proceeds at closing.

NOTICE: Chapter 62, Texas Property Code, authorizes a broker to secure an earned commission with a lien against the Property.

C. The parties may not amend this Paragraph 9 without the written consent of the brokers affected by the amendment.

10. CLOSING:

A. The date of the closing of the sale (closing date) will be on or before the later of:
(1) ☐ _____ days after the expiration of the feasibility period.
☒ August 31, 2013 *(specific date).*
☐ _____.
(2) 7 days after objections made under Paragraph 6C have been cured or waived.

B. If either party fails to close by the closing date, the non-defaulting party may exercise the remedies in Paragraph 15.

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C. At closing, Seller will execute and deliver, at Seller's expense, a ☐ general ☒ special warranty deed. The deed must include a vendor's lien if any part of the sales price is financed. The deed must convey good and indefeasible title to the Property and show no exceptions other than those permitted under Paragraph 6 or other provisions of this contract. Seller must convey the Property:
(1) with no liens, assessments, or other security interests against the Property which will not be satisfied out of the sales price, unless securing loans Buyer assumes;
(2) without any assumed loans in default; 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 contract.

D. At closing, Seller, at Seller's expense, will also deliver to Buyer:
(1) tax statements showing no delinquent taxes on the Property;
(2) an assignment of all leases to or on the Property;
(3) to the extent assignable, an assignment to Buyer of any licenses and permits related to the Property;
(4) evidence that the person executing this contract is legally capable and authorized to bind Seller;
(5) an affidavit acceptable to the escrow agent stating that Seller is not a foreign person or, if Seller is a foreign person, a written authorization for the escrow agent to: (i) withhold from Seller's proceeds an amount sufficient to comply applicable tax law; and (ii) deliver the amount to the Internal Revenue Service (IRS) together with appropriate tax forms; and
(6) any notices, statements, certificates, affidavits, releases, and other documents required by this contract, the commitment, or law necessary for the closing of the sale and issuance of the title policy, all of which must be completed by Seller as necessary.

E. At closing, Buyer will:
(1) pay the sales price in good funds acceptable to the escrow agent;
(2) deliver evidence that the person executing this contract is legally capable and authorized to bind Buyer;
(3) sign and send to each tenant in a lease for any part of the Property a written statement that:
(a) acknowledges Buyer has received and is responsible for the tenant's security deposit; and
(b) specifies the exact dollar amount of the security deposit;
(4) sign an assumption of all leases then in effect; and
(5) execute and deliver any notices, statements, certificates, or other documents required by this contract or law necessary to close the sale.

F. Unless the parties agree otherwise, the closing documents will be as found in the basic forms in the current edition of the State Bar of Texas Real Estate Forms Manual without any additional clauses.

11. POSSESSION: Seller will deliver possession of the Property to Buyer upon closing and funding of this sale in its present condition with any repairs Seller is obligated to complete, ordinary wear and tear excepted. Any possession by Buyer before closing or by Seller after closing that is not authorized by a separate written lease agreement is a landlord-tenant at sufferance relationship between the parties.

12. SPECIAL PROVISIONS: *(If special provisions are contained in an Addendum, identify the Addendum here and reference the Addendum in Paragraph 22D.)*

~~Beginning March 1, 2013 and continuing monthly on the first day of the month, Earnest Money in the amount of $5,000 shall become nonrefundable and payable to the Seller. In the event Buyer has not purchased the property by August 31, 2013 the remaining Earnest Money less the independent consideration and the monthly Earnest Money releases, shall be returned to Seller and the Commercial Contract for the sale shall be terminated. Seller shall be allowed to Lease back the Property for six (6) months after Closing for $1.00 per month.~~

Addendum Attached

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13. SALES EXPENSES:

A. Seller's Expenses: Seller will pay for the following at or before closing:
(1) releases of existing liens, other than those liens assumed by Buyer, including prepayment penalties and recording fees;
(2) release of Seller's loan liability, if applicable;
(3) tax statements or certificates;
(4) preparation of the deed;
(5) one-half of any escrow fee;
(6) costs to record any documents to cure title objections that Seller must cure; and
(7) other expenses that Seller will pay under other provisions of this contract.

B. Buyer's Expenses: Buyer will pay for the following at or before closing:
(1) all loan expenses and fees;
(2) preparation of any deed of trust;
(3) recording fees for the deed and any deed of trust;
(4) premiums for flood insurance as may be required by Buyer's lender;
(5) one-half of any escrow fee;
(6) other expenses that Buyer will pay under other provisions of this contract.

14. PRORATIONS:

A. Prorations:

(1) Interest on any assumed loan, taxes, rents, and any expense reimbursements from tenants will be prorated through the closing date.
(2) If the amount of ad valorem taxes for the year in which the sale closes is not available on the closing date, taxes will be prorated on the basis of taxes assessed in the previous year. If the taxes for the year in which the sale closes vary from the amount prorated at closing, the parties will adjust the prorations when the tax statements for the year in which the sale closes become available. This Paragraph 14A(2) survives closing.
(3) If Buyer assumes a loan or is taking the Property subject to an existing lien, Seller will transfer all reserve deposits held by the lender for the payment of taxes, insurance premiums, and other charges to Buyer at closing and Buyer will reimburse such amounts to Seller by an appropriate adjustment at closing.

B. Rollback Taxes: If Seller changes the use of the Property before closing or if a denial of a special valuation on the Property claimed by Seller results in the assessment of additional taxes, penalties, or interest (assessments) for periods before closing, the assessments will be the obligation of the Seller. If this sale or Buyer's use of the Property after closing results in additional assessments for periods before closing, the assessments will be the obligation of ~~Buyer~~ Seller. This Paragraph 14B survives closing.

C. Rent and Security Deposits: At closing, Seller will tender to Buyer all security deposits and the following advance payments received by Seller for periods after closing: prepaid expenses, advance rental payments, and other advance payments paid by tenants. Rents prorated to one party but received by the other party will be remitted by the recipient to the party to whom it was prorated within 5 days after the rent is received. This Paragraph 14C survives closing.

15. DEFAULT:

A. If Buyer fails to comply with this contract, Buyer is in default and Seller may:
(1) terminate this contract and receive the earnest money, as liquidated damages and as Seller's sole remedy; or
(2) seek any other relief provided by law. Seller ☐ may ☒ may not enforce specific performance.

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B. If, without fault, Seller is unable within the time allowed to deliver the estoppel certificates, survey or the commitment, Buyer may:
   (1) terminate this contract and receive the earnest money, less any independent consideration under Paragraph 7B(1), as liquidated damages and as Buyer's sole remedy; or
   (2) extend the time for performance up to 15 days and the closing will be extended as necessary.

C. Except as provided in Paragraph 15B, if Seller fails to comply with this contract, Seller is in default and Buyer may:
   (1) terminate this contract and receive the earnest money, less any independent consideration under Paragraph 7B(1), as liquidated damages and as Buyer's sole remedy; or
   (2) enforce specific performance, or seek such other relief as may be provided by law, or both.

16. CONDEMNATION: If before closing, condemnation proceedings are commenced against any part of the Property, Buyer may:

A. terminate this contract by providing written notice to Seller within 15 days after Buyer is advised of the condemnation proceedings and the earnest money, less any independent consideration paid under Paragraph 7B(1), will be refunded to Buyer; or

B. appear and defend in the condemnation proceedings and any award will, at Buyer's election, belong to:
   (1) Seller and the sales price will be reduced by the same amount; or
   (2) Buyer and the sales price will not be reduced.

17. ATTORNEY'S FEES: If Buyer, Seller, any broker, or any escrow agent is a prevailing party in any legal proceeding brought under or with relation to this contract or this transaction, such party is entitled to recover from the non-prevailing parties all costs of such proceeding and reasonable attorney's fees. This Paragraph 17 survives termination of this contract.

18. ESCROW:

A. At closing, the earnest money will be applied first to any cash down payment, then to Buyer's closing costs, and any excess will be refunded to Buyer. If no closing occurs, 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.

B. If one party makes written demand for the earnest money, 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 15 days after the date escrow agent sent the demand to the other party, escrow agent may disburse the earnest money to the party making demand, reduced by the amount of unpaid expenses incurred on behalf of the party receiving the earnest money and escrow agent may pay the same to the creditors.

C. Escrow agent will deduct any independent consideration under Paragraph 7B(1) before disbursing any earnest money to Buyer and will pay the independent consideration to Seller.

D. If escrow agent complies with this Paragraph 18, each party hereby releases escrow agent from all claims related to the disbursal of the earnest money.

E. Notices under this Paragraph 18 must be sent by certified mail, return receipt requested. Notices to escrow agent are effective upon receipt by escrow agent.

F. Any party who wrongfully fails or refuses to sign a release acceptable to escrow agent within 7 days after receipt of the request will be liable to the other party for liquidated damages in an amount equal to the sum of: (i) three times the amount of the earnest money; (ii) the earnest money; (iii) reasonable attorney's fees; and (iv) all costs of suit.

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G. ☒ Seller ☐ Buyer intend(s) to complete this transaction as a part of an exchange of like-kind properties in accordance with Section 1031 of the Internal Revenue Code, as amended. All expenses in connection with the contemplated exchange will be paid by the exchanging party. The other party will not incur any expense or liability with respect to the exchange. The parties agree to cooperate fully and in good faith to arrange and consummate the exchange so as to comply to the maximum extent feasible with the provisions of Section 1031 of the Internal Revenue Code. The other provisions of this contract will not be affected in the event the contemplated exchange fails to occur.

19. MATERIAL FACTS: To the best of Seller's knowledge and belief: *(Check only one box.)*

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

☐ B. Except as otherwise provided in this contract, Seller is not aware of:
(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 materially 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 containing materials, 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) any wetlands, as defined by federal or state law or regulation, on the Property;
(7) any threatened or endangered species or their habitat on the Property;
(8) any present or past infestation of wood-destroying insects in the Property's improvements;
(9) any contemplated material changes to the Property or surrounding area that would materially and detrimentally affect the ordinary use of the Property;
(10) any condition on the Property that violates any law or ordinance.

(Describe any exceptions to (1)-(10) in Paragraph 12 or an addendum.)

20. NOTICES: All notices between the parties under this contract must be in writing and are effective when hand-delivered, mailed by certified mail return receipt requested, or sent by facsimile transmission to the parties addresses or facsimile numbers stated in Paragraph 1. The parties will send copies of any notices to the broker representing the party to whom the notices are sent.

☒ A. Seller also consents to receive any notices by e-mail at Seller's e-mail address stated in Paragraph 1.
☒ B. Buyer also consents to receive any notices by e-mail at Buyer's e-mail address stated in Paragraph 1.

21. DISPUTE RESOLUTION: The parties agree to negotiate in good faith in an effort to resolve any dispute related to this contract that may arise. If the dispute cannot be resolved by negotiation, the parties will submit the dispute to mediation before resorting to arbitration or litigation and will equally share the costs of a mutually acceptable mediator. This paragraph survives termination of this contract. This paragraph does not preclude a party from seeking equitable relief from a court of competent jurisdiction.

22. AGREEMENT OF THE PARTIES:

A. This contract is binding on the parties, their heirs, executors, representatives, successors, and permitted assigns. This contract is to be construed in accordance with the laws of the State of Texas. If any term or condition of this contract shall be held to be invalid or unenforceable, the remainder of this contract shall not be affected thereby.

B. This contract contains the entire agreement of the parties and may not be changed except in writing.

C. If this contract is executed in a number of identical counterparts, each counterpart is an original and all counterparts, collectively, constitute one agreement.

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D. Addenda which are part of this contract are: *(Check all that apply.)*
☐ (1) Property Description Exhibit identified in Paragraph 2;
☐ (2) Commercial Contract Financing Addendum (TAR-1931);
☐ (3) Commercial Property Condition Statement (TAR-1408);
☐ (4) Commercial Contract Addendum for Special Provisions (TAR-1940);
☐ (5) Notice to Purchaser of Real Property in a Water District (MUD);
☐ (6) Addendum for Coastal Area Property (TAR-1915);
☐ (7) Addendum for Property Located Seaward of the Gulf Intracoastal Waterway (TAR-1916);
☐ (8) Information About Brokerage Services; and
☒ (9) Addendum with Special Provisions

(Note: Counsel for the Texas Association of REALTORS® (TAR) has determined that any of the foregoing addenda which are promulgated by the Texas Real Estate Commission (TREC) or published by TAR are appropriate for use with this form.)

E. Buyer ☒ may ☐ may not assign this contract. If Buyer assigns this contract, Buyer will be relieved of any future liability under this contract only if the assignee assumes, in writing, all obligations and liability of Buyer under this contract. Subject to Addendum

23. TIME: Time is of the essence in this contract. The parties require strict compliance with the times for performance. If the last day to perform under a provision of this contract falls on a Saturday, Sunday, or legal holiday, the time for performance is extended until the end of the next day which is not a Saturday, Sunday, or legal holiday.

24. EFFECTIVE DATE: The effective date of this contract for the purpose of performance of all obligations is the date the escrow agent receipts this contract after all parties execute this contract.

25. ADDITIONAL NOTICES:

A. Buyer should have an abstract covering the Property examined by an attorney of Buyer's selection, or Buyer should be furnished with or obtain a title policy.

B. If the Property is situated in a utility or other statutorily created district providing water, sewer, drainage, or flood control facilities and services, Chapter 49, Texas Water Code, requires Seller to deliver and Buyer to sign the statutory notice relating to the tax rate, bonded indebtedness, or standby fees of the district before final execution of this contract.

C. Notice Required by §13.257, Water Code: "The real property, described below, that you are about to purchase may be located in a certificated water or sewer service area, which is authorized by law to provide water or sewer service to the properties in the certificated area. If your property is located in a certificated area there may be special costs or charges that you will be required to pay before you can receive water or sewer service. There may be a period required to construct lines or other facilities necessary to provide water or sewer service to your property. You are advised to determine if the property is in a certificated area and contact the utility service provider to determine the cost that you will be required to pay and the period, if any, that is required to provide water or sewer service to your property. The undersigned purchaser hereby acknowledges receipt of the foregoing notice at or before the execution of a binding contract for the purchase of the real property described in the notice or at closing of purchase of the real property." The real property is described in Paragraph 2 of this contract.

D. If the Property adjoins or shares a common boundary with the tidally influenced submerged lands of the state, §33.135 of the Texas Natural Resources Code requires a notice regarding coastal area property to be included as part of this contract.

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E. If the Property is located seaward of the Gulf Intracoastal Waterway, §61.025, Texas Natural Resources Code, requires a notice regarding the seaward location of the Property to be included as part of this contract.

F. If the Property is located outside the limits of a municipality, the Property may now or later be included in the extra-territorial jurisdiction (ETJ) of a municipality and may now or later be subject to annexation by the municipality. Each municipality maintains a map that depicts its boundaries and ETJ. To determine if the Property is located within a municipality's ETJ, Buyer should contact all municipalities located in the general proximity of the Property for further information.

G. Brokers are not qualified to perform property inspections, surveys, engineering studies, environmental assessments, or inspections to determine compliance with zoning, governmental regulations, or laws. Buyer should seek experts to perform such services. Buyer should review local building codes, ordinances and other applicable laws to determine their effect on the Property. Selection of inspectors and repairmen is the responsibility of Buyer and not the brokers.

26. CONTRACT AS OFFER: The execution of this contract by the first party constitutes an offer to buy or sell the Property. Unless the other party accepts the offer by 5:00 p.m., in the time zone in which the Property is located, on December ~~10~~ 31, 2012, the offer will lapse and become null and void.

READ THIS CONTRACT CAREFULLY. The brokers and agents make no representation or recommendation as to the legal sufficiency, legal effect, or tax consequences of this document or transaction. CONSULT your attorney BEFORE signing.

Seller: John M. + Joyce W. HARMON

By: John M. Harmon

By (signature): John M. Harmon

Printed Name:

Title:

By: JOYCE W. HARMON

By (signature): Joyce Watt Harmon

Printed Name:

Title:

Buyer: Foundation Communities

By: Walter Moreau

By (signature): Walter Moreau

Printed Name: Walter Moreau

Title:

By:

By (signature):

Printed Name:

Title:

date: December 28, 2012

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ADDENDUM

Beginning March 1, 2013, and continuing monthly on the first day of the month, Earnest Money shall become nonrefundable and be paid to the Seller as follows:
March 1, 2013 - $10,000
April 1, 2013 - $5,000
May 1, 2013 - $5,000
June 1, 2013 - $5,000
July 1, 2013 - $5,000
August 1, 2013 - $70,000

If this contract terminates prior to the Closing on August 31, 2013, the remaining Earnest Money, if any, less the independent consideration and the monthly Earnest Money releases set out in this Addendum shall be returned to the Buyer.

In the event Buyer has not purchased the property by August 31, 2013, the Commercial Contract for the sale shall be terminated.

Seller shall be allowed to Lease back the Property for six (6) months after the Closing for $1.00 per month.

Anything else in the Contract to the contrary notwithstanding, Buyer shall have the right to assign the Contract and all rights there under to an affiliated entity or an entity created in connection with providing affordable housing through tax credit financing. Any other assignment will take the approval of Seller which will not be unreasonably withheld.

JWH

WM

ATTACHMENT 8: Current Tax Documentation

TaxNetUSA: Travis County

Property ID Number: **346937** Ref ID2 Number: **04313702010000**

Owner's Name	**HARMON JOHN M & JOYCE W**
Mailing Address	3226 W SLAUGHTER LN AUSTIN, TX 78748-5706
Location	3226 W SLAUGHTER LN
Legal	ABS 3 SUR 18 BISSELL T ACR 1.0

Property Details

Deed Date	09301981
Deed Volume	07589
Deed Page	00370
Exemptions	HS
Freeze Exempt	F
ARB Protest	F
Agent Code	0
Land Acres	1.0000
Block	
Tract or Lot	
Docket No.	
Abstract Code	A0003
Neighborhood Code	J/SLA

Data up to date as of 2013-01-08

Value Information

	2012 Certified
Land Value	17,500.00
Improvement Value	325,426.00
AG Market Value	0.00
Timber Market Value	0.00
Market Value	342,926.00
AG Productivity Value	0.00
Timber Productivity Value	0.00
Appraised Value	342,926.00
10% Cap Loss	0.00
Assessed Value	342,926.00

Value By Jurisdiction

Entity Code	Entity Name	2011 Tax Rate	Assessed Value	Taxable Value	Market Value	Appraised Value
0A	TRAVIS CENTRAL APP DIST		342,926.00	342,926.00	342,926.00	342,926.00
01	AUSTIN ISD	1.242000	342,926.00	327,926.00	342,926.00	342,926.00
02	CITY OF AUSTIN	0.502900	342,926.00	342,926.00	342,926.00	342,926.00
03	TRAVIS COUNTY	0.500100	342,926.00	274,341.00	342,926.00	342,926.00
2J	TRAVIS COUNTY HEALTHCARE DISTRICT	0.078946	342,926.00	274,341.00	342,926.00	342,926.00
68	AUSTIN COMM COLL DIST	0.095100	342,926.00	337,926.00	342,926.00	342,926.00

Improvement Information

Improvement ID	State Category	Description
289595		1 FAM DWELLING

Segment Information

Imp ID	Seg ID	Type Code	Description	Class	Effective Year Built	Area
289595	339103	1ST	1st Floor	WV5+	1969	3,854
289595	1610432	011	PORCH OPEN 1ST F	*5+	1969	84
289595	1610433	011	PORCH OPEN 1ST F	*5+	1969	1,124
289595	1610434	011	PORCH OPEN 1ST F	*5+	1969	90
289595	1610435	011	PORCH OPEN 1ST F	*5+	1969	90
289595	1610436	051	CARPORT DET 1ST	*5+	1969	984
289595	1610437	061	CARPORT ATT 1ST	*5+	1969	528
289595	1610438	095	HVAC RESIDENTIAL	**	1969	3,854
289595	1610439	251	BATHROOM	**	1969	4
289595	1610441	302	BARN FV	F-V*	1969	1
289595	1610442	306	GREENHOUSE	F-V*	1969	1

289595	1610443	312	TENNIS COURT FV	F-V*	1969	1
289595	1610444	329	DRIVEWAY FV	F-V*	1969	1
289595	1610445	509	CANOPY FV	F-V*	1969	1
289595	1610446	522	FIREPLACE	*5+	1969	1
289595	1610447	604	POOL RES CONC	*5+	1969	1
289595	1610448	612	TERRACE UNCOVERD	*5+	1969	165
289595	2361180	283	LIVING QTRS FV	F-V*	1969	1
289595	3133190	SO	Sketch Only	SO*	0	828
289595	3133191	SO	Sketch Only	SO*	0	1,260

Total Living Area **3,854**

Land Information

Land ID	Type Code	SPTB Code	Homesite	Size-Acres	Front	Depth	Size-Sqft
337256	LAND	E1	T	1.000	0	0	43,560

TaxNetUSA: Travis County

Property ID Number: **533236** Ref ID2 Number: **04313702010002**

Owner's Name	**HARMON JOHN M & JOYCE W**
Mailing Address	3226 W SLAUGHTER LN AUSTIN, TX 78748-5706
Location	W SLAUGHTER LN 78748
Legal	ABS 3 SUR 18 BISSELL T ACR 28.41 (1-D-1)

Property Details

Deed Date	09301981
Deed Volume	07589
Deed Page	00370
Exemptions	
Freeze Exempt	F
ARB Protest	F
Agent Code	0
Land Acres	28.4100
Block	
Tract or Lot	
Docket No.	
Abstract Code	A0003
Neighborhood Code	J/SLA

Value Information

	2012 Certified
Land Value	0.00
Improvement Value	0.00
AG Market Value	497,175.00
Timber Market Value	0.00
Market Value	497,175.00
AG Productivity Value	2,932.00
Timber Productivity Value	0.00
Appraised Value	2,932.00
10% Cap Loss	0.00
Assessed Value	2,932.00

Data up to date as of 2013-01-08

Value By Jurisdiction

Entity Code	Entity Name	2011 Tax Rate	Assessed Value	Taxable Value	Market Value	Appraised Value
0A	TRAVIS CENTRAL APP DIST		2,932.00	2,932.00	497,175.00	2,932.00
01	AUSTIN ISD	1.242000	2,932.00	2,932.00	497,175.00	2,932.00
02	CITY OF AUSTIN	0.502900	2,932.00	2,932.00	497,175.00	2,932.00
03	TRAVIS COUNTY	0.500100	2,932.00	2,932.00	497,175.00	2,932.00
2J	TRAVIS COUNTY HEALTHCARE DISTRICT	0.078946	2,932.00	2,932.00	497,175.00	2,932.00
68	AUSTIN COMM COLL DIST	0.095100	2,932.00	2,932.00	497,175.00	2,932.00

Improvement Information

Improvement ID	State Category	Description

Segment Information

Imp ID	Seg ID	Type Code	Description	Class	Effective Year Built	Area
					Total Living Area	0

Land Information

Land ID	Type Code	SPTB Code	Homesite	Size-Acres	Front	Depth	Size-Sqft
442341	NATP	D1	F	28.410	0	0	1,237,540

ATTACHMENT 9: Zoning

City of Austin

Founded by Congress, Republic of Texas, 1839
Planning and Development Review Department
One Texas Center, 505 Barton Springs Road
P.O. Box 1088, Austin, Texas 78767

January 10, 2013

Jennifer Daughtrey Hicks
Director of Housing Finance
Foundation Communities
3036 S. 1st Street, Suite 200
Austin, TX 78704

Re: Zoning Verification for the Property located at 3226 West Slaughter Lane, consisting of 30 acres out of the T. Bissell ABS 3 SUR 18 Survey in Austin, Texas

Dear Ms. Hicks:

This letter is to confirm that the Property located at 3226 West Slaughter Lane, as described above is zoned multi-family residence – moderate high density – conditional overlay (MF-4-CO) combining district. The site was zoned MF-4-CO by a vote of the City Council on November 21, 2002 by ordinance 021121-19 and August 9, 2006 by ordinance 20060809-003.

Under the MF-4-CO zoning classification applicable to this property, multi-family residential development is permitted provided the applicable zoning and land development regulations (height, setback, parking, etc.) and building codes are addressed. No zoning change is necessary for development of multi-family residences on this site, and no conditional use permit is required for development of multi-family residences on the site or for use of the site for multi-family residences.

Sincerely,

Wendy W. Rhoades

Wendy W. Rhoades, Principal Planner
Planning and Development Review Department

ATTACHMENT 10: S.M.A.R.T. Housing Certification

ATTACHMENT 11: Development Team Resumes

WALTER J. MOREAU

My vocation the last twenty years has been to work with nonprofit organizations to create high quality, service rich, affordable housing for very low income, Texas families. I have successfully secured subsidy financing worth over $80 million and provided other development services to create over 2,200 units of service enriched housing.

PROFESSIONAL EXPERIENCE:

EXECUTIVE DIRECTOR, Foundation Communities, Austin, Texas 1997-Present

- Lead one of the premiere affordable housing organizations in the region in pursuit of our mission "to create housing where families succeed".
- Oversee the development, asset management, property management, and resident services of our growing portfolio of 2,100 units with a market value of over $90 million. Our properties are places of great community pride and help over 2,000 families save over $1.5 million in rent annually. I guide a staff of 150 and look after a $15 million annual budget.

Development

- Overcoming neighborhood opposition and building **Trails at the Park**, a 200 unit family community adjacent to a 350-acre nature park. This $15 million community includes a 3,200 square foot Learning Center and a beautiful fourplex design. Primary subsidy financing includes 9% tax credits and various grants.
- Purchased and renovated the **Village Green Apartments**, a 200 unit family property. This property underwent a complete transformation from high criminal activity to a safe, quiet environment. Opened a 2,000 square foot Learning Center. This property was financed with a 501(c)3 bond and a Neighborhood Reinvestment grant totaling $7 million.
- Led the development and successful packaging of over $14 million from eleven different grants, loans, bonds and tax credits to create the new **Southwest Trails Apartments**, a 160 unit community serving families at rents under the 50% income limit. This is the only new affordable housing developed in the more affluent Southwest Austin and it includes an 18-acre nature area.
- Developed the **Garden Terrace Residences**, the first Single Room Occupancy (SRO) community in Austin, with 85 units and a $4.5 million capital budget paid for by public and private grants;

Asset and Property Management

- Created a financially self-reliant organization which owns its office building without a mortgage, and has refinanced our housing portfolio mortgages below 7% with fifteen year payoffs;
- Tripled our property management operation to cover 1,200 units, while capping cumulative rent increases under $30 in six years and serving primarily families below 50% of median income;
- Significantly reduced deferred maintenance at all properties, while increasing our cash reserve balance from one million to three million dollars;
- Changed the name of the organization, creating new marketing materials, and winning selection as a United Way agency;
- Won the Metlife/Enterprise Foundation Award of Excellence in Asset Management for the Sierra Ridge Apartments;

Resident Services

- Fundraise approximately $400,000 annually for resident service programs and matched this effort with property cash flow;
- Expanded our Learning Centers from one location to eight, managed by twelve professional full-time staff attended daily by over 600 youth and adults attending pre-school readiness, after-school tutoring, computer training, money management courses, ESL/GED, and classes;

- Created an Individual Development Account program with 400 accounts, as well as extensive financial literacy and homebuyer courses. Launched a new State IDA pilot program and SEED program.

DEVELOPMENT & ASSET MANAGEMENT DIRECTOR, Foundation Communities 1994 – 1996

- Secured grants and loans from four public and private sources ($8.4 million) for the purchase and repair of four communities (731 units). I creatively structured a 0% mortgage with a desegregation lender to create 24 units serving extremely low-income households at the Peters Colony Apartments - a mixed income, suburban community.
- Served as the asset manager of the portfolio prepared and reviewed agency and property budgets, solved daily operations problems, and assisted with the strategic planning of our resident services.

PRIVATE CONSULTANT 1992 – 1994

- Worked with over fifteen nonprofit and public affordable housing organizations on a variety of client challenges. Raised over $8.5 million in subsidy funds (tax credits, HOME, CDBG, HOPE 2, SRO, and Shelter Plus Care funds) for the development of 446 units in both urban and rural settings.
- Facilitated the sale and financing of four communities (871 units / $9.2 million in value) from the Resolution Trust Corporation to nonprofit owners.
- Designed a Neighborhood Energy Conservation Program for Dallas Habitat for Humanity.
- Successfully helped the State troubleshoot three nonprofit funded projects that had stalled.
- Wrote two manuals and one technical report for the US Department of Health and Human Services on financial management issues for grantees of the Ryan White Care Act

PROJECT ASSOCIATE, Center for Housing Resources, Dallas, Texas 1990 – 1992

- Developed the concept of the Hillcrest House SRO (64 units) for homeless residents with AIDS, formed the developer partnership, secured the site, and financially packaged a successful Shelter Plus Care application worth $2.6 million.
- Assisted a private developer in locating a suitable building to develop the first new SRO in Dallas – the Wales SRO (61 units). Secured a Section 8 SRO Mod Rehab grant ($2.5 million) and low income housing tax credits worth $450,000 for the project.
- Managed and doubled the size of the Volunteer Home Repair Program serving 250 volunteer home repair work crews annually.

MANAGEMENT TRAINEE, United Way of America 1989 – 1990

- Created a "blueprint" of housing solutions for the Homeless Services Task Force organized by the Community Council of Greater Dallas. Wrote a guidebook for nonprofit agencies on creating fair fee policies. Raised $300,000 as a part of the United Way of Greater New Orleans campaign.

EDUCATION:

Master of Public Affairs, LBJ School of Public Affairs, University of Texas, Austin, 1994

Bachelors of Arts in Economics, Baylor University, Waco, Texas, 1989

- Phi Beta Kappa, Outstanding Bachelor of Arts Student in Economics

PERSONAL INFORMATION:

- I have been volunteer Board leader with the Neighborhood Capital Corporation, Austin Community Development Corporation, Capital Area Homeless Alliance, St. George's Court Elderly Housing Community, St. George's Episcopal Church Vestry, and the National Episcopal AIDS Coalition.
- Proficient in Spanish
- Personal interests include ultimate frisbee, reading, mountain biking, magic and stained glass
- Married with two "high-spirited" sons ages 14 and 11

Sunshine Mathon

M. Arch. First Professional, Specialization in Sustainable Design

07.20.2007

1155 Ebert Avenue
Austin, TX 78721
T 512.217.0429
F 305.847.0994
sunshine@mac.com

References available upon request.

Profile

When I entered graduate school, I was clear that I was doing so as an act of service. My architectural career will take me not to traditional firms, but to service-based organizations and clients, such as Foundation Communities, whose goal is to make a difference.

Experience

Systems & Construction Manager, UT Solar Decathlon 2005; Austin, TX – 2004-2005
Core member of the 2005 UT Solar Decathlon Team. I led the design and construction of the solar electric and solar thermal, plumbing, and HVAC systems for which we won two first place honors. Responsible for overall building energy analysis. Central researcher of sustainable materials, energy efficient appliances, and overall green building strategies. Onsite Construction Manager throughout all construction phases. For more information on the competition see: www.solardecathlon.org.

Computer Lab Teaching Assistant, UT Austin; Austin, TX – 2005-2007
Senior staff member of UT School of Architecture's Computer Lab. Oversaw the maintenance of the lab computers, both PC and Apple. Assisted and taught students with software questions including AutoCAD, Adobe Photoshop, Sketchup, Vectorworks.

Director, Farm & Wilderness Summer Camps; Plymouth, VT – 2000-2003
Created and organized dynamic program of outdoor skills and experiential environmental education for forty 11-15 year old boys in a remote setting. Responsible for hiring and managing seventeen staff. Accountable to multiple constituencies: campers, parents, staff and organization. Managed a seasonal $65,000 budget.

Senior Computer Sales Consultant, Power Mac Pac; Portland, OR – 1998-2002
Apple Macintosh sales consultant with individual and corporate clients, both local and nationwide. Set company single month sales record of $250,000.

Photographer, Third Iris Photography; Portland, OR – 2001-2003
Third Iris Photography was a self-run business. I was a freelance photographer with a focus on landscape, travel and detail art images.

Education

Bates College, Lewiston, ME – B.S. Physics, 1995; Magna Cum Laude.
University of Texas at Austin, Austin, TX – M. Arch, First Professional, 2007; GPA: 3.8.
University of Texas at Austin, Austin, TX – Specialization in Sustainable Design, 2007.
UT Honors – Graduate Recruitment Fellowship; Texas Architectural Foundation Scholarship.

Skills

The work experience described above reflects the diverse interests and skills I bring to any position. I am at ease engaging people face to face, working on a computer and swinging a hammer. I have frequently been given positions of significant responsibility and, though I come with broad skill sets, I am also comfortable asking for help or researching answers when I encounter unfamiliar territory.

RESUME

Vicki Beal McDonald
506 Oakland Avenue
Austin, Texas 78703

Education: Bachelor of Science. University of Texas at Austin 1980
Professional Designation: Member: Certified Commercial Investment Institute (CCIM)
Licenses: Licensed Texas Real Estate Broker

Experience:
For the past twenty five years I have owned and operated Vista Properties, a real estate firm specializing in the management, leasing and brokerage of income producing assets. These assets have included multifamily, office and retail developments. The client base has consisted of private, government and institutional owners. Vista has performed property management and asset management services for a variety of real estate portfolios covering a six state region. Vista has provided construction management services and been involved in the renovation and rehabilitation of rental units, and office and retail finish out. Vista has participated as a real estate Broker in the sale and leasing of over fifty million dollars of commercial real estate.

Membership:
Austin Board of Realtors
Texas Association of Realtors
Texas Apartment Association
Real Estate Council of Austin
Central Texas CCIM Chapter
Commercial Leasing Brokers Association
Commercial Real Estate Women
Women's Chamber of Commerce

Board Involvement:
Chairman: Commercial Investment Division-Austin Board of Realtors
Chairman: Government Affairs Committee-Austin Board of Realtors
Director-Texas Association of Realtors
Member: Community Involvement Committee-Austin Board of Realtors
Member: Nominating Committee-Austin Board of Realtors
Board Member-Central Texas CCIM Chapter (Three years)
Chairman-Central Texas Mutual Housing Association (Two years)
Board Member- Central Texas Mutual Housing Association (Four years)
Chair: Community Service Committee CREW

Awards:
Commercial Investment Division Member of the Year

1002 Brentwood St.
Austin, Texas 78757

Jennifer Daughtrey Hicks

512-203-4417
jdaughtreyhicks@gmail.com

EDUCATION

Master of Public Affairs, May 2002
LBJ School of Public Affairs, Austin, Texas
- Research Project: "State Sprawl & Open Space"
- Master's Report: "Reinventing S.R.O.'s: Homes for the Single, Working Poor"

B.A. in Journalism, May 1999
Texas Tech University, Lubbock, Texas
- Texas Valedictorian Scholarship
- Hutcheson Endowed Journalism Scholarship

SUMMARY

Education and experience related to the development and finance of high-quality affordable housing. Skills in proposal/grant writing; research and report writing; working with federal, state and local governments; working with non-profit organizations and neighborhood associations. Proficient in Word, Excel, Access, Power Point, Illustrator, Photoshop and PageMaker with both PC and Mac. Motivated team player and builder with excellent communication skills and an ability to work on multiple projects simultaneously as a leader or a team player.

PROFESSIONAL EXPERIENCE

Director of Housing Finance
Foundation Communities, Inc., Austin, Texas **May 2002 – present**
- Identify subsidy and conventional financing options for projects – to date have secured grants and loans from public and private sources ($65 million) for the acquisition and rehabilitation of five communities (733 units) and two learning centers.
- Find projects that fit available funding and development goals.
- Coordinate preparation and completion of funding applications including LIHTC, HOME, CDBG, FHLB, and HUD.
- Review closing documents and coordinate closing process for development projects.
- Plan development criteria and assist with evaluation and negotiation of potential development projects.
- Outline compliance regulations, ensure proper procurement, and act as point of contact for Davis Bacon wage reporting.
- Maintain compliance with tax exemption and CHDO requirements for 13 property portfolio.

Development Associate **Sep. 2001 – May 2002**
Foundation Communities, Inc., Austin, Texas
- Assisted with a variety of funding applications for the development of affordable multi-family housing.
- Planned the financing, design, and management of first single room occupancy project in Austin.
- Identified and initiated negotiation on suitable properties for acquisition.

Linenberger Memorial Intern in City Management **June 2001 – Aug. 2001**
Office of City Manager, San Mateo, California
- Wrote bi-weekly newsletter to employees, monthly newsletter to the community and City's Annual Report.
- Monitored city operations and reported progress to city staff and community through newsletters and press releases.

State Affairs Assistant **Aug. 1999 – May 2001**
American Insurance Association, Austin, Texas
- Researched, tracked, and monitored House and Senate insurance-related bills for an eight state region.
- Composed legislative and regulatory updates, reports, calendars and press releases for distribution to Association members.

Public Relations Director **May 1999-Aug. 1999**
Office of the Governor, Criminal Justice Division/Task Force Division, Austin, Texas
- Wrote and produced press releases, presentation scripts, grant reports and agency memorandums for department initiatives.
- Monitored statewide task force activities and reported to CJD executive staff.

Communication Fellow **May 1999-Aug. 1999**
Office of the Governor, Austin, Texas
- Scanned national media sources and compiled daily packet of articles on Governor's initiatives and activities.
- Interviewed, trained and supervised new interns.

News Room Reporter **Jan. 1999 - May 1999**
Lubbock Avalanche-Journal, Lubbock, Texas
- Generated story ideas, interviewed sources and wrote articles on local events.

PERSONAL INFORMATION

Enjoy traveling, running, cooking and listening to live music.

ATTACHMENT 12: Development Experience

Development Experience – M STATION

FC is a well-respected non-profit developer and long-term owner of 1,862 units of affordable rental housing in Austin. FC has developed a range of housing including scattered site duplexes, multifamily housing with incorporated green space, and mid-rise, higher-density housing for single adults.

M Station – (mixed income family property)

Income Mix:
15 units – < 30% MFI
75 units – < 50% MFI
45 units - < 60% MFI
15 units – < 80% MF (market units)
TOTAL UNITS: 150

Description:
M Station is an innovative family-oriented apartment community that has established the standard for green building and affordable housing in Austin's new Transit Oriented Districts (TODs). This 150-unit new-construction development consists of four residential buildings and two community buildings spread out on 8.5 acres of prime real estate minutes from downtown and the University of Texas. Unique features of the property include a park-like setting along the Boggy Creek greenbelt featuring open green space and trails and a state-of-the-art child care center open to the neighborhood and offering reduced rates for residents.

M Station is a project of "firsts." M Station is the first affordable housing built in one of Austin's new TODs, the first large 9% housing tax credit development for families in Austin since 2004, and the highest scoring LEED for HOMES Platinum certified development in the country. With M Station, our hope was to dramatically reduce the primary portions of a resident family's budget while also achieving an exemplary quality of life: an affordable rent to lower housing costs; a location in the most transit-rich neighborhood in Austin to lower transportation costs; a high-quality, on-site childcare facility to lower child care costs; and a sustainably-designed property to lower utility costs. Ensuring that units at M Station were as healthy and efficient as possible will save our residents much-needed dollars to apply to other areas of their household budgets, contributing to more stable families and neighborhoods.

The development of M Station involved the transformation of a concrete-covered grayfield lot, previously a concrete manufacturing plant's staging lot that has been lying dormant and unused for decades, into a safe, healthy, supportive urban community in the heart of a high-opportunity neighborhood in Austin. Project amenities at M Station include a community building that will host the property leasing office, property management and supportive service staff offices, a computer learning center, a clothes care center, maintenance shop and office space for supportive service programming. A second community building houses the child-care program and the afterschool program. In addition, the property features children's playscapes, a sport court, circuitous internal pathways for walking and biking, multiple green spaces for outdoor gatherings, and pedestrian connections to nearby neighborhood resources.

Development Experience (cont.)

M Station Timeline:

Letter of Intent	December 2008
LIHTC Application	March 2009
LIHTC Award Notification	September 2009
Acquisition	November 2009
LIHTC Commitment	December 2009
Start of Construction	June 2010
Construction Completion	October 2011

M Station Development Budget:

Uses

Acquisition	$3,001,370
Hard Costs	$17,690,860
Financing Costs	$1,041,600
Soft Costs	$1,047,730
Reserves	$300,000
Developer Fee	$2,266,570
TOTAL USES	**$25,348,130**

Sources

9% LIHTC Equity	$13,496,733 (Bank of America as syndicator)
Perm Loan	$4,999,400 (Bank of America)
City of Austin GO Bonds	$2,000,000
FHLB Bank of San Francisco	$1,500,00
NeighborWorks America	$1,250,000
Austin Community Foundation	$500,000
Energy Rebates	$189,000
Home Depot Foundation	$75,000
Enterprise Green Communities	$50,000
Enterprise Carbon Offset Fund	$45,788
FC Reserves	$890,212
Deferred Developer Fee	$351.997
TOTAL SOURCES:	**$25,348,130**

ATTACHMENT 13:
List of FC Properties

PROJECTS DEVELOPED AND OWNED BY FOUNDATION COMMUNITIES, INC.						
Address	**# of Units**	**New or Rehab**	**Type**	**Year Completed**	**Income Mix**	**Funding**
Arbor Terrace 2501 S. IH 35, Austin, 78741 (managed by FC)	120	Rehab	SRO	2012	90 units – 30% MFI 30 units – 50% MFI	Neighborhood Stabilization Program, City of Austin RHDA, FHLB Atlanta AHP, NeighborWorks America, HUD SHP, HUD VASH
Buckingham Place 743-B Yarsa, Austin, 78748 (managed by FC)	164	Rehab	Duplexes	1991	83 units – 50% MFI 83 units – 80% MFI	Conventional Mortgage
Cherry Creek 5510-B Fernview, Austin, 78745 (managed by FC)	122	Rehab	Duplexes	1989	37 units – 50% MFI 85 units -80% MFI	HUD-Insured Mortgage
Crossroads 8801 McCann, Austin, 78757 (managed by FC)	92	Rehab	Apts	1990	14 units – 30% MFI 31 units – 50% MFI 47 units – 80% MFI	City of Austin RHDA, HUD Shelter Plus Care, NeighborWorks America
Daffodil 6009 Daffodil, Austin, 78744 (managed by FC)	40	Rehab	Apts	1996	10 units – 30% MFI 30 units – 50% MFI 30 units – 80% MFI	NeighborWorks America
Garden Terrace 1015 W. William Cannon, Austin, 78745 (managed by FC)	103	Rehab	SRO	2003 and 2008	35 units – 30% MFI 65 units – 50% MFI 3 units - UR	City of Austin RHDA, HUD Section 8 Mod Rehab SRO Program, TDHCA HOME, FHLB Atlanta, NeighborWorks America
M Station 2906 E. MLK, Austin, 78702 (managed by FC)	150	New	Apts	2011	15 units – 30% MFI 75 units=50% MFI 45 units=60% MFI 7 units=80% MFI 8 units=UR	9% LIHTC, City of Austin RHDA Program, FHLB San Francisco, Enterprise Green Communities, NeighborWorks America, Private Fundraising, Permanent Mortgage
Peters Colony 1810 E. Peters Colony Rd, Carrollton 75007	160	Rehab	Apts	1995	15 units=30% MFI 50 units=50% MFI 48 units=80% MFI 8 units=UR	Conventional Mortgage, Walker Settlement Vouchers w/ Dallas HA
Shadow Brook 2020 S. Cooper, Arlington, 76013	403	Rehab	Apts	1995	201 units=50% MFI 202 units=80% MFI	Conventional Mortgage

Sierra Ridge 201 W. St. Elmo, Austin, 78745 (managed by FC)	149	Rehab	Apts	1991	15 units=30% MFI 128 units=50% MFI 6 units=80% MFI	NeighborWorks America
Sierra Vista 4320 S. Congress Ave., Austin, 78745 (managed by FC)	238	Rehab	Apts	2012	24 units=30% MFI 166 units=50% MFI 48 units=60% MFI	9% LIHTC, City of Austin RHDA Program, FHLB San Francisco, NeighborWorks America, Private Fundraising, Permanent Mortgage
Sleepy Hollow 3903 Ichabod Cr, Arlington, 76013	128	Rehab	Apts	1995	64 units=50% MFI 64 units=80% MFI	Conventional Mortgage
Southwest Trails 8405 Old Bee Caves Rd., Austin, 78735 (managed by FC)	160	New	Apts	2001	96 units=50% MFI 64 units=60% MFI	4% LIHTC/Bonds, City of Austin RHDA (and bond issuer), FHLB Dallas, NeighborWorks America
Spring Terrace 7101 N. I-35, Austin, TX 78752 (managed by FC)	142	Rehab	SRO	2006	14 units=30% MFI 126 units=50% MFI 2 units=UR	HUD SHP, City of Austin RHDA, TDHCA HOME and HTF, FHLB Dallas AHP
Skyline Terrace 1212 W. Ben White. Austin, 78704 (managed by FC)	100	Rehab	SRO	2008	72 units=30% MFI 28 units=40% MFI	9% LIHTC, City of Austin RHDA, TDHCA HOME, FHLB San Francisco, NeighborWorks America, Enterprise Green Communities, Private Fundraising HUD SHP,HUD Shelter Plus Care
Trails at the Park 815 W. Slaughter Ln, Austin, 78748 (managed by FC)	200	New	Apts	2000	46 units=50% MFI 104 units=60% MFI 50 units=80% MFI	9% LIHTC, City of Austin RHDA, TDHCA SECO Program, NeighborWorks America, Private Mortgage
Vintage Creek 7224 Northeast Dr, Austin, 78723 (managed by FC)	200	Rehab	Apts	2000	23 units=50% MFI 57 units=60% MFI 120 units=80% MFI	501 c 3 bonds, City of Austin RHDA, NeighborWorks America, HUD Shelter Plus Care
TOTAL UNITS	**2,673**					

ATTACHMENT 14: Operating Proforma

TABLE D: OPERATING PROFORMA

Unit Size (BR/BA)	Number of Units	Monthly Rental Income	Annual Rental Income
(1/1) 650 Sq Ft	54	$30,625	$367,500
(2/2) 850 Sq Ft	60	$41,166	$493,992
(3/3) 1,050 Sq Ft	24	$17,496	$209,952
FULL OCCUPANCY ANNUAL INCOME			$1,071,444
Less Vacancy Loss (5%)			($53,572)
GROSS ANNUAL INCOME			$1,017,872

Inflation Factor - Income	2%
Inflation Factor - Expenses	3%

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
Gross Annual Income	$1,017,872	$1,038,229	$1,058,994	$1,080,174	$1,101,777	$1,216,451	$1,240,780	$1,265,596	$1,290,908	$1,316,726
EXPENSES										
Utilities	$99,505	$102,490	$105,565	$108,731	$111,993	$129,831	$150,510	$174,482	$202,273	$234,489
Insurance	$32,596	$33,574	$34,581	$35,618	$36,687	$42,530	$49,304	$57,157	$66,260	$76,814
Maintenance/Repair/Service Contracts	$115,254	$118,712	$122,273	$125,941	$129,720	$150,381	$174,332	$202,099	$234,288	$271,604
Property Taxes	$65,191	$67,147	$69,161	$71,236	$73,373	$85,060	$98,608	$114,313	$132,521	$153,628
Management	$185,237	$190,794	$196,518	$202,413	$208,486	$241,692	$280,187	$324,814	$376,548	$436,523
Marketing	$11,587	$11,935	$12,293	$12,662	$13,041	$15,119	$17,527	$20,318	$23,554	$27,306
Maintenance Reserve	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Administrative	$109,255	$112,532	$115,908	$119,386	$122,967	$142,553	$165,258	$191,579	$222,093	$257,466
Turnover	$29,702	$30,593	$31,511	$32,456	$33,430	$38,754	$44,927	$52,082	$60,378	$69,994
TOTAL EXPENSES	$648,326	$667,776	$687,810	$708,444	$729,697	$845,919	$980,652	$1,136,844	$1,317,914	$1,527,824
NET OPERATING INCOME (NOI)	$369,545	$370,453	$371,184	$371,730	$372,080	$370,532	$260,128	$128,751	($27,007)	($211,098)
Sources of Funds & Debt Service										
TOTAL ANNUAL Debt Service (DS)	$304,971	$304,971	$304,971	$304,971	$304,971	$304,971	$304,971	$304,971	$304,971	$304,971
Cash-flow after Debt Service (CF = NOI – DS)	$64,575	$65,482	$66,213	$66,759	$67,109	$65,561	($44,843)	($176,220)	($331,977)	($516,069)
Debt Coverage Ratio (DCR = NOI/DS)	1.21	1.21	1.22	1.22	1.22	1.21	0.85	0.42	-0.09	-0.69

ATTACHMENT 15: Supportive Service Team Resumes

JULIAN HUERTA
8800 Ravello Pass
Austin, Texas 78749
(512) 280-9254
julianh@swbell.net

OBJECTIVE

Planning, implementing and evaluating educational opportunities and social services which empower disadvantaged persons to improve their lives.

EDUCATION

Master of Community and Regional Planning, University of Texas at Austin, 1996

Bachelor of Arts; Incarnate Word College, 1987
Major: Political Science Minor: Sociology

EMPLOYMENT EXPERIENCE

Resident Services Director; Central Texas Mutual Housing Association, 1998 to present

Develop and direct educational and asset-building programs that assist families residing in affordable housing communities to increase their self-sufficiency.
Hire, train and supervise professional staff at multiple sites.
Research and author grant proposals to public and private sources to fund resident services.
Collect participation and outcomes data on resident services programs, conduct program assessments, and submit reports to funding agencies, executive director, and board of directors.
Collaborate with other community-based organizations and public agencies to maximize opportunities available to residents.

Executive Director; Literacy Austin, 1996 – 1997

Provided leadership for all programs, hired and supervised staff, and prepared and implemented annual budget in order to achieve agency mission as defined in conjunction with volunteer board of directors.
Directed public relations, community outreach and fund raising initiatives, including proposal writing, corporate and individual solicitations and special events.
Collaborated with other community-based organizations, United Way and Community Action Network partners, and citizen groups to coordinate and maximize services to disadvantaged residents of Travis County.

Information Systems Coordinator; American Institute for Learning Charter School, 1993 – 1996

Collected and analyzed data from multiple education and human service programs and submitted reports to funding agencies, senior managers and board of directors.
Oversaw eligibility determination, assessment and enrollment of participants according to contract requirements.
Hired, trained and supervised Information Systems, Intake and clerical staff.
Participated in the evaluation of agency programs, including designing and conducting research on client outcomes.
Assisted with the development of funding proposals to public and private sources.
Administered local area network, installed and maintained computer software and provided user training and support.

Social Science Research Associate; University of Texas Health Science Center at San Antonio, 1992 - 1993

Directed fieldwork for research studies of health issues in South Texas, with particular emphasis on Hispanic populations.
Hired, trained and supervised research interviewers, monitored quality of data collected, and prepared and presented progress reports.
Developed and maintained relational databases and statistical programs for the management and analysis of data.
Assisted division faculty with grant writing and monitoring, survey instrument development and testing, and manuscript preparation.

Social Service Worker; Texas Department of Human Services, 1988 – 1992

Interviewed applicants to determine eligibility for AFDC, food stamps and Medicaid, applying complex state and federal policies and regulations.
Provided information and answered client questions regarding program benefits and requirements, client rights and client responsibilities.
Made referrals to other agencies for housing, child care, job training, etc.
Maintained caseload statistics and completed monthly monitoring reports.

OTHER SKILLS

Proficient with various personal computer software packages, including: Microsoft Word, Excel, FoxPro, FileMaker Pro, PageMaker, SAS and SPSS.

Moderate Spanish-speaking ability.

Mario Cortez

5805-B Nancy Drive
Austin, Texas 78745
(512) 350-0008
zetroc13@msn.com

Professional Experience

Front Steps, Inc., Austin Texas — *7/04 – present*

Keep Austin Housed AmeriCorps Program Coordinator

- Developed and managed all operational program activities and internal reporting methods in accordance with federal regulations and state provisions.
- Developed and managed systems to track performance outcome data and reported on program progress to federal and state entities.
- Established effective partnerships with social service organizations and developed and managed a network of 12 agency partnerships with Keep Austin Housed.
- Coordinated the recruitment, selection, and placement process of 25 AmeriCorps members annually and managed members' service terms.
- Developed and implemented an annual training plan focused on building and strengthening the professional skills of each member and provided supervisional support in members' professional development.

Foundation for the Homeless, Inc., Austin, Texas — *7/03 – 7/04*

Director of Social Services

- Coordinated and supervised case management services.
- Served as community liaison and collaborated with community service providers to enhance services to the homeless population.
- Acted as lead personnel in evaluating and monitoring program participants' compliance with service plans.
- Maintained program documentation in accordance with agency guidelines and reported outcome data to funding sources.
- Provided field instruction to interns from the UT School of Social Work.

Woodside Trails Therapeutic Camp, Smithville, Texas — *1/03 – 7/03*

MSSW Student Intern

- Worked with adolescent boys on issues of sexual victimization/perpetration, anger management, abuse, neglect, and addressed a variety of mental health disorders.
- Provided individual, group and family therapy to twelve adolescents and their families.
- Utilized a variety of therapeutic models (Play, CBT, Reality, and Narrative) and techniques.
- Participated in Comprehensive Treatment Plans and Treatment Planning Reviews.
- Coordinated services with Juvenile Probation and Child Protective Services.

Foundation for the Homeless, Inc., Austin, Texas

Intake Manager — *6/02 – 7/03*

Passages Case Manager — *10/97 – 5/02*

- Conducted shelter intakes and evaluated family eligibility for agency shelters.
- Facilitated service planning process with homeless families, brokered community resources, administered crisis intervention, and advocated for clients as they worked toward self-sufficiency.
- Supervised Passages Case Managers and oversaw case management program.
- Worked with administrative staff on efforts of program development and volunteer recruitment and trainings.
- Organized and lead effort of data collection and database building to establish comprehensive measurable objectives for agency's service delivery system.

American Institute for Learning, Austin, Texas — *9/96 – 5/97*

BSW Student Intern

- Served as counselor intern for GED classroom and the Career Resource Center.
- Provided educational and general counseling for culturally diverse, at-risk youth.
- Facilitated adolescent male support group (ages 16-18) with an emphasis on gang related topics.
- Created and edited student involved newsletter for the Career Resource Center.

Helping Our Brothers Out, Inc., Austin, Texas — *7/93 – 12/95*

Client Services Specialist

- Administered direct client services and provided crisis intervention to general homeless population.
- Developed and maintained database that documented governmental benefits for approximately two thousand clients.
- Assisted with recruitment, orientation and supervision of agency volunteers.
- Maintained monthly reports for client services, volunteer participation, and community service workers.

Education

Master of Science in Social Work — *8/03*

The University of Texas at Austin, Austin, Texas

Concentration: Clinical

Bachelor of Social Work — *5/97*

The University of Texas at Austin, Austin, Texas

Generalist Practice

Honors & Affiliations

- Butler Award nominee (Keep Austin Housed) for True Spirit of Collaboration (recipients not yet announced) — *2007*
- Certified Field Instructor for The University of Texas School of Social Work — *2004*
- Phi Alpha National Social Work Honor Society — *2003*
- The Honor Society of Phi Kappa Phi — *2003*
- Social Services Case Management Network, Executive Committee Member — *2003 – 2006*
- Caring Forever Award, Community award presented by Shepard of the Hills Presbyterian Church — *2002*
- Homeless Task Force/Ending Community Homelessness Coalition (ECHO) — *1998 – present*

Salary Requirement

$50,000

Erika Leos

6009 Daffodil Dr. #5, Austin, TX 78744 | 512-586-5205 | Erika_Leos@yahoo.com

Work Experience

October 2008-present **Foundation Communities** *Financial Coaching Coordinator* Austin, TX

- Developed training and resource materials for Volunteer Financial Coaches and clients
- Maintain accuracy and timeliness of training and resource materials
- Conduct training for over 100 Volunteer Financial Coaches each year
- Coordinate the program's day-to-day operations
  - manage appointments through the program's scheduling system for over 300 clients a year
  - serve as a resource for volunteers with questions about financial issues
- Administer a payday loan alternative sub-program
- Administer a college savings incentive sub-program
- Compile data and write reports for program funders

June 2004-October 2008 **Foundation Communities** *Adult Education Coordinator* Austin, TX

- Taught English as a Second Language (ESL) to adults at two Foundation Communities Learning Centers
- Developed activities, materials and assessments for ESL class students
- Recruited, trained and managed volunteer ESL instructors
- Taught Money Management course for adults using Foundation Communities' curriculum, "Making More Sense of Your Dollar," in English and Spanish
- Provided individual credit counseling to participants in the Money Management course

June 2003-May 2004 **Century Motorcars** *Insurance Specialist* Austin, TX

- Verified that all vehicles financed by Century Motorcars were properly insured
- Issued orders for repossession of cars that were not properly insured
- Collected and recorded car payments
- Contacted clients who were behind on car payments or who allowed insurance coverage to lapse, and contacted their references

June 2002-May 2004 **Foundation Communities** *Youth Program Assistant/ESL Instructor* Austin, TX

- Provided a positive, supportive environment for the children of low income families after school and during the summer at the Sierra Ridge Learning Center
- Assisted children in the After School Program at with homework
- Led physical, educational and recreational activities for children in the After School and Summer Programs
- Taught English as a Second Language to adults at two Foundation Communities' Learning Centers

Sep 1998-May 2002 **Pentacon Industrial Group** *Sales Assistant* Austin, TX and El Paso, TX

- Helped finance all four years of college through part-time work at Pentacon
- Operated specialized distribution software to confirm purchase order accuracy
- Maintained filing system up to date and in order

Volunteer Activities

Jan-April 2005 **Foundation Communities' Community Tax Centers** *Tax Preparer* Austin, TX

- Prepared and e-filed personal income tax forms for low income families and individuals at two Community Tax Centers free of charge
- Distributed information about banking services to unbanked clients
- Translated information for Spanish-speaking tax payers

Skills

Language

- Fluent in Spanish (oral and written)

Computer Knowledge

- Fully proficient in Microsoft Word, PowerPoint, Excel, Outlook, and Windows XP
- Experienced in managing data in Microsoft Access

Personal Skills

- Well organized
- Excellent oral and written communication skills

Education

May 2002 — **The University of Texas at Austin**
Bachelor of Business Administration, Marketing

Honors and Activities

Presidential Achievement Scholarship

- Earned and maintained the four-year scholarship from UT through academic achievement

1999-2000 — **Hispanic Business Students Association**
Executive Vice President

- Received *Most Outstanding Organization* award from UT Leadership Board
- Coordinated events for Professional Development Committee
- Coordinated events for Recruitment and Retention Committee
- Participated in Corporate Mentor program

1999-2000 — **National Hispanic Business Association**
University of Texas at Austin Representative

- Helped coordinate the 10th annual NHBA Leadership Conference
- Coordinated joint activities for NHBA and HBSA

KAREN LYONS SERNA

502 Radam Lane
Austin, Texas 78745
512-576-1913
Karen.Serna@ymail.com

PROFESSIONAL EXPERIENCE

Foundation Communities – Austin, Texas
2003- Present

Director of Asset Building Programs 2008 – Present

Lead Foundation Communities' initiatives aimed at helping low- to moderate-income individuals and families increase their understanding of financial issues and acquire assets that contribute to long-term financial stability. Manage the Individual Development Account (IDA) Matched Savings Program. Oversee the Financial Coaching Program, FAFSA Program, Financial Education Classes, and Homebuyer Education Classes. Lead a staff of six.

IDA Program Coordinator 2003 - 2008

Managed all aspects of the Individual Development Account (IDA) Program. Instructed 12-hour homebuyer education course in English and Spanish. Provided technical assistance to emerging IDA Programs. Advocated for asset building policy on the local, state, and national level.

Casa Marianella – Austin, Texas
1999-Present

Board of Directors, President 2004 – Present

Coordinate and plan annual benefit dinner. Lead board in making organizational policy decisions. Recruit and train new board members. Lead monthly board meetings.

Assistant Director 2002-2003

Lead purchase of property to use for a women and children's shelter. Developed programming for the women and children's shelter. Grant writing and fundraising.

Language Program Coordinator 2000-2002

Managed the English as a Second Language and Spanish Literacy Program.

Operations Coordinator, *Full-time AmeriCorps Volunteer* 1999-2000

Provided case management to residents living in the shelter.

La Fuente Learning Center – Austin, Texas
2003 – 2008

English as a Second Language Instructor

Instructed evening classes to Spanish-speaking students. Monitored and tracked student performance and progress. Developed and implemented lesson plans.

The Austin Academy – Austin, Texas
2001 - 2002

Adult Education Instructor

Instructor of Adult Basic Education and English as a Second Language students preparing for the GED examination.

Crockett High School, Austin, Texas
2001

Biology Teacher

Developed and executed lesson plans. Attended to individual student needs and concerns.

KAREN LYONS SERNA

PRESENTATIONS

National Community Tax Coalition Conference, San Antonio, Texas, 2009
Topic: Asset Building Hubs: Bridging the Financial Mainstream Gap

CPPP William P. Hobby Policy Conference, Austin, Texas, 2008
Topic: The Role of State Policy and Advocacy in Building Assets and Wealth

Barbara Jordon Forum, Austin, Texas, 2007
Topic: The Great Divide: Wealth and Poverty

RAISE Texas Asset Building Summit, Dallas, Texas, 2006
Topic: Statewide Expansion of Individual Development Accounts and Matched Savings Programs

National Conference on Rural Housing, Washington D.C., 2004
Topic: Marketing and Recruitment Strategies for Individual Development Account Programs

National IDA Learning Conference, New Orleans, Louisiana, 2004
Topic: Preparing for Project Closeout: The Express Individual Development Account Program

Texas IDA Network Conference, Austin, Texas, 2004
Topic: Statewide Individual Development Account Initiatives

EDUCATION, CERTIFICATIONS AND SKILLS

Master of Science in Organizational Leadership and Ethics, Anticipated graduation date 2011
St. Edward's University – Austin, Texas

Non-Profit Leadership Program for Emerging Leaders, 2007
Bank of America

Certified Volunteer Income Tax Preparer for VITA Program, 2005 – 2009
Internal Revenue Service

Certification of Professional Recognition in Homebuyer Education and Training, 2004
NeighborWorks

English as a Second Language Teacher Certification, 2003
State of Texas

Secondary Biology Teaching Certification
State of Pennsylvania (1999), State of Texas (2001)

Bachelor's Degree in Biology, 1999
Lycoming College – Williamsport, Pennsylvania

Oral and written proficiency in Spanish

ATTACHMENT 16: Supportive Service Budget

Supportive Service Budget
Homestead Apartments

Sources	**Year 1**	**Year 2**	**Year 3**	
Foundations and Corporations	$65,000	$67,000	$69,000	
TOTAL SOURCES	**$65,000**	**$67,000**	**$69,000**	
Uses				**Notes**
Case Manager for the CHI Program	$33,000	$33,990	$35,010	one full-time position
Adult Education Coordinator	$18,000	$18,540	$19,096	one part-time position
Taxes and Benefits	$10,200	$10,506	$10,821	20% of salary
Supplies/Printing	$1,000	$1,030	$1,061	for client meetings and classes
Training/Travel/Mileage	$1,000	$1,030	$1,061	professional education
Direct Aid to Clients	$1,500	$1,545	$1,591	Bus passes, work search expenses, etc.
TOTAL	**$64,700**	**$66,641**	**$68,640**	

ATTACHMENT 17: MOU with Nonprofit

MEMORANDUM OF UNDERSTANDING
Between
GOODWILL INDUSTRIES OF CENTRAL TEXAS
and
FOUNDATION COMMUNITIES

The following Memorandum of Understanding (MOU) sets forth the terms of agreement between Goodwill Industries of Central Texas and Saint Louise House regarding the implementation of the Ready to Work Plus

I. *Purpose of MOU*

It is the purpose of this MOU to establish a cooperative and mutually beneficial relationship between the parties and set forth the relative responsibilities of the parties insofar as they relate to the provision of employment, training, and housing services.

Goodwill Industries of Central Texas (GICT) is the lead agency applying under the City of Austin's RFP #WDJ0004 for Self-Sufficiency Continuum for Social Service Contracts Saint Louise House agrees to partner with Goodwill Industries of Central Texas in the manner and methods outlined below in the event that GICT's application is selected for funding. In the event that GICT's application is not selected for funding, this MOU is void.

II. *Duration of MOU*

This Agreement shall become effective when GICT receives official notification from the City of Austin's Health and Human Services (HHSD) and Purchasing Departments that the *Ready to Work Plus* contract has been approved and funded under the Self-Sufficiency Continuum for Social Service Contracts Request for Proposal (RFP) process. The agreement shall remain effective for one year from the date of contract approval and can be renewed based on additional funding. Should either party wish to terminate the agreement, sixty (60) days written notice must be given to the other party.

III. *Project Description:* *Ready to Work Plus*

Goodwill Industries of Central Texas and its partners will offer eligible participants the opportunity to achieve self-sufficiency through job-related services and leveraging housing stability services from community partners. The Ready to Work Plus program will transition Austin residents out of poverty and increase self-sufficiency through employment, training, and housing services geared to meet the individual needs of the participant. The Ready to Work Plus program builds on the demonstrated success of the existing Ready to Work program funded by the City of Austin, Travis County, and United Way, which offers employment-related services. Leveraging the resources and expertise of partners, the Ready to Work Plus program expands services to more effectively assist participants with improving their outcomes long-term through work, education, training, and housing. Services will be embedded in the community serving people through GICT Job Help Centers and by co-locating Placement Specialists/Case Managers in local nonprofits which have experienced a great need for employment –related services among the populations they serve.

IV. *General Provisions*

It is understood by the parties that each should be able to fulfill its responsibilities under this MOU in accordance with the provisions of laws and regulations, which govern their activities. If at any time either party is unable to perform its functions under this MOU consistent with such party's statutory and regulatory mandates, the affected party will immediately provide written notice to the other to establish a date for mutual resolution of the conflict.

V. *Responsibilities of the Parties Under Agreement*

In consideration of the mutual aims and desires of the parties to this MOU, and in recognition of the public benefits to be derived from the implementation of the programs involved, the parties agree that their responsibilities under this MOU will be as follows:

a. **Goodwill Industries of Central Texas will:**
    1. Serve as the fiscal and programmatic agent for the administration of the City of Austin funds.
    2. Meet all contract requirements and reporting obligations set forth by the City of Austin.
    3. Hire/assign, train, and supervise Placement Specialists to be located at the partner agency, depending on funds awarded.
    4. The following job-related services will be provided to eligible participants based on client need:
        a. Client Assessment/Individual Job Placement Plan
        b. Job Readiness Training
        c. Occupational Skills Training
        d. Technology Skills Training
        e. Financial Literacy
        f. Job Placement/Job Search Assistance
        g. Job Coaching
        h. Case Management
        i. Retention Services
        j. Work Support Services/Work Incentives
    5. Manage a data management tracking system for client and outcome tracking purposes.
    6. Offer a coordinated Employer Database to be utilized in client job placement activities.
    7. Coordinate quarterly meetings with partners of the Ready to Work Plus program to ensure outcomes and goals are being achieved.

b. **Foundation Communities will:**
    1. Appoint a designated primary point of contact to assume responsibility for coordination with GICT staff on programmatic and fiscal needs.
    2. Make available office/meeting space for GICT staff and clients to engage in employment-related services.
    3. Make client referrals as appropriate, and refer clients to other partner agencies as appropriate to ensure that clients receive services that most effectively meet their needs.
    4. Maintain primary case management responsibilities for each client that is referred to the Ready to Work Plus program.
    5. Attend quarterly meetings with GICT Project Coordinator and other key staff to ensure the success of partnership and program outcomes.

VI. *Equal Opportunity*

Both parties agree to:

1. Comply with Title VI of the Civil Rights Act of 1964 (PL 88.352) and in accordance with Title VI of that act, no person in the United States will on the grounds of race, color, or national origin, be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the delivery of services.
2. Comply with Section 504 of the Rehabilitation Act of 1973, as amended, (29 U.S.C. 794), which prohibits discrimination on the basis of handicap.
3. Comply with the requirements of the Americans with Disabilities Act of 1990, PL 101-336, 101 Congress 2nd Session, 104STAT.327 (July 26, 1990).

VII. *Amendment or Cancellation of MOU*

Both GICT and the Partner reserve the right to modify the terms of the agreement at anytime and by mutual consent of the parties. The Agreement may be cancelled by either party upon sixty (60) days written notice where the cancelation is for cause and significant breach of the provisions of this Agreement.

VIII. *Contacts*

Goodwill Industries of Central Texas
Michael Willard
Sr. Vice President of Mission Services
1015 Norwood Park Blvd
Austin, TX 78753
Michael.Willard@austingoodwill.org
Phone: (512) 637-7100

Goodwill Industries of Central Texas
Gerald L. Davis
President and Chief Executive Officer
1015 Norwood Park Blvd.
Austin, Texas 78753
Jerry.davis@austingoodwill.org
Phone: (512) 637-7156

Foundation Communities
Julian Huerta
Director of Program Services
3036 S 1st Street, Suite 200
Austin, Texas 78705
Phone: (512) 610-4013
Julian.huerta@foundcom.org

APPROVED:

The undersigned parties bind themselves in the faithful performance of this MOU. It is mutually understood that this MOU will not become effective until approved by all parties involved.

Michael Willard
Sr. Vice President of Mission Services
Goodwill Industries of Central Texas

12/5/2012
Date

Walter Moreau
Executive Director
Foundation Communities

12/5/2012
Date