

AHFC RESOLUTION NO. 040226-2

WHEREAS, the Austin Housing Finance Corporation (the "Corporation") has been duly created and organized pursuant to and in accordance with the provisions of the Texas Housing Finance Corporations Act, Chapter 394, Local Government Code, V.T.C.A., as amended (the "Act"), for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices at which they can afford; and

WHEREAS, pursuant to law, and particularly the Act and/or other applicable laws, the Issuer and/or an entity legally acting for and on behalf of the Corporation (either or both being hereinafter called, for convenience of reference, the "Issuer") is or are authorized to provide for the acquisition and construction of multifamily housing projects, and to provide for the issuance of revenue bonds for such purpose; and

WHEREAS, as hereinafter used the term "Borrower" shall mean InterPort Apartments, L.P., a to-be-formed Texas limited partnership, with InterPort Development, L.L.C., a to-be-formed Texas limited liability company, having as its sole managing member SGI Ventures, Inc., its general partner, and

SGI Ventures, Inc., a Texas corporation, as the sponsor, and/or one of its subsidiary, affiliate or related corporations or entities; and

WHEREAS, the Borrower has advised the Issuer that it is considering proceeding with the acquisition, construction, and/or improvement of a multi-family project described in **Exhibit A**, attached hereto and incorporated herein for all purposes (the "Project") within the City of Austin, Texas, and the boundaries of the Issuer; and

WHEREAS, the Borrower has advised the Issuer that a contributing factor which would further induce the Borrower to proceed with providing for the acquisition, construction and/or improvement of the Project would be a commitment and agreement by the Issuer to issue revenue bonds pursuant to the Act (the "Bonds") to finance and pay for the Project, subject to final approval by the Issuer following a public hearing concerning the proposed development; and

WHEREAS, the Borrower has proposed to the Issuer that the Borrower will be further induced to proceed with providing for the acquisition, construction and/or improvement of the Project if the Issuer will make such commitment and agreement and adopt this Resolution; and

WHEREAS, Borrower has agreed that it will (i) pay all development cost which are not or cannot be paid or reimbursed from the proceeds of the bonds issued to provide funds to finance the Project, and (ii) at all times, indemnify, and hold harmless the Issuer against all losses, costs, damages, expenses, and liabilities of whatever nature; and

WHEREAS, all or a portion of the expenditures relating to the Project (the "Expenditures") have been paid within 60 days prior to the passage of this Resolution or will be paid on or after the passage of this Resolution; and

WHEREAS, in the event the Project currently does not have a zoning classification which would authorize the Project to be constructed and occupied, the Borrower understands that approval of this Resolution does not subject the City of Austin to any requirement to approve a change in the current zoning classification which would allow the construction or occupancy of the Project; and

WHEREAS, the Issuer reasonably expects (based upon information supplied by the Borrower, upon which it is reasonable and prudent for the Issuer to rely) to reimburse the Borrower or persons acting on its behalf for the Expenditures with the proceeds of the Bonds; and

WHEREAS, the Issuer finds, intends, and declares that this Resolution shall, in accordance with its provisions, constitute the commitment and agreement of the Issuer to issue the Bonds in such aggregate principal amount, now estimated not to exceed \$15,000,000, as is actually required to finance and pay for the acquisition, construction and/or improvement of the Project; and

WHEREAS, the Issuer finds, considers, and declares that the issuance of the Bonds in such amount and for such purpose will be appropriate and consistent with the objectives of the Act, and that the adoption of this Resolution subject to its terms and conditions is and constitutes, and is intended as, (i) an inducement to the Borrower to proceed with providing for the acquisition, construction and/or improvement of the Project, (ii) the taking of affirmative official action by the Issuer, acting by and through its Board of Directors, towards the issuance of the Bonds, and that such action is, and is intended to be, similar to the adoption of a bond resolution, within the meaning of Section 1.103-8(a)(5) of the Federal Treasury Regulations and (iii) the declaration of the intention of the Issuer, in accordance with the provisions of Section 1.150-2 of the Federal Treasury Regulations, to reimburse the Expenditures for the Project at such time as the Bonds are issued; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AUSTIN
HOUSING FINANCE CORPORATION:**

Section 1. The Issuer is committed and agrees as follows:

(a) To adopt a bond resolution or bond resolutions prepared by its Bond Counsel, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, when requested by the Borrower, authorizing the issuance of Bonds pursuant to the Act, and to issue the Bonds, subject to this Resolution, the requirements of the Act, the execution of the appropriate agreements or contracts described in (d), below, and the sale of the Bonds under terms and conditions satisfactory to the Issuer and the Borrower, to finance and pay for the acquisition, construction and/or improvement of the Project, including amounts sufficient to pay the fees, expenses, and costs in connection with such issuance, including an amount adequate to reimburse the Issuer for its administrative and overhead expenses and costs with respect to the Bonds and the Project, with the Bonds to be payable from payments by the Borrower to the Issuer and/or to a corporate trustee in such sums as are necessary to pay the principal of, interest on, and

redemption premium, if any, together with the paying agents' and trustee's fees on, the Bonds, as and when the same shall become due and payable.

(b) To conduct a public hearing in accordance with the Tax Equity and Fiscal Responsibility Act to determine the advisability and need for the Project.

(c) Based on the public hearing described in (b) above, to determine whether to proceed with final action to approve the Bonds.

(d) Prior to the issuance of the Bonds and subject to this Resolution, when requested by the Borrower, to enter into such loan agreement, installment sale agreement, lease, and/or any other appropriate contracts or agreements between the Issuer and the Borrower as are mutually acceptable in all respects to the Issuer and the Borrower, under which the Borrower will be obligated to make payments to the Issuer and/or to a corporate trustee in such sums as are necessary to pay the principal of, interest on, and redemption premium, if any, together with the Issuer's, paying agents' and trustee's fees on the Bonds, as and when the same shall become due and payable, and with such payments also to be sufficient to defray the Issuer's administrative, overhead, and other expenses and costs with respect to the Bonds and the Project.

(e) To take, or cause to be taken, such other action, and to execute such additional contracts and agreements mutually agreeable to the parties in all respects, when requested by the Borrower as may be required in accordance with the Act and this Resolution to cause the issuance of the Bonds and to obtain an allocation of state volume cap for the Bonds.

Section 2. With respect to this inducement resolution and because the Borrower will have to comply with federal and State of Texas rent control requirements in the event the Borrower is awarded Low Income Housing Tax Credits, the Issuer, to the extent the Borrower is awarded Low Income Housing Tax Credits and complies with such requirements, waives its Affordable Rent requirements set forth in the Issuer's Rules.

Section 3. The adoption of this Resolution shall be deemed to constitute the acceptance of the Borrower's proposal that it be further induced to proceed with providing for the acquisition, construction and/or improvement of the Project, and said proposal and acceptance shall constitute an agreement between the Issuer and the Borrower in accordance with and subject to the provisions of this Resolution.

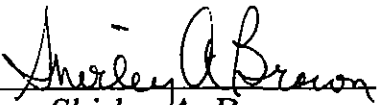
Section 4. Prior to the Issuer taking any action described in Section 1(c) of this Resolution and before Issuer shall issue any Bonds, Borrower shall obtain from the City of Austin zoning approval with respect to this Project which fully authorizes construction and occupancy of the Project without further variance.

Section 5. Notwithstanding anything to the contrary, nothing contained in this Resolution shall be interpreted as to bind the Issuer to issue any bonds. The Issuer shall have the authority, without cause, to not issue bonds.

Section 6. The Issuer reasonably expects (based upon information supplied by the Borrower, upon which it is reasonable and prudent for the Issuer to rely) to reimburse the Expenditures with the proceeds of the Bonds.

ADOPTED: February 26, 2004

ATTEST:


Shirley A. Brown
Secretary