

Oct 26 2018

AUSTIN HOUSING FINANCE CORPORATION
Application for Financing for Homeownership Projects NHCD / AHFC

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 2016-17 Action Plan goals and policy direction from the Austin City Council.

Project Name: Mueller Townhomes Development

Project Address: 2600-2620 Philomena Zip Code 78723

City Council District Number: 9 Census Tract Number: 12420-48-453-0003.06

Total # units in project: 11 Total # units to be assisted with AHFC Funding: 11

Project type: Acquisition Rehabilitation Acquisition & Rehabilitation New construction

Amount of funds requested: \$555,476 Terms Requested: 0%, forgivable

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).

Austin Habitat for Humanity, Inc. Name

500 W Ben White Blvd Street Address

Austin Texas, 78704 512-472-8788 City State, Zip Telephone #

Andy Alarcón 512-472-8788 x247 aalarcon@austinhabitat.org Contact Person Contact Telephone # E-mail address

603218900 74-2373217 DUNS Number (Required) Federal Tax ID Number

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.

Austin Habitat for Humanity, Inc. Legal Name of Developer/Entity

Phyllis Snodgrass Signature of Authorized Officer

10/4/2018 Date

Phyllis Snodgrass, Chief Executive Officer Title

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

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

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

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

3. Project Description – Provide a brief project description that addresses items "A" through "G" below.

- a. Indicate the location by providing an area map with the property highlighted.

The project site is located in Northeast Austin in the Mueller neighborhood on Philomena Street near the intersection of Philomena Street and Berkman Drive. This development is not within a Neighborhood Plan. See attached area map.

- b. Summarize the key financials of the project, clearly indicating total project cost, the amount and intended use of all AHFC funds requested, the amount(s) and provider(s) of other funding and the status of those commitments.

Austin Habitat is requesting \$555,476 to construct 11 townhomes in the Mueller neighborhood. The total project budget is \$2,216,165. Secured funding includes Austin Habitat for Humanity (\$1,100,000), which is the amount we will receive at closing (\$100,000/home). Other secured funding includes Wells Fargo (\$120,000), Bank of America (\$100,000), and individual donations from a special event (\$340,689).

- c. Indicate the type of structure(s) (i.e., single-family detached, etc.), the number of units, the number of bedrooms and bathrooms in each type or style of unit, and the size of the units in square feet.

Austin Habitat is requesting funds to build 11 townhomes in the Mueller neighborhood. We anticipate building nine 3-bedroom/2.5-bath homes (1395 square feet) and two 4-bedroom/2.5-bath homes (1519 square feet).

- d. Indicate the expected sales price for each type or style of unit.

The expected sales price for the 3-bedroom home is \$170,000. The expected sales price for the 4-bedroom home is \$185,000.

- e. List the income levels of proposed homebuyers expressed in terms of the percent of Median Family Income for the Austin-Round Rock MSA.

Austin Habitat serves individuals and families earning less than 80% of the Median Family Income based on the City of Austin's HOME & CDBG Program Income Limits chart.

- f. If there are existing structures, provide documentation from the taxing authority or other third-party source indicating the year the structure was built.

There are no existing structures on the property. The lots are vacant and in a legally platted subdivision.

- g. Demonstrate the development's compatibility with current Neighborhood Plan (if applicable).

The subject development is not in a Neighborhood Plan Area, and is in an area where there are other townhomes. The Mueller neighborhood, formerly the home of Austin's airport, is being redeveloped into a mixed-use development to include homeownership and rental opportunities,

transit, office space, retail, restaurants, grocery stores, entertainment, and greenspace to provide a high quality of life for its residents.

Please attach the following to the description of the above items.

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

Austin Habitat's Mueller Townhomes Development is located in a moderate-opportunity ranking area according to the 2012 opportunity map. See attached opportunity map.

4. Site Control and Demonstration of Value

Include evidence of site control such as a warranty deed or a current, receipted earnest, and provide a real estate appraisal that is no older than six months and that uses 3 or more comparables, or current tax documentation that substantiates the value of the project.

5. 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. If the project is approved for funding, appropriate zoning must be in place prior to execution of loan documents.

6. S.M.A.R.T. Housing™

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

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

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

- a. **Project Management:** With 435 single-family homes constructed, AHFH has several years of project management experience. Collectively our staff brings experience that include all phases of housing development including site acquisition, land development, design, and construction. In 2015, Austin Habitat built our first ever two-story homes in the Montopolis neighborhood. In 2018, Austin Habitat partnered with Guadalupe Neighborhood Development Corporation to build 4 two-story, Net-Zero ready homes in the Guadalupe-Saldaña development. This experience, plus our history of building 435 single-family homes, has prepared Austin Habitat to build our first-ever townhomes in the Mueller neighborhood.
- b. **Market Analysis:** With a focus toward affordable housing, our staff has experience in identifying housing demand and capacity for families that earn 60 to 80 percent of the median family income. AHFH established an intake process for prospective families to enter our program. Many have been qualified through our housing counseling and have gone through underwriting to determine their ability to pay a mortgage, and remain on a waiting list.
- c. **Site Selection and Control:** Over the years AHFH has acquired finished lots and raw land that were developed for single-family housing development.
- d. **Planning and Construction:** AHFH has experience with the City's Land Development Code, and has the capacity to navigate a housing development project through the entitlement and permitting process. Our organization also employs full-time personnel dedicated to housing construction, including coordinating a core group of experienced volunteers that consistently work on the houses we build.
- e. **Design, Architecture and Engineering:** We currently have working relationships with a variety of professionals including architects and engineers who provide design services as needed to complete our housing development projects. For this development, we are working with Michael Hsu Office of Architecture to design the 11 Mueller Townhomes. We also employ an in-house registered architect who coordinates with construction staff issues related to design, permitting, and onsite field inquiries.

- f. **Legal and Accounting:** AHFH employs the services of legal counsel as needed. They provide assistance in areas of land acquisition and coordinate title closings for our house selling transactions. Our accountant's provide the necessary services essential to our operation and performs an annual audit that reflects the overall financial position of the organization. We also have on staff a Chief Financial Officer (CFO) and bookkeeping staff that monitor our operating transactions and construction spending activities.
- g. **Federal Funding Rules:** Austin Habitat employs several personnel that have experience in federal funding programs including CDBG, HOME, and NSP. We have a dedicated grants manager with federal program and contract administration experience. Over the years, AHFH has received funding from these sources for pre-development, infrastructure, housing development, and construction.

	Development Team Name(s) and Contact Information	MBE? (Mark X if Yes)	WBE? (Mark X if Yes)	Non-profit? (Mark X if yes)
Owner	Austin Habitat for Humanity, Inc.			X
Developer	City of Austin/Catellus (Master Developer)			
Architect	Michael Hsu Office of Architecture	X		
Engineer	Stantec			
Construction Lender	TBD			
Other Lenders				
Attorney	Hancock McGill Bleau			
Accountant	PMB Helin Donovan, LLP			
General Contractor	Austin Habitat for Humanity, Inc.			X
Consultant (if Applicable)				
Other:	TBG Partners (Landscape Architects)			
Other:	MJ Structures (Structural Engineers)			

8. **Development Schedule.** Complete the grid below. Re-order the steps according to the appropriate sequence for your project, and add in any other significant steps integral to your project's development. If the development schedule differs across several properties to be involved in the project, provide a development schedule for each property. Please be as precise as possible, narrowing dates by 15 day intervals.

	DATE(S)
Acquisition and/or holding	
Issue RFP/RFQ	3/20-4/20/18
Review Proposals & Qualifications	4/23-4/27/18
Interview/Select Architect	4/30-5/11/18
Design 11 Row Houses	5/14-10/26/18
Building Permits 11 Row Houses	10/29-12/7/18
Pour Foundations 4 Row Houses	12/10-1/4/19
Raise Walls 4 Row Houses	2/7-5/11/19
Pour Foundations 3 Row Houses	2/26-3/25/19
Raise Walls 3 Row Houses	4/7-7/8/19
Pour Foundations 4 Row Houses	7/9-8/5/19
Raise Walls 4 Row Houses	9/12-11/26/19

9. **Developer Capacity.** Provide narrative information on recent, similar, and successful experience in affordable housing development. Narrative should include information about experience from project conception, execution, and completion. Include experience using multiple fund sources, marketing and sale of homes, and previous working history with the Austin Housing Finance Corporation.

Austin Habitat is an experienced homebuilder that has built 435 new homes since 1985. This experience contributes to our capacity as a developer including project conception, execution, and completion, as well as using multiple funding sources, marketing, and sale of homes. Recent and ongoing projects include the following:

Address	Number of Units	New or Rehab	Type of Property	Year Completed
Heritage Village	13	New	SF	2004
Frontier at Montana	30	New	SF	2008
Devonshire Village	43	New	SF	2013
Meadow Lake	25	New	SF	2011
Sendero Hills	49	New	SF	2013
Gilbert Lane	31	New	SF	2015
Lee Meadows	11	New	SF, 2-story	2016
Magin Meadow	16	New	SF	2017
Guadalupe-Saldaña	4	New	SF, 2-story	2018
Scenic Point	67	New	SF	<i>In Progress</i>

Austin Habitat for Humanity's approach to housing development begins with acquisition of finished vacant residential ready-to-build lots, but we do have experience developing subdivisions and we retain the services of a civil engineer to assist us with design. Austin Habitat also has a diversified funding portfolio, and staff has experience in working with funding from a variety of sources including public, private, and government. Austin Habitat has worked with the Austin Housing Finance Corporation for multiple developments.

- 10. Detailed Project Budget** - Use the following table, or comparable format, to provide a complete project budget. Add line-items as necessary to detail the specific funding being requested. Delineate all prior and currently requested A&D funding by individual line item.

DETAILED PROJECT BUDGET				
	Total Project Cost	Prior A&D Funds Used in Project	A&D Funds Being Requested	Description
PREDEVELOPMENT				
Appraisal				
Environmental Review				
Engineering				
Survey				
Architectural				
TOTAL PREDEVELOPMENT				
ACQUISITION				
Site and/or Land	330,000			11 lots at \$30,000 each
Structures				
Other (specify)				
TOTAL ACQUISITION	\$330,000			
CONSTRUCTION				
Administrative Permit	22,000		5,060	
Site Prep/Toilets/Scaffolding	55,000		12,650	
Foundation:				
Labor	33,000		7,590	
Material	60,500		13,915	
Framing:				

Material	202,087		46,480	
Labor	127,402		29,302	
Fasteners/Nails/Screws	7,700		1,771	
Roofing	109,830		25,261	
Windows/Ext Doors	39,540		9,094	
Masonry	36,300		8,349	
Underpinning	5,500		1,265	
Electrical	127,402		29,302	
Plumbing	180,125		41,429	
HVAC	103,681		23,847	
Insulation	51,491		11,843	
Float/Drywall/Texture	101,046		23,241	
Painting	70,290		16,167	
Driveway/Sidewalk	60,500		13,915	
Cabinets	34,100		7,843	
Countertops	31,900		7,337	
Interior Trim (doors & trim)	39,540		9,094	
Flooring:				
Stained Concrete (Turnkey)	11,787		2,711	
Wood Material	47,355		10,892	
Wood Labor	25,421		5,847	
Door Knobs and Hardware	9,653		2,220	
Ceramic Tile	24,134		5,551	
Utilities	6,105		1,404	
Trash	11,000		2,530	
Landscaping	55,000		12,650	
Project Total	1,669,173			Construction of 11 units
Contingency	50,075			
TOTAL CONSTRUCTION	\$1,719,248			
SOFT & CARRYING COSTS				
Legal				
Audit/Accounting				
Title/Recording				
Architectural (Inspections)				
Construction Interest				
Construction Period Insurance				
Construction Period Taxes				
Relocation				
Marketing				
Davis-Bacon Monitoring				
Other: Project Manager/ Developer Fee	166,917		166,917	Construction of 11 units
TOTAL PROJECT BUDGET	\$2,216,165		\$555,476	

11. Funds Proposal - Provide the following information to facilitate financial review of the proposed project:

- a. **Sources and Uses of Funds** - Complete Tables A & B below, 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)
	Amount	Term	Interest Rate	Evidence (Deed, Sales Contract)	
Owner Equity					
Private Financing (List Below)					
Austin Habitat for Humanity	1,100,000		0		Construction
Other Sources (List Below)					
Wells Fargo	120,000		0		Construction
Bank of America	100,000		0		Construction
Special Event Donations	340,689		0		Acquisition
Proposed AHFC Funds	555,476		0		
TOTAL	2,216,165				

TABLE B: USES OF FUNDS SUMMARY		
	Total Cost	Cost/Unit
Predevelopment	-	-
Acquisition	330,000	30,000
Hard Costs	1,719,248	156,295.27
Soft & Carrying Costs	166,917	15,174.27
Other Costs		
Total Project Costs	2,216,165	201,469.54
Proposed AHFC Funds	555,476	50,497.82

- 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 AHFC FUNDS	555,173
TOTAL OTHER FUNDS	1,660,689
LEVERAGE % - AHFC FUNDS	25%

TABLE D: AFFORDABILITY DATA

	House Model One	House Model Two	House Model Three	House Model Four
Number of Bedrooms	3	4		
Square Footage	1395	1519		
Anticipated Sale Price	170,000	185,000		
Borrower Contribution	3,000	3,000		
Homebuyer Subsidy (List all sources separately)				
AHFH soft 2nd	50,000	50,000		
Total Principal Amount of Mortgage	120,000	135,000		
Anticipated Interest Rate	4.5	4.5		
Monthly Principal Amount	333	375		
Monthly Interest	276	308		
Estimated Monthly Taxes	325	355		
Estimated Monthly Insurance	92	100		
TOTAL Estimated PITI	1,026	1,138		

- 13. Partnership with Non-profit entities.** Include commitments from other non-profit organizations or a City of Austin-certified Community Housing Development Organization (CHDO) to partner on the project in some way.

Austin Habitat for Humanity does not have any plans to partner with other non-profit organizations or CHDO's for this project.

- 14. Good Neighbor Policy.** Please refer to the City's Good Neighbor Guidelines and demonstrate compliance with the Good Neighbor Policy by completing the Good Neighbor Checklist and providing the documentation requested.

See attached Good Neighbor Checklist.

ATTENTION:

Please submit with the Application a completed "self-evaluation" using the following Scoring Criteria.



**Scoring Criteria
Acquisition & Development Program**

REQUIRED INFORMATION:

1. Applicant Information	<u> X </u>		
2a. Non-profit List of Items or	<u> X </u>	9. Developer Capacity	<u> X </u>
2b. For-profit List of Items		10. Project Budget	<u> X </u>
3. Project Description	<u> X </u>	11. Funds Proposal:	
4. Site Control/Value	<u> X </u>	a. Sources	<u> X </u>
5. Zoning	<u> X </u>	b. Uses	<u> X </u>
6. S.M.A.R.T. Housing	<u> X </u>	c. Leveraging	<u> X </u>
7. Development Team	<u> X </u>	12. Good Neighbor Checklist	<u> X </u>
8. Development Schedule	<u> X </u>		

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 **100** points out of a maximum score of **165** points. PLEASE NOTE: A score above the minimum score does not guarantee funding.

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

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

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

- 10 points:** All sources and uses of funds are clearly indicated and sufficient evidences 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. **LEVERAGE** (maximum 10 points) 10

AHFC funding relative to Total Project Costs equals:

- 10 points:** 25% or less
- 8 points:** 26% - 30%
- 6 points:** 31% - 35%
- 4 points:** 36% - 50%
- 2 points:** 51% - 54%
- 0 points:** 55% or greater

4. **AFFORDABLE UNITS** (maximum 25 points)

25

If the development has a mix of units at different income levels, 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 Affordable Units in Project (only include units for 80% MFI or below)										
% of MFI	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
80%	0	5	7	10	12	15	17	20	22	25
65%	5	7	10	12	15	17	20	22	25	
60%	7	10	12	15	17	20	22	25		
50%	10	12	15	17	20	22	25			
30%	12	15	17	20	22	25				

5. **AVERAGE INVESTMENT PER UNIT** (maximum 20 points)

6

	<u>Single-Unit Structures</u>	<u>Multi-Unit Structures</u>
10 points	<\$40,000/unit	<\$25,000/unit
8 points	<\$50,000/unit	<\$30,000/unit
6 points	<\$60,000/unit	<\$40,000/unit
4 points	<\$70,000/unit	<\$50,000/unit
2 points	<\$80,000/unit	<\$60,000/unit
0 points	>\$80,000/unit	>\$60,000/unit

6. **AFFORDABILITY PERIOD** (maximum 25 points)

20

25 Points: Affordability of project is for 99-years or project is in a Community Land Trust.

20 Points: Affordability period of less than 99 years but enforced through "re-sale" provisions, i.e., home must be re-sold to low- to moderate-income buyer during the affordability period.

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

10

10 points: Housing is
 located in a Vertical Mixed-Use (VMU) Corridor, or
 a Planned-Unit Development (PUD), or
 located within a Transit-Oriented Development (TOD) area, or
 located 0.25 miles (1,320 feet) or less from a transit stop

8. **ACCESSIBILITY AND HOUSING FOR PERSONS WITH DISABILITIES** (20 points)

20

20 points: Applicant has a program in place to facilitate ownership opportunities for persons with disabilities, or has an existing written agreement with an organization (non-profit or for-profit) specifically to help facilitate ownership opportunities for persons with disabilities.

9. **GEOGRAPHIC DISPERSION** (maximum 25 points)

15

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

25 points: Very High
20 points: High
15 points: Moderate

10 points: Low
5 points: Very Low

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

New construction

2 points each; maximum 10 points

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

Acquisition and Rehab

2 points each; maximum 10 points

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

Acquisition of Completed Units

2.5 points each (round up to nearest whole number); 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.
- Closing on the acquisition of the property can be achieved in less than 30 days.

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

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

TOTAL SCORE 146

Property Profile

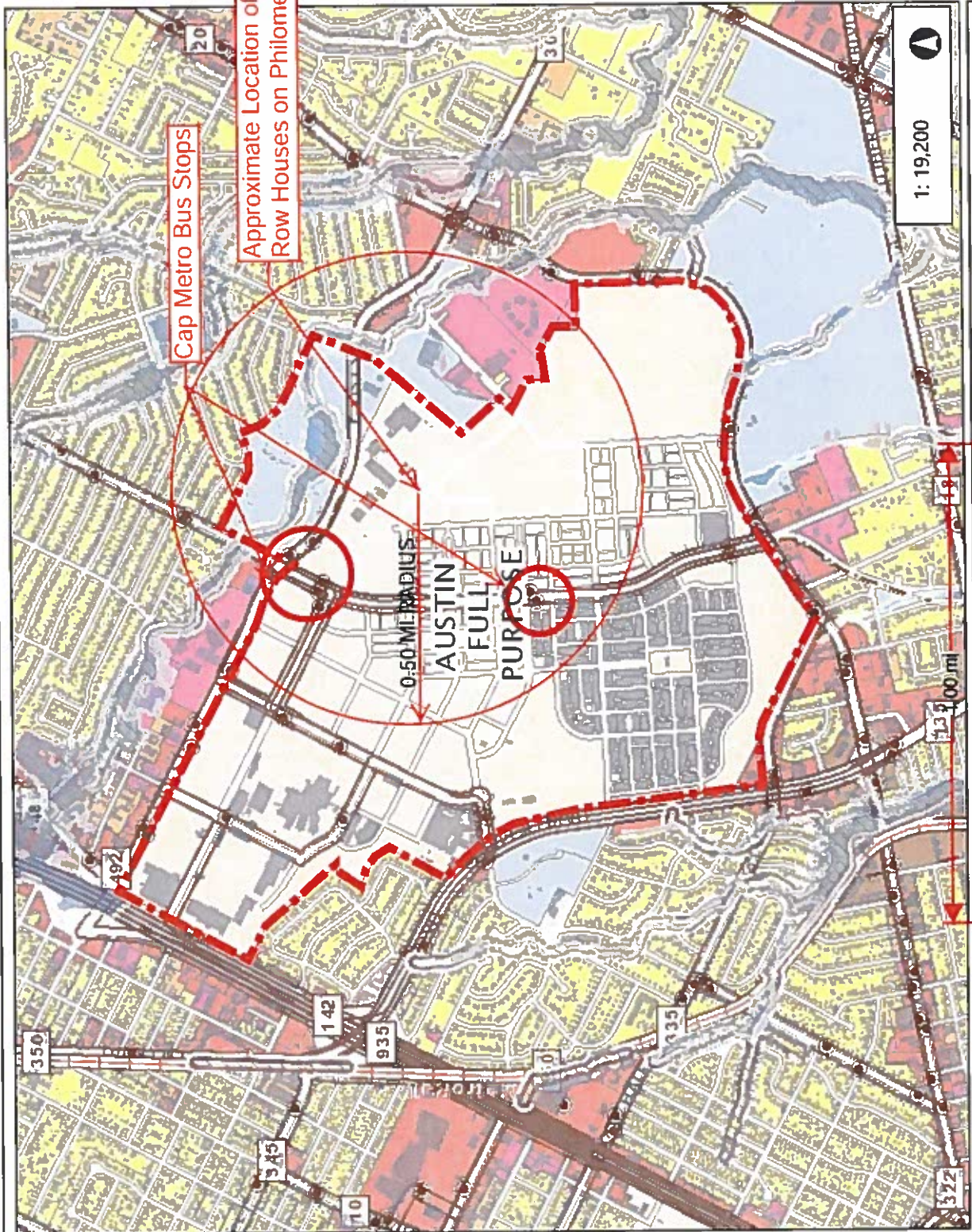


Legend

- Jurisdiction**
- FULL PURPOSE
 - LIMITED PURPOSE
 - EXTRATERRITORIAL JURISDICTION
 - 2 MILE ETJ AGRICULTURAL AGR
 - OTHER CITY LIMITS
 - OTHER CITIES ETJ
- Building Footprints 2012**
- Greater Austin Fully Developed
 - Greater Austin Fully Developed 25-Year
 - COA Fully Developed 100-Year
 - COA Fully Developed 100-Year
 - COA Master Plan 25-Year
 - COA Master Plan 100-Year
 - 100-Year (Detailed-AE)
 - 100-Year (Shallow-AO, AH)
 - 100-Year (Approx-A)
- Greater Austin FEMA Floodplains**
- 100 Year (Detailed-AE)
 - 100 Year (Shallow-AO)
 - 100 Year (Approx-A)
 - X Protected by Levee
 - 500 Year
- Creek Buffers/Waterway Setbacks**
- Critical Water Quality Zone
 - Water Quality Transition Zone
- Erosion Hazard Zone Review**
- Biological Resource Buffer
 - Capital Metro Rail Route
 - Capital Metro Bus Stops
 - Capital Metro Bus Routes
 - Urban Trail Network
- 7 miles

Notes

Mueller Austin



1:19,200

0.6 Miles

0.30

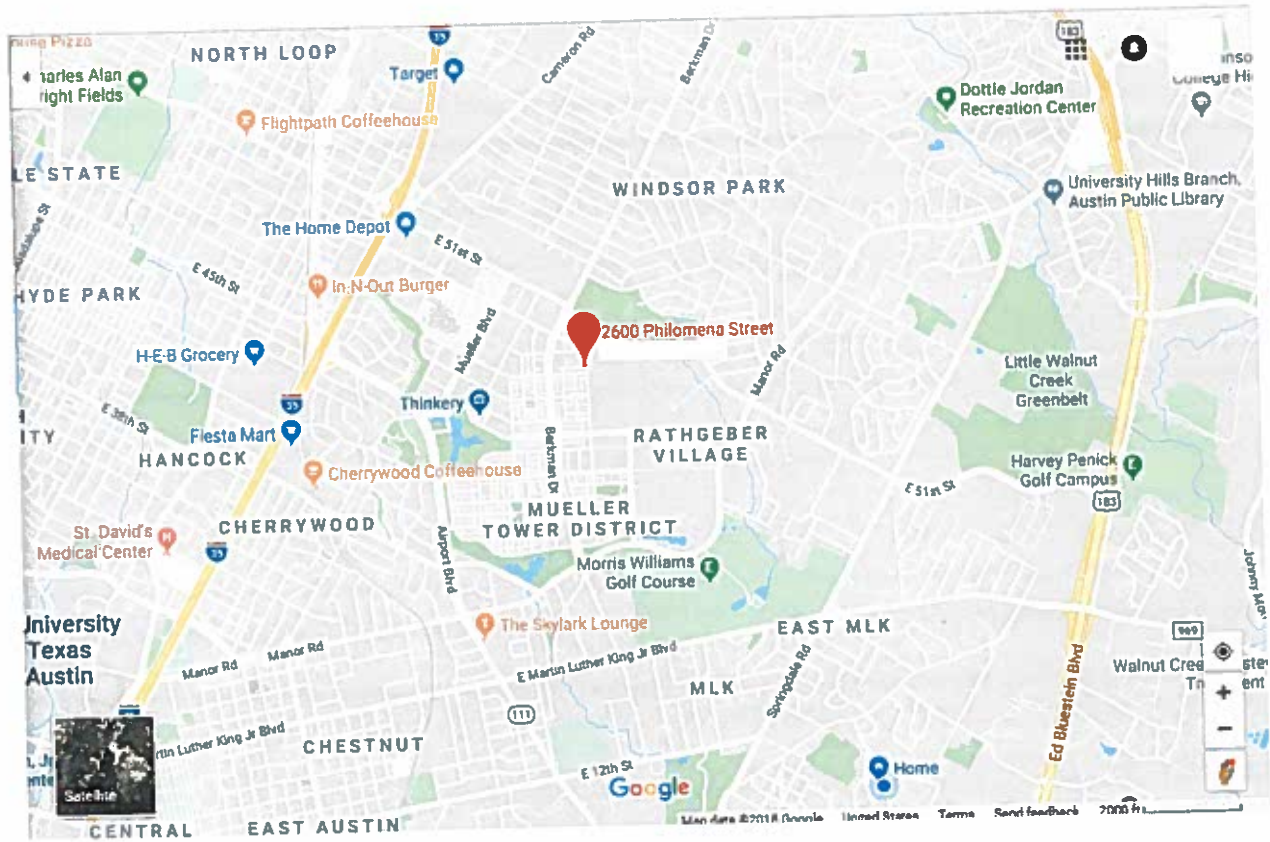
0.15

0.075

0.0375

0.01875

This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey. This product has been produced by the City of Austin for the sole purpose of geographic reference. No warranty is made by the City of Austin regarding specific accuracy or completeness.

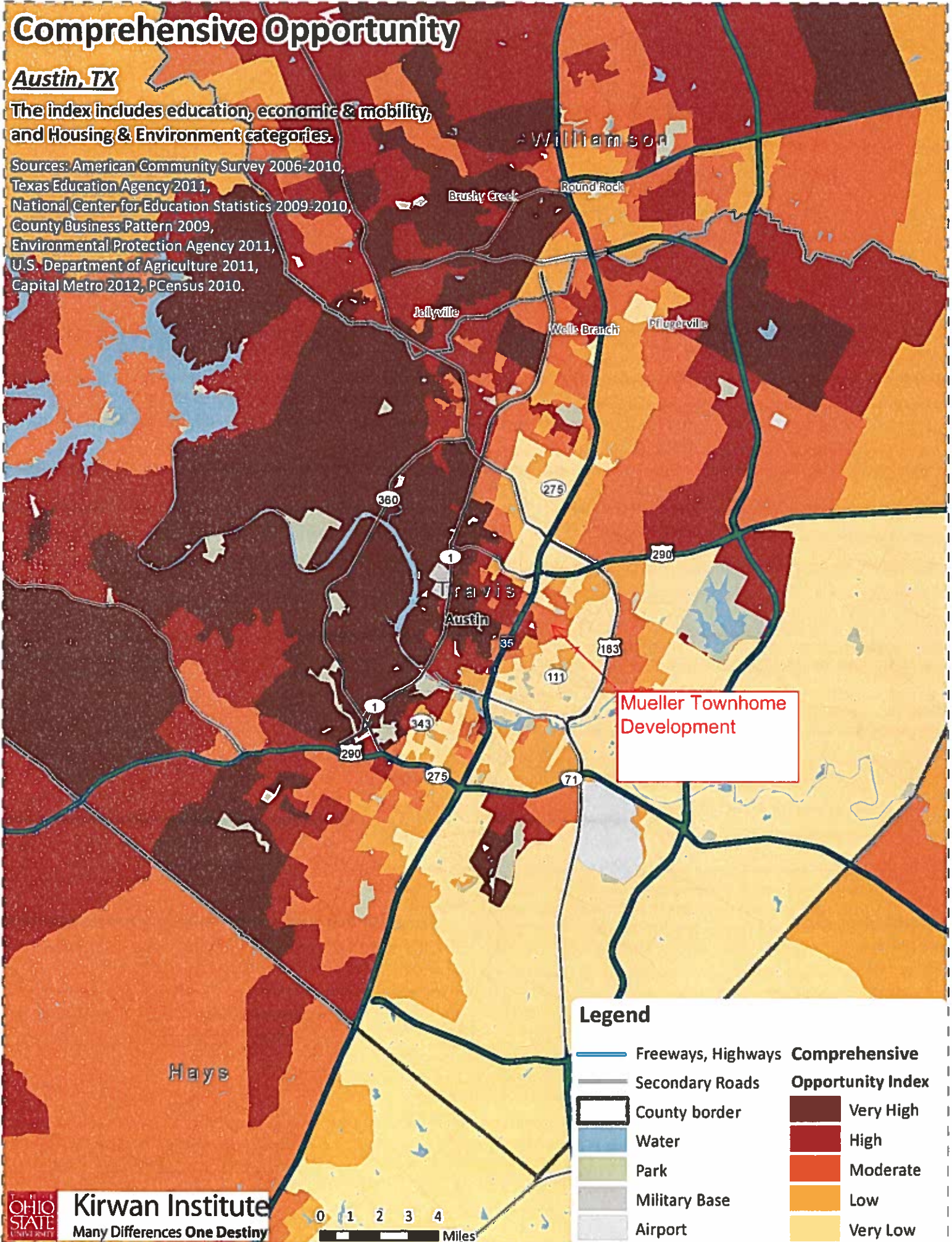


Comprehensive Opportunity

Austin, TX

The index includes education, economic & mobility, and Housing & Environment categories.

Sources: American Community Survey 2006-2010, Texas Education Agency 2011, National Center for Education Statistics 2009-2010, County Business Pattern 2009, Environmental Protection Agency 2011, U.S. Department of Agriculture 2011, Capital Metro 2012, PCensus 2010.



Mueller Townhome Development

Legend

- | | | | |
|--|--------------------|--|-----------|
| | Freeways, Highways | Comprehensive Opportunity Index | |
| | Secondary Roads | | Very High |
| | County border | | High |
| | Water | | Moderate |
| | Park | | Low |
| | Military Base | | Very Low |
| | Airport | | |

CITY OF AUSTIN - ZONING VERIFICATION LETTER

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

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

Party Requesting Verification

Name: Austin Habitat for Humanity
Mailing Address:
500 W Ben White Blvd
Austin, TX, 78704

Tax Parcel Identification Number

Agency: TCAD
Parcel ID: 899625, 899626, 899628, 899629

Zoning Classification(s)

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

PUD

Zoning Case Number(s)

Look up case info at https://www.austintexas.gov/devreview/a_queryfolder_permits.jsp

C814-04-0055, C814-04-0055.02

Zoning Ordinance Number(s)

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

040826-61, 20090423-087

For Address Verification visit:

<http://austintexas.gov/addressverification>

To access zoning ordinance documentation visit:

<http://austintexas.gov/edims/search.cfm>


To access zoning overlay documentation (Land Development Code Chapter 25-2 Division 6) visit:

<http://austintexas.gov/department/austin-city-code-land-development-code>

<http://austintexas.gov/department/zoning>

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

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



10/25/2018

899625-899
629

CITY OF AUSTIN - ZONING VERIFICATION LETTER

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

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

Party Requesting Verification

Name: Austin Habitat for Humanity
Mailing Address:
500 W Ben White Blvd
Austin, TX, 78704

Tax Parcel Identification Number

Agency: TCAD
Parcel ID: 899630, 899631, 899632, 899633, 899634, 899635, 899636

Zoning Classification(s)

Find definitions at http://www.austintexas.gov/page/zoning_districts

PUD

Zoning Case Number(s)

Look up case info at https://www.austintexas.gov/devreview/a_queryfolder_permits.jsp

C814-04-0055, C814-04-0055.02

Zoning Ordinance Number(s)

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

040826-61, 20090423-087

For Address Verification visit:

<http://austintexas.gov/addressverification>

To access zoning ordinance documentation visit:

<http://austintexas.gov/edims/search.cfm>

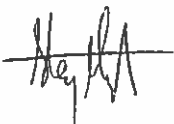
To access zoning overlay documentation (Land Development Code Chapter 25-2 Division 6) visit:

<http://austintexas.gov/department/austin-city-code-land-development-code>

<http://austintexas.gov/department/zoning>

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

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



10/25/2018

899630-899
636



City of Austin

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

Neighborhood Housing and Community Development Department

October 22, 2018

S.M.A.R.T. Housing Certification

Mueller Redevelopment: Austin Habitat for Humanity – Section 10B (Project ID - See Attachment 1)

TO WHOM IT MAY CONCERN:

Austin Habitat for Humanity (development contact: Andy Alarcon, 512-472-8788 x 247 (o); aaaron@austinhabitat.org) is planning to develop 11 single-family units in Mueller Section 10B, Subdivision, Mueller Row Houses. The addresses are 2600, 2602, 2604, 2606, 2608, 2610, 2612, 2614, 2616, 2618 and 2620 Philomena Street, Austin TX 78723. These 11 units will be sold to households at or below 80% Median Family Income (MFI) and at a minimum, will have a one year affordability requirement, funding may require a longer affordability period.

Since the 100% (11) of the units will serve households with incomes at or below 80% MFI, the development will be eligible for a 100% waiver of all fees listed in the City of Austin's Land Development Code, Chapter 25-1-704, as amended. The expected fee waivers include, but are not limited to, the following fees:

Capital Recovery Fees
Building Permit
Concrete Permit
Electrical Permit
Mechanical Permit
Plumbing Permit

Site Plan Review
Misc. Site Plan Fee
Building Plan Review
Construction Inspection
Subdivision Plan Review
Misc. Subdivision Fee

Zoning Verification
Demolition Permit Fee
Land Status Determination
Board of Adjustment Fee
Parkland Dedication (by
separate ordinance)

Prior to Issuance of building permits and starting construction, the developer must:

- ◆ Obtain a signed Conditional Approval from the Austin Energy Green Building Program stating that the plans and specifications for the proposed development meet the criteria for a Green Building Rating. (Austin Energy: Contact Austin Energy Green Building: 512-482-5300 or greenbuilding@austinenergy.com).
- ◆ Submit plans demonstrating compliance with the required accessibility or visitability standards.

Before a Certificate of Occupancy will be granted, the development must:

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

The applicant must demonstrate compliance with S.M.A.R.T. Housing standards after the completion of the units, by submitting a report that documents the SMART Housing Income requirements were met or repay the City of Austin in full the fees waived for this S.M.A.R.T. Housing certification.

Please contact me by phone 512.974.3128 or by email at Sandra.harkins@austintexas.gov if you need additional information.

Sincerely,

Sandra Harkins, Project Coordinator
Neighborhood Housing and Community Development

ATTACHMENT 1– SMART Housing Project ID List

Cc: Rosa Gonzales, AE
Mashell Smith, ORS

Jonathan Orenstein, AWU

Melanie Montez, ORS

Austin Habitat for Humanity - Section 10B - RMMA

	Street Address	SMART Housing Project ID Nos
1	2600 Philomena Street, Austin TX 78723	347-5477
2	2602 Philomena Street, Austin TX 78723	347-5476
3	2604 Philomena Street, Austin TX 78723	347-5478
4	2606 Philomena Street, Austin TX 78723	347-5479
5	2608 Philomena Street, Austin TX 78723	347-5480
6	2610 Philomena Street, Austin TX 78723	347-5481
7	2612 Philomena Street, Austin TX 78723	347-5482
8	2614 Philomena Street, Austin TX 78723	347-5483
9	2616 Philomena Street, Austin TX 78723	347-5484
10	2618 Philomena Street, Austin TX 78723	347-5485
11	2620 Philomena Street, Austin TX 78723	347-5486

AGREEMENT TO SELL AND PURCHASE

by and between

**CATELLUS AUSTIN, LLC,
a Delaware limited liability company**

("Seller")

and

**AUSTIN HABITAT FOR HUMANITY, INC.,
a Texas non-profit corporation**

("Buyer")

**Mueller Single Family Residential
Section 10 B**

10.5	Survival.....	33
ARTICLE XI	CONDEMNATION.....	33
11.1	Condemnation	33
ARTICLE XII	BUYER'S OBLIGATION TO CLOSE	34
12.1	Conditions	34
12.2	Buyer's Termination Option.....	34
ARTICLE XIII	SELLER'S OBLIGATION TO CLOSE	35
13.1	Conditions	35
13.2	Seller's Termination Option.....	35
ARTICLE XIV	CLOSING	36
14.1	Closing.....	36
14.2	Closing Costs	37
14.3	Taxes and Assessments	37
ARTICLE XV	DEFAULTS AND REMEDIES	37
15.1	Seller Default.....	37
15.2	Buyer Default.....	37
15.3	Effect of Termination	38
15.4	Exercise of Specific Performance	38
15.5	Seller's Cumulative Remedies	38
ARTICLE XVI	REAL ESTATE COMMISSIONS	38
16.1	Indemnity.....	38
ARTICLE XVII	NOTICE	38
17.1	Notice	38
ARTICLE XVIII	CONFIDENTIALITY/PUBLIC COMMUNICATION	39
18.1	Confidentiality/Public Communication.....	39
ARTICLE XIX	LIMITATION ON SELLER'S LIABILITY	40
19.1	Limitation on Seller's Liability	40
19.2	Limitation on Affiliate/Representative Liability.....	40
ARTICLE XX	MISCELLANEOUS.....	41
20.1	Attorneys' Fees and Legal Expenses.....	41
20.2	Assignment.....	41
20.3	Survival of Right of Action	41
20.4	Section Headings	41
20.5	Modification	41
20.6	Applicability	41
20.7	Benefit	41
20.8	Time; Days	42
20.9	Gender and Number.....	42
20.10	Severability.....	42
20.11	Counterparts.....	42
20.12	Holidays.....	42
20.13	Exhibits, Addenda, Schedules	42
20.14	Rule of Construction Inapplicable	42
20.15	Contract as Offer	42

AGREEMENT TO SELL AND PURCHASE
(MUELLER SECTION 10 B)

This Agreement to Sell and Purchase (this "Agreement") made to be effective as of the Effective Date (as defined herein), by and between CATELLUS AUSTIN, LLC, a Delaware limited liability company, its successors and assigns ("Seller"), and AUSTIN HABITAT FOR HUMANITY, INC., a Texas non-profit corporation ("Buyer").

RECITALS:

A. The City of Austin, a Texas home rule city and municipal corporation ("City"), and Seller, as master developer (hereinafter in such capacity only referred to as "Master Developer"), entered into a Master Development Agreement (as amended, the "MDA") dated effective December 2, 2004 for the redevelopment of certain City property described therein as Robert Mueller Municipal Airport ("Mueller Property").

B. Under the terms of the MDA, City and Master Developer have agreed that parties wishing to purchase and develop portions of the Mueller Property must negotiate directly with Seller, subject to certain limited exceptions, and that tracts of the Mueller Property to be developed will be conveyed by City to Seller or one of its Affiliates.

C. Buyer is a homebuilder and desires to purchase the portion(s) of the Mueller Property defined herein as the "Property", and which Property has been or is to be developed into single family residential lots for the purpose of building residential dwellings thereon and selling them to the public.

NOW, THEREFORE, in consideration of Ten and No/100 Dollars (\$10.00) and the mutual covenants and agreements hereinafter set forth, and intending to be legally bound hereby, it is hereby agreed as follows.

ARTICLE I
DEFINITIONS

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

Acceptance Letters as defined in Exhibit E-1.

Actual Sale Price of Residence means the gross amount stated in the contract between Buyer and its purchaser for the sale of a Lot and the Residence constructed thereon, including premiums and upgrades and all other consideration of all types whatsoever subtracting any deductions allowed by Buyer to its purchaser for discounts and/or incentives to the sales price. Buyer will certify to Seller at the sale of any Lot and the Residence constructed thereon (i) the gross amount stated in the contract for such Residence, (ii) the gross amount of any upgrades for such Residence, (iii) the amount of any premiums received in connection therewith, (iv) the amounts of all other consideration of all types whatsoever, and (v) any discounts and/or incentives given in conjunction with the sale of such Lot and Residence constructed thereon. Additionally, Buyer will provide any and all documents and such other reasonable information as requested from Seller to support the Actual Sale Price of Residence for such Residence and Lot, including without limitation the relevant parts of the contract between Buyer and its purchaser reflecting the gross amount, the premiums, upgrades, and other consideration of all types and any list of upgrades, premiums and/or other consideration of all types showing the costs of the upgrades and the total premiums and other consideration prepared in connection therewith.

Additional Insureds as defined in Section 7.5(f) hereof.

Buyer as defined in the Preamble hereof.

Buyer Additional Parties means parties, in addition to Buyer and Buyer Parties including, without limitation, potential home purchasers from Buyer who enter upon the Mueller Property to gain access to the Property for viewing and inspection of the Property.

Buyer's Construction Contractor as defined in Section 9.2(ss) hereof

Buyer Parties as defined in Section 7.2 hereof.

Buyer's Submissions means any plans and specifications for the Residences and any other improvements to be constructed on the Lots and all other matters relating to Buyer's development of the Lots and the construction of improvements (including the Residences) thereon as required by the Design Guidelines, including, without limitation, the Preliminary Design Submission, the Final Design Submission, the new Construction Document Submission, the Final Plat, the Zoning Ordinance and Applicable Laws, and the submissions for the Certificate of Compliance.

CERCLA as defined in Section 8.4(b) hereof.

Certificate of Compliance means a certificate of compliance issued by the NCC with respect to a Residence pursuant to the then current *Certificate of Compliance Application – Mueller Neighborhoods*, a copy of which Buyer acknowledges receiving, as it may be amended from time to time by the NCC.

City as defined in Recital A hereof.

Claims as defined in Section 7.6 hereof.

Closing as defined in Section 14.1 hereof.

Closing Date as defined in Section 14.1 hereof.

Closure means certification by the TCEQ that no further action is required to address environmental conditions in the form of a final or conditional certificate (or certificates) of completion (appropriate as to the anticipated use of the Lots as contemplated by the Design Guidelines) under the TCEQ's Voluntary Cleanup Program.

Closure Certificate means the final certificate of completion issued by the TCEQ on May 15, 2017 (and the addenda thereto), superseded by that superseding final certificate of completion dated May 17, 2018, a copy of which Buyer acknowledges receiving.

Code means the Austin City Code, as amended from time to time.

Commence Construction, Commenced Construction and Construction Commencement each means with respect to each Residence the bona-fide pouring of the foundation for construction of such Residence.

Community Assessment Fee as defined in Section 9.2(p) hereof.

Community Covenants means the Master Community Covenant and the Mixed-Use Community Covenant, each as amended and supplemented from time to time. Seller may unilaterally amend the Community Covenants for any purpose that is consistent with the Community Covenants, without the prior written consent of Buyer, provided that so long as Buyer

Disclosure Notice as defined in Section 8.3 hereof.

Earnest Money as defined in Section 4.1(a) hereof.

Effective Date means the date that the last of Seller, Buyer and the Title Agent executes this Agreement.

Environmental Reports means the reports, correspondence, and other documents listed on Exhibit C attached hereto, which relate to the environmental condition of the Property (and other Mueller Property) and which include summaries of certain findings of Geomatrix and other consultants with respect to the environmental assessment of the Property (and other Mueller Property) and related response action, and all other reports, correspondence, and other documents in the TCEQ's files related to the Property, including the TCEQ's VCP No. 617 file in connection with TCEQ's Voluntary Cleanup Program.

Fair Market Value means the cash purchase price that a willing buyer would pay to a willing seller at the time of the sale, neither being under a compulsion to buy or sell, and both being fully aware of relevant facts, and without linking the cash price to any other consideration.

FHA means the Federal Housing Administration, including its successors.

Final Design Submission means the items specified on the then current *NCC Application for Approval: Final Design – Mueller Neighborhoods*, a copy of which Buyer acknowledges receiving, as it may be amended from time to time by the NCC.

Final Plat means the plat of Mueller Section 10 B Subdivision, a subdivision in Travis County, Texas, under Document Number 201700246 of the Official Public Records of Travis County, Texas.

Force Majeure means acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, orders of any kind of the government of the United States, the State of Texas or any other civil or military authority, insurrections, riots, epidemics, landslides, earthquakes, lightning, fires, hurricanes, storms, floods, washouts, other natural disasters, restraint of government and people, civil disturbances, explosions, or other causes not reasonably within the control of Seller. Acts or omissions of City and other Governmental Authorities are not reasonably within the control of Seller.

Foreign Person means a "foreign person" within the meaning of the Internal Revenue Code, as amended, Sections 1445 and 7701 or the regulations promulgated thereunder.

Geomatrix means AMEC Geomatrix Consultants, Inc., City's environmental consultant with respect to the Mueller Property.

Governmental Authorities means the United States, the State of Texas, the County of Travis and the City in which the Lots are located or otherwise having jurisdiction over Seller and/or Buyer and Seller's and/or Buyer's development of the Lots; any other taxing authority in which the Lots are located or otherwise having jurisdiction over Seller and/or Buyer and Seller's and/or Buyer's development of the Lots; and any agency, department, commission, board, or bureau of instrumentality of any of the foregoing, including without limitation the FHA, the VA, the Army Corps of Engineers, the Federal Emergency Management Agency, the Environmental Protection Agency, and TCEQ.

Green Building Program means the City's Austin Energy Green Building Program, as it may be amended from time to time.

The Master Community Covenant will be in addition to the site development regulations contained in the Zoning Ordinance.

Master Marketing Program means the marketing program developed by Seller for use in marketing and development of the Property. The Master Marketing Program is designed to provide a clear and consistent message integrating all facets of the master development plan of the Property. The Master Marketing Program is more fully described in Exhibit D attached hereto. Seller reserves the right to modify the Master Marketing Program in its sole and absolute discretion. Seller will provide periodic updates to Buyer of the marketing activities under the Master Marketing Program.

Master Plan means the Robert Mueller Municipal Airport Redevelopment and Reuse Plan dated July 2000, prepared by ROMA relating to the redevelopment of the Mueller Property and accepted by the Austin City Council on November 20, 2000, the elements of which have been incorporated and expanded into the MDA, the Current Zoning, the Community Covenants and the Design Guidelines, a copy of which Buyer acknowledges receiving, as amended from time to time.

MDA as defined in Recital A hereof, as it may be amended from time to time.

Media Services means any multi-channel video, high-speed data, phone, and other related services.

Mixed-Use Community Covenant means the Mixed-Use Community Covenant dated December 2, 2004 recorded as Document Number 2004238009, Official Public Records, Travis County, Texas, as affected by, among other things, Scrivener's Affidavit dated March 7, 2005 recorded as Document Number 2005039313, Official Public Records, Travis County, Texas, a copy of which Buyer acknowledges receiving, as amended and supplemented from time to time. The term "Mixed-Use Community Covenant" includes any supplemental community covenant approved by City and Seller to further implement the design principles of the Master Plan.

Mueller Foundation means Mueller Foundation, a Texas nonprofit corporation.

Mueller Master Association as defined in Section 9.2(a) hereof.

Mueller Mixed-Use Association as defined in Section 9.2(a) hereof.

Mueller Property as defined in Recital A hereof.

NCC means the New Construction Council created under the Master Community Covenant.

NCC Review/Inspection Fee as defined in Section 9.2(e) hereof.

Objection Period as defined in Section 6.1 hereof.

Owner means the then owner or owners of the Lots at the time any determination is made hereunder.

Permitted Encumbrances mean (a) general real estate taxes on a Lot for the year of Closing for such Lot, if any (which are not yet payable and delinquent); (b) the Community Covenants; (c) the Repurchase Right; (d) the Design Guidelines; (e) the Green Building Program Restrictions; (f) the Declaration of Restrictive Covenants, Mueller Community Fee dated March 17, 2006, recorded under Document No. 2008050355 of the Official Public Records, Travis

Residence means a residential dwelling unit, including garage, carriage house (if any), and other improvements to be constructed on a Lot. Each Residence to be constructed on the Lots will be an Affordable Unit.

ROMA means ROMA Design Group, Inc., its successors and permitted assigns.

Section 10 B means the portion of the Land designated as Section 10 B of the Lot Plan, which designation for the Section 10 B area may be increased or decreased from time to time by Seller. It is estimated that Substantial Completion will occur for Section 10 B within eleven (11) months after the Effective Date of this Agreement.

Seller as defined in the Preamble hereof.

Seller's Actual Knowledge, or similar language, means the actual, current, conscious knowledge as of the Effective Date of Ken Blaker and Carl Paulson, each of whom is an employee of Seller or an Affiliate of Seller, without any duty of inquiry or investigation of any kind or nature whatsoever, and does not include constructive, imputed or inquiry knowledge. Any statements made by Ken Blaker and Carl Paulson are made in each such individual's capacity as an employee of Seller or an Affiliate of Seller and not in his individual capacity. Buyer acknowledges that neither Ken Blaker nor Carl Paulson is personally liable for any statements made in this Agreement regarding the Mueller Property or the Property.

Substantial Completion means that the Substantial Completion Requirements have been satisfied in all material respects as evidenced by a letter or other certification from Seller's engineer of record stating that the improvements necessary to deliver the Lots in accordance with the specifications set forth in Exhibit E-1 hereto have been completed.

Substantial Completion Requirements as defined in Exhibit E-1.

Survey as defined in Section 5.1(a) hereof.

TCEQ means the Texas Commission on Environmental Quality, including its successors.

Technology Master Plan means the Mueller Residential Technology Guidelines prepared by Seller, a copy of which Buyer acknowledges receiving, and as it may be amended from time to time.

TIRZ means a tax increment reinvestment zone created under Chapter 311, Texas Tax Code and covering the Mueller Property (including the Property).

Title Agent as defined in Section 4.1(a) hereof.

Title Binder means (a) a Commitment for Title Insurance issued by Title Company, committing to issue to Buyer an owner's title policy for the Property in the aggregate amount of the prices set forth in Schedule 1.1 for all Lots (excluding any interest, if any, under Schedule 1.1, the Marketing Fee, the Amenity Fee and the Water Quality/Detention Fee for the Lots); and, (b) legible copies of all documents referred to as exceptions to title in each such Commitment for Title Insurance.

Title Company as defined in Section 4.1(a) hereof.

Title Policy as defined in Section 6.2 hereof.

Traffic and Sales Report as defined in Section 9.2(m) hereof.

ARTICLE III
PURCHASE PRICE, SETTLEMENT STATEMENTS AND HOMEBUILDER FEES

3.1 Purchase Price. Payment of the Purchase Price shall be paid by Buyer to Seller in cash at the Closing.

3.2 Settlement Statements.

(a) Delivery of Settlement Statements. Buyer agrees to deliver to Seller all information pertaining to Actual Sale Price of Residence (including a copy of the HUD-1 or similar settlement/closing statement) within three (3) business days after the closing and funding of each sale of a Residence, which Buyer will certify to Seller as being true, correct, accurate and complete in all material respects.

3.3 Homebuilder Fees.

(a) Marketing Fee. The Marketing Fee is paid to implement and maintain the Master Marketing Program and Seller shall have control of the Master Marketing Program and all costs expended as part thereof. In connection with the Master Marketing Program, Buyer will pay Seller in cash at the Closing, a marketing fee ("Marketing Fee") in the amount of \$1,000.00 for each Lot purchased at the Closing.

(b) Water Quality/Detention Fee. In connection with and to help offset the cost of the regional water quality/detention facilities for the Mueller Property that will benefit the Property, Buyer will pay Seller in cash at the Closing, a fee of Seven Hundred Eighty-Eight and No/100 Dollars (\$788.00) ("Water Quality/Detention Fee") for each Lot purchased at the Closing.

(c) Amenity Fee. Buyer will pay Seller in cash at the Closing, a fee of One Thousand Five Hundred and No/100 Dollars (\$1,500.00) ("Amenity Fee") for each Lot purchased at the Closing.

(d) Water/Root Barrier Payment. Buyer will pay to Seller in cash at the Closing the installation costs for the Water/Root Barrier that will benefit the Land for the phase that the Water/Root Barrier installation work was performed in based on the total amount of linear feet for the Lots in such phase as indicated by the Final Plat in an amount ("Water/Root Barrier Payment") equal to the product of twenty-five dollars (\$25.00) multiplied by the linear feet of all the Lots in such phase based on the linear feet of all the lots in the phase. The linear feet for each Lot shall be calculated based on the footage of such Lot that is adjacent to public rights-of-way (excluding any alleys) and open spaces, parks and other common areas. *As an example, if a Lot is a corner lot with its four sides being adjacent to (1) X street (150 feet), (2) Y street (50 feet), (3) alley (150 feet); and (4) open space ((50 feet), the linear feet for such Lot would be 250 feet.*

ARTICLE IV
EARNEST MONEY AND INDEPENDENT CONTRACT CONSIDERATION

4.1 Earnest Money.

(a) Within three (3) days after the Effective Date, Buyer will deliver good funds in the amount of Twenty Seven Thousand Five Hundred and 00/100 Dollars (\$27,500.00) ("Deposit") to Heritage Title Company of Austin, Inc. at 401 Congress Avenue, Suite 1500, Austin, Texas 78701, Attention: Amy Love Fisher, telephone number (512) 505-5047, facsimile transmission number (512) 505-5024, email address afisher@heritage-title.com ("Title Agent"), as title agent on behalf of First American Title Insurance Company ("Title Company"). The Deposit, together

(b) any exceptions appear in any of the Title Binders (other than the Permitted Encumbrances, the standard printed exceptions and exceptions that were in any Title Binder previously provided to Buyer pursuant to this Agreement and not objected to) to be furnished by Seller pursuant to Section 5.1(b) that are unacceptable to Buyer, Buyer will, within (i) ten (10) days after receipt of the last of the Survey (provided that the Survey is obtained within the 10-day period set forth in Section 5.1(a) above), the initial Title Binder or the exception documents and (ii) seven (7) days after any subsequent Title Binder, as applicable, notify Seller in writing of such fact and the specific items to which Buyer objects and the reasons therefor (the "Objection Period"), in which event Seller will have twenty (20) days after the expiration of the applicable Objection Period to cure or notify City to cure such objections or provide Buyer with written notice that such matter will be cured prior to and as a condition of Closing (the "Cure Period"). Seller shall have no obligation to cure any title objections except monetary liens or security interests securing monetary obligations that are voluntarily granted against Seller and/or Seller's interest in the Property (the "Mandatory Cure Matters"). Seller may cause the Title Company to remove, insure around or over any of the Mandatory Cure Matters by bonding around or posting sufficient security required by the Title Company for the payment of such Mandatory Cure Matters. Upon the expiration of the applicable Cure Period, Buyer will be deemed to have accepted such Title Binder and all matters shown or listed thereon (except for the matters that are the subject of a notification permitted above or Mandatory Cure Matters) and such matters will be included in the term "Permitted Encumbrances" as used herein. For clarification, other than Buyer's right to initially object, Buyer has no right to object to matters reflected on any Title Binder if such matter was reflected on any prior Title Binder. Notwithstanding anything to the contrary contained herein, Seller will have no obligation to bring any action or proceeding or otherwise to incur any expense whatsoever to eliminate or modify any such unacceptable matters other than the Mandatory Cure Matters. If Seller is unable or unwilling to eliminate or modify such unacceptable matters to the reasonable satisfaction of Buyer within the Cure Period for any reason whatsoever (including City's failure or refusal to cure any such items), Buyer may on or before the date that is seven (7) days following the expiration of the applicable Cure Period (as its sole and exclusive remedy) terminate this Agreement by notice in writing to Seller, or, if Buyer does not so terminate this Agreement, Buyer will accept such title to the affected Lots as Seller can deliver without any reduction in the Purchase Price. In the event of such termination, the Earnest Money and the Compliance Deposit will be returned to Buyer and the parties will have no further rights or obligations hereunder except for those that expressly survive termination.

6.2 Title Policy. At the Closing, Seller, at Seller's sole cost and expense, will cause a standard Form T-1 Texas Owner Policy of Title Insurance ("Title Policy") to be furnished to Buyer for the Lots. The Title Policy will be issued by the Title Agent, on behalf of the Title Company in the amount of the aggregate price set forth in Schedule 1.1 (excluding the sum of any interest, if any, under Schedule 1.1, the Marketing Fee, the Amenity Fee and the Water Quality/Detention Fee) for the Lots and will insure that Buyer has good and indefeasible fee simple title to the Lots, subject only to the Permitted Encumbrances. If Buyer requires (i) the survey exception to be amended to read "shortages in area" only or (ii) any endorsements or any other modifications or amendments to the Title Policy, Buyer will be responsible for any additional premiums, costs or fees associated therewith and Seller will have no liability therefor.

ARTICLE VII INSPECTION PERIOD, INSURANCE AND INDEMNITY

7.1 Inspection Period. Buyer will have until 5:00 P.M. Austin, Texas time on the thirtieth (30th) day after the Effective Date ("Inspection Period") within which to make the inspections referred to in Section 7.2. If, within the Inspection Period, Buyer determines that Buyer desires to terminate this Agreement, Buyer may give Written Notice of that fact to Seller, whereupon this Agreement will terminate and Buyer will receive a refund of the Earnest Money from the Title Agent and of the Compliance Deposit from Seller, provided Buyer is not in default under this Agreement. Absent Buyer's timely (by 5:00 p.m. Austin, Texas time on the date specified above in this Section 7.1) Written Notice to Seller of Buyer's election to so terminate this Agreement as aforesaid, then, and in such event (a) the Earnest Money will

7.4 Studies, Tests and Other Information. In undertaking any inspection hereunder, Buyer will treat, and will cause any of the Buyer's Parties to treat, all information as strictly confidential. Further, if Buyer refuses or is unable to close on the Lots under this Agreement, for any reason whatsoever other than Seller's default (provided Buyer is not also in default hereunder), any and all studies or tests, including, but without limitation, soil tests, topographical information, structural tests, engineering studies or other similar preliminary work, will be delivered promptly to Seller and thereafter become the sole property of Seller. Prior to the Effective Date, Seller has delivered to Buyer, and Buyer hereby acknowledges receipt of, Seller's files and records listed on Exhibit G hereto (which excludes files and records that are proprietary in nature or are otherwise confidential pursuant to and in connection with the MDA) concerning the Property. **SELLER HEREBY MAKES NO, AND SPECIFICALLY DISCLAIMS ANY, REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE WHATSOEVER CONCERNING THE ITEMS DELIVERED TO BUYER UNDER THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THE CONTENT, COMPLETENESS OR ACCURACY OF ANY OF THEM, INCLUDING, WITHOUT LIMITATION, ANY ENVIRONMENTAL ASSESSMENTS, REPORTS OR SURVEYS AND SELLER WILL HAVE NO LIABILITY OR RESPONSIBILITY THEREFOR WHATSOEVER.** Buyer acknowledges that the Environmental Reports were prepared by City consultants. Moreover, Buyer understands and acknowledges that in order to rely to any extent on these assessments, reports or surveys, Buyer may need to obtain the consent of, or reliance letters from, the consultants who prepared the assessments, reports or surveys. Seller will have no obligation to obtain those consents or reliance letters for Buyer. Buyer agrees that the obligations of Seller in connection with the sale and purchase of the Property will be governed by this Agreement irrespective of the contents of any such disclosures or the timing of delivery thereof. Buyer agrees to rely solely upon its own independent review concerning matters contained in such files and/or records listed on Exhibit G hereto.

Buyer agrees that Buyer (a) has not, and will not, disclose any information gained by its review of the files and records listed on Exhibit G hereto to any third parties except as expressly permitted herein, (b) has and will continue to use information only in connection with this Agreement, and (c) has and will continue to take all measures necessary to safeguard information in order to preserve its confidentiality. Buyer agrees that any photocopies of any material contained in such files and/or records is for Buyer's sole use and, without limiting Buyer's covenants contained in the preceding sentence, Buyer agrees that it has not, and will not, make such copies available to any third parties except as expressly provided in Section 18.1 hereof and then as limited thereby.

Buyer acknowledges and agrees that Seller has disclosed that Seller may have records or files in other locations concerning properties owned by, or previously owned by Seller, its Affiliates or predecessors-in-interest, which files may or may not include information concerning the Property. Buyer understands that Seller has not, and will not, undertake to determine whether any of such other files and/or records contain information concerning the Property, and Seller will not make such other files and records available to Buyer for its review. Buyer acknowledges and agrees that (a) it is reasonable for Seller to limit Buyer's review to the files and records listed on Exhibit G attached hereto and delivered to Buyer as provided in this Section 7.4 hereof, (b) Seller has no obligation to make its general files available for Buyer's review, and (c) subject only to the express, limited covenants, representations and warranties of Seller contained in this Agreement, Buyer has, and will continue to, rely solely on its own investigation of the Property in making its decision to purchase the Property.

7.5 Insurance. Buyer and the Buyer Parties will carry and maintain throughout the term of this Agreement and, as appropriate, during any construction on the Lots the following insurance policies:

(a) Workers' Compensation and Employers' Liability Insurance coverage with limits consistent with benefits as required by federal statute and those outlined in the Texas Workers' Compensation Act (Art. 401) and minimum policy limits for employers liability of One Million Dollars (\$1,000,000.00) bodily injury for each accident, One Million Dollars (\$1,000,000.00) bodily injury by disease policy limit and One Million Dollars (\$1,000,000.00) bodily injury by disease

Parties fail to maintain any Insurance required in this Agreement, Buyer will be liable for all losses and costs suffered or incurred by Seller, City and any other Indemnified Parties (including litigation costs and attorneys' fees and expenses) resulting from any such failure.

7.6 Indemnification. Buyer hereby protects, indemnifies, defends (with counsel acceptable to Seller) and holds Seller and City, and their respective parent companies, subsidiaries and Affiliates and the respective shareholders, members, partners, directors, officers and agents of all those entities (collectively, "Indemnified Parties"), and the Property harmless from and against any loss, damage, injury, claim, action, cause of action, debts, demands, liabilities (INCLUDING, WITHOUT LIMITATION, ANY STRICT LIABILITY OF ANY INDEMNIFIED PARTY UNDER APPLICABLE ENVIRONMENTAL LAWS OR OTHERWISE), obligations, costs and expenses ("Claims") the Indemnified Parties may suffer or incur as a result of the use of, or the presence, or activities of Buyer or any of the Buyer Parties and Buyer Additional Parties on or related (directly or indirectly) in any way to, the Property, including, without limitation (a) any and all reasonable attorneys' fees incurred by the Indemnified Parties as a result of any and all Claims relating to such matters; (b) any mechanics' or materialmen's liens imposed against all or any portion of the Property by a party claiming to be performing an inspection or audit or any other work on Buyer's behalf during the term of this Agreement; (c) any unrepaired damage to the Property caused by the acts or omissions of Buyer, the Buyer Parties and/or the Buyer Additional Parties; (d) any noncompliance by Buyer, Buyer Parties or Buyer Additional Parties with any term or provision of this Agreement other than resulting from Seller's default; (e) the presence, suspected presence, release or suspected release of any Hazardous Material in or into the air, soil, surface water or groundwater at, on, about, near, under or within the Property or any portion thereof caused or contributed to by Buyer or any of the Buyer Parties or Buyer Additional Parties, or (f) any injury to person (including death) or loss of or damage or injury to any property or improvements caused by the acts or omissions of Buyer, Buyer Parties and/or Buyer Additional Parties. Buyer's obligations under this Section 7.6 will survive the Closing or the termination of this Agreement and will not merge with the provisions of any other document.

7.7 Full Opportunity to Inspect. Buyer acknowledges that Seller is providing Buyer with a full and complete opportunity to thoroughly inspect the Property during the Inspection Period as provided herein, including any concerns with respect to any past, current or future violation of or liability under Applicable Environmental Laws or with respect to the presence, either now or in the past, of any Hazardous Materials at, on, in, about or under the Lots. As additional consideration for the transaction contemplated by this Agreement, Buyer agrees that it will provide to Seller promptly following receipt of same by Buyer copies of any and all reports, tests or studies relative to the Property and involving, directly or indirectly, Applicable Environmental Laws or the presence or absence of Hazardous Materials at, on, in, about or under the Property. Buyer understands and acknowledges that City has performed and will perform (if any further activities are required) the activities required to obtain Closure of the Property in accordance with Applicable Laws and that Seller has no responsibility therefor.

ARTICLE VIII REPRESENTATIONS AND WARRANTIES

8.1 Representations and Warranties of Seller. Seller represents and warrants to Buyer as follows (which representations and warranties will be deemed also made by Seller to Buyer as of the Closing Date):

(a) Title. Subject to City's conveyance of the Property to Seller pursuant to the terms of the MDA, Seller will convey to Buyer good and indefeasible fee simple title to the Lots by special warranty deed, subject to the Permitted Encumbrances.

(b) Authorization. Seller is duly organized and legally existing under the laws of its state of organization. Seller is now, or will be on the Closing Date, duly qualified to do business in the State of Texas.

respect, Seller will submit written notice thereof to Buyer ("Disclosure Notice") specifying in reasonable detail such fact, matter or circumstance. The disclosure of such fact, matter or circumstance by Disclosure Notice will not be a default under this Agreement. If in the Disclosure Notice, Seller agrees to take such action as is necessary to remedy the fact, matter or circumstance disclosed in the Disclosure Notice and otherwise cause the subject representation and warranty to be true and correct as of the Closing, then Seller will be obligated to cause the representation and warranty to be true as of the Closing, and Buyer will have no right to terminate this Agreement pursuant to this Section 8.3. If Seller does not advise Buyer in the Disclosure Notice that Seller agrees to take such action as is necessary to remedy the fact, matter or circumstance disclosed in the Disclosure Notice and otherwise cause the subject representation and warranty to be true and correct as of the Closing, then Buyer will have until the date that is five (5) Business Days after the date that the Disclosure Notice is given by Seller, at its option, to terminate this Agreement by Written Notice to Seller, in which event (i) the Earnest Money and the Compliance Deposit will be returned to Buyer, and (ii) the parties will have no further rights or obligations hereunder (except those that expressly survive termination). The failure to terminate this Agreement within the period described in the preceding sentence will be deemed to be a waiver of the fact, matter or circumstance disclosed by the Disclosure Notice, in which case the subject representation and warranty will be deemed amended to include the information contained in the Disclosure Notice without an obligation to effect any cure or remedy with respect thereto.

8.4 NO OTHER REPRESENTATIONS OR WARRANTIES BY SELLER.

(a) EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN ANY EXHIBIT OR SCHEDULE ATTACHED HERETO TO THE CONTRARY, IT IS UNDERSTOOD AND AGREED THAT THE PROPERTY IS BEING SOLD AND CONVEYED HEREUNDER "AS IS," "WHERE IS" AND WITH ANY AND ALL FAULTS AND LATENT AND PATENT DEFECTS WITHOUT ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY BY SELLER. SELLER HAS NOT MADE AND DOES NOT HEREBY MAKE AND HEREBY SPECIFICALLY DISCLAIMS (EXCEPT AS EXPRESSLY SET FORTH HEREIN) ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR CHARACTER WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY (OTHER THAN SELLER'S SPECIAL WARRANTY OF TITLE CONTAINED IN THE APPLICABLE DEED), ITS CONDITION (INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY REGARDING SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE), ITS SOIL (INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY REGARDING THE FOUNDATION COSTS OR THE FOUNDATION SYSTEM NEEDED FOR THE SOIL OF THE PROPERTY), ITS COMPLIANCE WITH APPLICABLE ENVIRONMENTAL LAWS OR OTHER APPLICABLE LAWS, THE ITEMS DELIVERED TO BUYER UNDER SECTION 7.4 HEREOF OR OTHERWISE, OR ANY OTHER MATTER OR THING RELATING TO OR AFFECTING THE PROPERTY AND SELLER HEREBY DISCLAIMS AND RENOUNCES ANY OTHER REPRESENTATIONS OR WARRANTIES. BUYER FURTHER EXPRESSLY ACKNOWLEDGES AND AGREES THAT SELLER IS NOT REPRESENTING OR WARRANTING THAT ANYTHING CAN OR WILL BE ACCOMPLISHED THROUGH BUYER'S OR SELLER'S EFFORTS WITH REGARD TO THE PLANNING, PLATTING OR ZONING PROCESS OF THE CITY OR COUNTY WHERE THE PROPERTY IS LOCATED, OR ANY OTHER GOVERNMENTAL OR MUNICIPAL AUTHORITIES, BOARDS OR ENTITIES. BUYER FURTHER ACKNOWLEDGES THAT SELLER HAS NOT WARRANTED, AND DOES NOT HEREBY WARRANT, THAT THE PROPERTY NOW OR IN THE FUTURE WILL MEET OR COMPLY WITH THE REQUIREMENTS OF ANY SAFETY CODE, APPLICABLE LAW OR REGULATION OF THE STATE, CITY, COUNTY OR ANY OTHER AUTHORITY HAVING JURISDICTION OVER THE PROPERTY. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT SELLER'S COOPERATION WITH BUYER IN CONNECTION WITH BUYER'S DUE DILIGENCE REVIEW OF THE PROPERTY, WHETHER BY PROVIDING THE TITLE BINDER, THE GEOMATRIX REPORTS, AND OTHER DOCUMENTS, OR PERMITTING INSPECTION OF THE PROPERTY, WILL NOT BE CONSTRUED AS ANY WARRANTY OR

REPRESENTS THAT IT IS A KNOWLEDGEABLE PURCHASER OF REAL ESTATE SUCH AS THE PROPERTY AND THAT IT IS RELYING SOLELY ON ITS OWN EXPERTISE AND THAT OF BUYER'S CONSULTANTS. BUYER WILL CONDUCT SUCH INSPECTIONS AND INVESTIGATIONS OF THE PROPERTY AS BUYER DEEMS NECESSARY OR APPROPRIATE, INCLUDING, BUT NOT LIMITED TO, THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, THE SQUARE FOOTAGE OF THE PROPERTY, IMPROVEMENTS AND INFRASTRUCTURE, IF ANY, DEVELOPMENT RIGHTS AND EXACTIONS, EXPENSES ASSOCIATED WITH THE PROPERTY, TAXES, ASSESSMENTS, BONDS, PERMISSIBLE USES, TITLE EXCEPTIONS, WATER OR WATER RIGHTS, TOPOGRAPHY, UTILITIES, ZONING OF THE PROPERTY, SOIL CONDITIONS AND THE ADEQUACY OF THE SOIL FOR ANY PARTICULAR FOUNDATION SYSTEM, SUBSOIL, THE PURPOSES FOR WHICH THE PROPERTY IS TO BE USED, DRAINAGE, BUILDING LAWS, RULES OR REGULATIONS, HAZARDOUS MATERIALS OR ANY OTHER MATTERS AFFECTING OR RELATING TO THE PROPERTY, AND WILL RELY UPON SAME, AND, UPON THE CLOSING, WILL ASSUME THE RISK OF ANY ADVERSE MATTERS, INCLUDING, BUT NOT LIMITED TO, ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS THAT MAY NOT HAVE BEEN REVEALED BY BUYER'S INSPECTIONS AND INVESTIGATIONS. BUYER HEREBY WAIVES AND RELINQUISHES ALL RIGHTS AND PRIVILEGES ARISING OUT OF, OR WITH RESPECT OR IN RELATION TO, ANY REPRESENTATIONS, WARRANTIES OR COVENANTS, WHETHER EXPRESS OR IMPLIED, THAT MAY HAVE BEEN MADE OR GIVEN, OR THAT MAY HAVE BEEN DEEMED TO HAVE BEEN MADE OR GIVEN, BY SELLER, EXCEPT FOR THE SPECIAL WARRANTY OF TITLE CONTAINED IN THE DEED DELIVERED AT THE CLOSING. BUYER HEREBY ASSUMES ALL RISK AND LIABILITY, INCLUDING, WITHOUT LIMITATION, UNDER APPLICABLE ENVIRONMENTAL LAWS (AND AGREES THAT SELLER WILL NOT BE LIABLE, INCLUDING, WITHOUT LIMITATION, NOT STRICTLY LIABLE, FOR ANY SPECIAL, DIRECT, INDIRECT, CONSEQUENTIAL, PUNITIVE, EXEMPLARY OR OTHER DAMAGES) RESULTING OR ARISING FROM OR RELATING TO THE OWNERSHIP, USE, CONDITION, LOCATION, MAINTENANCE, REPAIR, OR OPERATION OF THE PROPERTY. THE TERMS AND CONDITIONS OF THIS SECTION WILL EXPRESSLY SURVIVE THE CLOSING, BE INCORPORATED INTO THE APPLICABLE DEED AND NOT MERGE WITH THE PROVISIONS OF ANY CLOSING DOCUMENT. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT THE PROVISIONS OF THIS SECTION ARE A MATERIAL FACTOR IN SELLER'S DETERMINATION OF THE PURCHASE PRICE FOR THE PROPERTY.

ARTICLE IX COVENANTS

9.1 Covenants of Seller. Seller covenants and agrees with Buyer that:

(a) Notification of Litigation. Between the Effective Date and the Closing Date, Seller will notify Buyer of any litigation or administrative proceeding, of which Seller has Actual Knowledge, affecting any portion of the Property.

(b) Notification of Condemnation. Between the Effective Date and the Closing Date, upon obtaining Actual Knowledge of the institution of any proceedings for the condemnation of any portion of the Property, Seller will notify Buyer of the pendency of such proceedings within a commercially reasonable time.

(c) Infrastructure. Prior to the Closing Date, Seller will demolish (or cause to be demolished) the runways and existing improvements and construct (or cause to be constructed) certain roadway and utility infrastructure on certain other of the Mueller Property for the benefit of such Lot(s) all in accordance with the MDA, but subject in all events to Force Majeure and Buyer caused delays. Such utility infrastructure includes lines for electrical, sewer, potable water,

as such term is defined in the Community Covenants. The Supplemental Covenant will include additional covenants, restrictions, conditions, limitations and/or easements affecting the Lots. Buyer acknowledges that Seller has provided a copy of the form of Supplemental Covenant to Buyer. Each Lot will be subject to the jurisdiction of the Mueller Master Community, Inc. ("Mueller Master Association") and the Mueller Mixed-Use Community, Inc. ("Mueller Mixed-Use Association"). Seller estimates that the combined annual assessments payable to the Mueller Master Association and the Mueller Mixed-Use Association will be equal to \$600.00 per unit (in accordance with the Community Covenants, each Residence is considered a unit), subject to adjustment from time to time by the Mueller Master Association and the Mueller Mixed-Use Association.

(b) Subdivision. If Seller amends the Final Plat and such amendment affects the Lots, Buyer will fully cooperate (at no cost or expense to Buyer) with Seller with respect to such amendment, subject to Section 9.1(d) herein.

(c) TIRZ. Buyer acknowledges and understands that Seller is acquiring the Mueller Property (including the Property) from City pursuant to a public procurement process and that the entire development is required to be developed according to the Master Plan and the MDA. Because of the nature of the Mueller Property as the former Robert Mueller Municipal Airport, new infrastructure for the development, both onsite and offsite, must be installed, including, without limitation, roads and streets, water lines, wastewater lines, electric lines, gas lines, telephone lines, cable lines, and stormwater lines. Additionally, the runways from the former airport must be demolished. To finance the demolition of the runways and the construction of certain of that infrastructure, Seller is dependent on ad valorem and, perhaps, other taxes and, in fact, the Mueller Property (including the Property) has been made subject to a TIRZ. Buyer acknowledges that the Property is and will be subject to the TIRZ and the Property (including all the Lots) will be subject to all ad valorem taxes imposed by any Governmental Authority. Additionally, Buyer agrees that it will fully cooperate (at no material cost or expense to Buyer) with Seller and City in the implementation and operation of the TIRZ and execute such documents and take such action as may be required by Seller or City in connection therewith.

(d) Approval of Buyer's Submissions. Buyer's Submissions will be subject to the prior review and approval of the NCC and Seller as provided in Exhibit L hereto.

(e) NCC Review/Inspection Fee. In connection with and to help offset the cost of review of Buyer's Submissions by the NCC, Buyer agrees to pay the NCC in cash (i) at the time Buyer's Submissions are delivered to the NCC, a fee in the amount established from time to time by the NCC, for such Lot or Lots for the NCC meetings regarding the (a) Preliminary Design Submission, (b) the Final Design Submission, and (c) the Construction Document Submission; and, (ii) if applicable, upon receipt of a written notice from the NCC, a fee in the amount reasonably determined by the NCC for any additional review meeting(s) ("NCC Review/Inspection Fee"). Buyer will pay the NCC Review/Inspection Fee as required by the NCC.

(f) Easements. After the Closing, Buyer will, if requested by Seller, reasonably cooperate (at no material cost or expense to Buyer) with Seller to grant (for no additional consideration) to Seller or another party designated by Seller (which may be City, a utility provider, the Mueller Master Association, the Mueller Mixed-Use Association or another owner of a portion of the Mueller Property) such easements (including air rights easements or licenses) as Seller, City, such utility provider, the Mueller Master Association, the Mueller Mixed-Use Association or other property owner may reasonably require for the benefit of the Property and/or the remainder of the Mueller Property or portion thereof as it may be developed pursuant to the Master Plan and the MDA; provided, however, Buyer will have no obligation to grant any such easement if the grant or use of such easement permitted pursuant to such grant would materially

including on the Lots. Seller, as part of the Master Marketing Program, will create and place all onsite "way finding" and directional signage.

(m) Traffic and Sales Reports. Buyer agrees that from and after the Closing until it has sold the last Lot and all Residences, it will provide to Seller, on a monthly basis, a report, substantially in the form of Exhibit I, attached hereto, setting forth, on a cumulative basis and for the previous one month period, the (i) number of visitors to the Lots, (ii) number of contracts executed for purchase of a Residence (and if applicable, a Lot), (iii) number of Residences under Construction that are then under contract, (iv) number of Residences under Construction that are not then under contract, (v) number of vacant Lots, (vi) number of Residences completed that are not then under contract, (vii) number of contracts that were terminated, (viii) cumulative number of closings including the size of Lot (if applicable), square footage of Residence and sale price for such closings and Actual Sales Price of Residence information for each Residence closed (including a copy of the HUD-1 or similar Settlement/Closing Statement, redacted to exclude any confidential or personal information of the buyer), (ix) the demographic information for the visitors to the Lots, and (x) such other information as Seller may reasonably request ("Traffic and Sales Report").

(n) Shared Use of Certain Parks. Buyer acknowledges and agrees to give an appropriate disclosure to each purchaser of a Lot and Residence stating that certain of the parks located on the Mueller Property will be open to the public as well as to the residents of the Mueller Property and that the parks located on the Mueller Property that are not open to the public may be open to non-residents of the Mueller Property on a fee basis. The parks that will be open to both the residents of the Mueller Property and the public are shown on Schedule 9.2(n) hereto. The form of such disclosure will comply with Section 9.2(hh) hereof.

(o) Resale Transfer Fee. Buyer agrees that it will give an appropriate disclosure to each purchaser of a Lot and Residence stating that upon each subsequent sale of the Lot and Residence (after the sale of the Lot from Seller to Buyer), a resale transfer fee ("Resale Transfer Fee") will be levied on the buyer of such Lot and Residence, which Resale Transfer Fee will be paid to the Mueller Master Association. The Resale Transfer Fee is intended to help defray the cost of transfer of title and interactions with the title company and buyer's lender as well as a community welcome handbook and other similar items. The form of such disclosure will comply with Section 9.2(hh) hereof. The Resale Transfer Fee will be payable in connection with the initial sale of a Residence from Buyer to a purchaser. The Resale Transfer Fee is currently \$150.00 but is subject to adjustment from time to time by the Mueller Master Association.

(p) Community Assessment Fee. Buyer agrees that it will give an appropriate disclosure to each purchaser of a Lot and Residence stating that upon each subsequent sale of the Lot and Residence (after the sale of the Lot from Seller to Buyer), a community assessment fee of .0025 (¼ of 1%) of the Actual Sale Price of Residence (but subject to adjustment from time to time by the Mueller Foundation, or its successors or assigns) ("Community Assessment Fee") will be levied on the seller, which Community Assessment Fee will be paid in accordance with the Declaration of Restrictive Covenants, Mueller Community Fee dated March 17, 2008, recorded Document No. 2008050355 of the Official Public Records, Travis County, Texas, as said declarations have been amended and/or may from time to time be amended and as assigned to the Mueller Foundation by that certain Assignment of Rights Mueller Community Fee, recorded as Document No. 2012157077 of the Official Public Records, Travis County, Texas. The purpose of the Community Assessment Fee is to promote and increase one or more of the following at the discretion of the Mueller Foundation (or its successors or assigns): the availability of quality neighborhood schools and lifelong education programs, the creation of open space and parks, the promotion of sustainable development, the availability of job training programs, and the support of affordable housing. The form of such disclosure will comply with Section 9.2(hh)

(v) Design Guidelines. Each Residence will be constructed and landscaped pursuant to and in accordance with the Design Guidelines.

(w) S.M.A.R.T. Housing™. Each Residence will be constructed pursuant to and in accordance with the S.M.A.R.T. Housing™ Policy adopted from time to time by the City Council of the City of Austin in effect from time to time. Buyer shall pay all usual and customary fees to the City necessary for the construction of each house. The City has granted certain fee waivers ("AH Contribution") based on Seller's efforts at the Mueller Property with respect to the City's S.M.A.R.T. Housing™ Policy. Accordingly, at the Closing an estimate of the AH Contribution will be paid by Buyer to Mueller Foundation, for the purpose of achieving affordable housing goals in the Mueller Property as a whole. After the Closing and continuing thereafter until the City has charged for each Lot all of the City's usual and customary fees and Buyer has reported same to Seller and Seller's designated party, Buyer will provide updated reports on a bi-weekly basis to Seller and Seller's designated party containing the actual amount of the fees charged by the City to Buyer. Once the actual amount of the AH Contribution is determined, Buyer will either (i) pay to Mueller Foundation, the positive difference between the actual AH Contribution and estimated AH Contribution or (ii) receive from the recipient thereof a refund in the amount of the excess of the estimated AH Contribution over the actual AH Contribution. Seller has the sole right to negotiate any such fee waivers on behalf of Mueller Foundation provided that if Seller requests, Buyer will fully cooperate with Seller and Mueller Foundation in connection therewith. Buyer shall not be entitled to any reimbursement or waiver of any S.M.A.R.T. Housing™ fees. In the event that the City of Austin determines that the Buyer has not complied with S.M.A.R.T. Housing™ requirements resulting in Seller or Mueller Foundation being required to reimburse any such fees then Buyer shall immediately reimburse to Seller or Mueller Foundation, as appropriate, and indemnify, hold harmless and defend Seller and Mueller Foundation and its assigns for, all such refunded fees, as well as Seller's and Mueller Foundation and its assigns' reasonable out-of-pocket costs and attorneys' fees incurred as a result of Buyer's non-compliance.

(x) Affordable Housing. The Affordable Housing Addendum is made a part of this Agreement as provided in Section 20.13 hereof, and Buyer will comply therewith in all respects.

(y) Workforce Housing. INTENTIONALLY DELETED.

(z) Visitability Ordinance. Each Residence will be constructed pursuant to and in accordance with the Visitability Ordinance that is part of the Code.

(aa) Technology Master Plan. Seller has adopted or will adopt a comprehensive Technology Master Plan to create a broadband fiber-based connected community at the Mueller Property. The Technology Master Plan combines standards-based low voltage wiring specifications, a community-wide intranet and a pure fiber broadband infrastructure to deliver world-class voice, data, video, wireless and telemetry services to all buildings, facilities and individuals in the community. Because it is important that the technology and telecommunications rights and obligations be centralized to ensure a plan and eventual infrastructure to accomplish the Technology Master Plan, Buyer agrees to install in each Residence the necessary components set forth in the specifications of Seller's residential construction pre-wire guidelines, a copy of which Buyer acknowledges receiving. Buyer acknowledges and agrees that the design of a Residence may be affected by the location of transformers that do not have sufficient clearance and may require firewalls or similar barriers in such locations.

(bb) Landscaping. For each Residence, in addition to being landscaped in compliance with the Design Guidelines, Buyer will be required to install an irrigation system and to sod and/or otherwise landscape the front and side yards, to the back of the curb, including all yard and street trees, and all shrubs or trees required by the Design Guidelines and in

Inspection Period. If Seller and Buyer have not agreed on the form and content of such disclosures by the expiration of the Inspection Period, Seller may, at its option, terminate this Agreement by written notice thereof to Buyer in which event the parties will have no further rights or obligations hereunder (except for those that expressly survive termination as provided herein). In the event of any such termination, the Earnest Money will be returned to Buyer. In addition to Buyer's disclosure form required above, Buyer shall provide to each of its purchaser's the disclosure form (as same may, from time to time, be updated, amended or otherwise revised by Seller) provided by Seller and Buyer will (i) complete such disclosure form with the specifics for the Lots, (ii) obtain the signature from each of its purchasers and (iii) keep, at all times, such executed disclosure forms in its files, copies of which are to be delivered to Seller, from time to time, upon Seller request for same.

(ll) Single Title Company. Each sale of a Residence by Buyer to a homebuyer hereunder must close through a single title company approved by Seller in Seller's reasonable discretion in order to promote efficiency in the collection and disbursements of the various fees to be paid as provided herein. Except for the possibility that the single title company may be a tenant at the Mueller Property, Seller will not have any financial interest in such title company. Seller agrees that Prosperity Title is an approved title company for purposes hereof.

(ll) Access to Lots and/or Mueller Property. Buyer will, and Buyer will cause Buyer's Parties to, access the Lots and/or Mueller Property only through the Construction Routes.

(kk) Media Services. Buyer agrees that Buyer will cooperate with the Mueller Master Association, Seller and/or Seller's Affiliates, as applicable, in connection with any agreements relating to the marketing and provisions of Media Services for the Property or the Lots. Further Buyer agrees that such cooperation may include without limitation the following (i) using at Seller's direction promotional co-branded materials provided by any operator of any such Media Services in order to market, including exclusively market, such operator's Media Services, (ii) making readily available in reasonably conspicuous locations such operator's promotional materials and sales literature to Buyer's purchasers in Buyer's offices, model homes and/or any other facilities of Buyer located on the Property, (iii) advertising pre-activated outlets and ensuring that such outlets have been activated prior to move in for Buyer's new home purchasers, and (iv) providing Residence construction status and closing schedule reports, as requested by Seller, which may be shared with any such operator.

(ll) Green Building Program. Each Residence will be constructed and landscaped pursuant to and in accordance with all the requirements of the Green Building Program to achieve at a minimum a three star rating.

(mm) Additional Certification. Buyer is encouraged to construct and landscape each Residence pursuant to and in accordance with the minimum requirements necessary for obtaining LEED® certification for single family homes or, as an alternative, pursuant to and in accordance with the requirements to the Green Building Program to achieve a four star rating.

(nn) Building Permits and Building Codes. Buyer acknowledges that it has been provided a copy of the Zoning Ordinance and the Design Guidelines, which affects Buyer's design of the product type for the Residences being built on the Lots. In connection therewith, Buyer covenants and agrees that Buyer, at Buyer's sole costs and expense, is responsible for (i) obtaining all required building permit(s) for the construction of the Residences to be constructed on each of the Lots, (ii) conforming such Residences to the Zoning Ordinance, the Design Guidelines and all applicable building code(s), and (iii) any issues related to obtaining the building permits and/or conforming the Residences to the Zoning Ordinance and applicable building code(s).

name of "Austin Habitat for Humanity", "Habitat", "Austin Habitat", or "Habitat For Humanity" and no other name whatsoever.

ARTICLE X
SPECIAL DEED PROVISIONS,
RESTRICTIVE COVENANTS OR OTHER RESTRICTIONS

10.1 Repurchase Right and Liquidated Damage Right.

(a) Reservation of Right and Option. If Buyer is in breach of any provision of this Agreement and fails to cure the breach as provided herein within fifteen (15) days following the giving of written notice by Seller of such breach (provided that no such notice and cure will be applicable after two such notices have been given by Seller), including without limitation, Section 9.2(s) hereof, then:

(i) Prior to Construction Commencement for a Lot there is reserved to Seller the preferential and exclusive right and option to repurchase such Lot(s) ("Repurchase Right") at a repurchase price equal to the lesser of (A) the then Fair Market Value of the Lots, or (B) ninety percent (90%) of the price of the subject Lots as provided in Schedule 1.1.

(ii) If Buyer has Commenced Construction of a Residence on any Lot then with respect to such Lot Seller shall have no Repurchase Right and in lieu thereof Seller will have the right ("Liquidated Damage Right") to recover from Buyer, as liquidated damages, an amount equal to twenty-five percent (25%) of the Purchase Price for each such Lot ("Liquidated Damage Payment").

(b) Exercise. If Buyer is in breach of any provision of this Agreement and fails to cure the breach as provided herein, then Seller may exercise its Repurchase Right or its Liquidated Damage Right, as applicable, by written notice to Buyer at any time after the expiration of the period allowed to cure the breach as provided herein.

(i) If Seller exercises its Repurchase Right, Buyer agrees to reconvey to Seller all of the Lots subject to the limitations in Section 10.1(a)(i) above ("Reconveyance"). Buyer shall cause the Reconveyance to be made not more than forty-five (45) days following the date of Seller's notice of exercise of its Repurchase Right with a deed in substantially the same form as the Deed, with no title exceptions except for (i) the same exceptions as appear in the Deed for the Lot or Lots that are the subject of the reconveyance, and (ii) any other exceptions to which Seller has been a party or otherwise has agreed to in writing. If required by Seller, the Buyer will deliver the Lot or Lots that are the subject of the Reconveyance in substantially the same condition as they were on the date of Closing. Seller will have the right to enforce the Repurchase Right by specific performance.

(ii) If Seller exercises its Liquidated Damage Right, Buyer agrees to pay to Seller the Liquidated Damage Payment for each affected Lot. Buyer shall cause the Liquidated Damage Payment to be made from time to time upon demand from Seller in the amount of the Liquidated Damage Payment then due.

(c) Binding Effect; Termination. The Repurchase Right and the Liquidated Damage Right will be included in the Deed, will run with the land and bind future owners of the Lots (subject to the terms and conditions hereof) and will automatically terminate after all Lots have been purchased by Buyer and all Residences have been completed and sold in compliance with Section 9.2(f) hereof.

owners of the Lots but will automatically terminate as to any Lot on the date that the Buyer has obtained a Certificate of Occupancy for a Residence on such Lot. Upon termination of the Construction Completion Arrangement and receipt of a written request from the Owner of the Lots, Seller will promptly execute in recordable form a notice of termination of the Construction Completion Arrangement.

10.3 Rezoning. The Mueller Property is zoned as provided in the Zoning Ordinance as to Mueller Property other than the Property. The parties acknowledge that, due to the development over time of the Mueller Property in accordance with the Master Plan and the MDA, the Zoning Ordinance may need to be changed. Accordingly, it may be necessary for the Owner to join in, or consent to, zoning applications concerning certain other portions of the Mueller Property. After the Closing and upon written request of Seller, the Owner will approve or consent to such rezoning of other portions of the Mueller Property and in no event will the Owner exercise any "petition rights" available to a property owner under the Code; provided however, if such rezoning results in a material and adverse change to the then zoning of the Lots that materially and adversely affects the Owner's development and use of the Lots as contemplated herein, the Owner may, only in the exercise of its reasonable discretion, withhold its approval or consent to such rezoning or exercise its "petition rights." Buyer acknowledges and agrees that any use allowed by the Zoning Ordinance is allowed within the Mueller Property and that the Owner cannot object to any such use now or in the future.

10.4 Subdivision. As the development of the Mueller Property progresses over time, it may be necessary to plat or replat portions of the Mueller Property in a configuration different from that currently contemplated by the Master Plan, existing approved final plats and preliminary plans, and various marketing materials. Accordingly, it may be necessary for the Owner to join in, or consent to, the platting or replatting of portions of the remainder of the Mueller Property. After Closing and upon written request of Seller or City, the Owner will approve or consent to such platting or replatting of other portions of the Mueller Property and in no event will the Owner exercise any objection rights available to a property owner under the Code; provided however, if such subdivision results in a material and adverse change to the Final Plat (other than changes made that are contemplated by or consistent with this Agreement, the Master Plan, the MDA, the Community Covenants or the Zoning Ordinance) that materially and adversely affects the Owner's development and use of the Lots covered by the Final Plat as contemplated herein, the Owner may, only in the exercise of its reasonable discretion, withhold its approval or consent to such subdivision or resubdivision or exercise its objection rights. Buyer acknowledges and agrees that any use allowed by the Zoning Ordinance is allowed within the Mueller Property and that the Owner cannot object to any such use now or in the future.

10.5 Survival. The terms and conditions of this Article will expressly survive the Closing, run with the land, be incorporated into the Deed or be contained in a separate recordable document executed and delivered at the Closing and not merge with the provisions of any closing document. Buyer agrees that it will incorporate the terms of this Article into any deed of the Lots to a subsequent purchaser.

ARTICLE XI CONDEMNATION

11.1 Condemnation. After Seller's receipt of Written Notice from City of the institution of any actual or threatened proceedings for the State's purchase, use or condemnation of the Lots or any portion thereof (except for legislation filed in the Legislature of the State of Texas for the condemnation of the Property or any portion thereof), Seller will send Buyer written notice ("Condemnation Notice") of the pendency or threat of such proceedings. In the event of the institution of proceedings for condemnation of twenty-five percent (25%) or more of the Property, Buyer will have the option to terminate this Agreement by notice in writing to Seller, at any time on or before the expiration of five (5) Business Days after Buyer's receipt of the Condemnation Notice, in the event of which termination the Earnest Money and the Compliance Deposit will be released and returned to Buyer and the parties will have no further rights or obligations hereunder (except for those that expressly survive termination). In the event of the institution of proceedings for condemnation of less than twenty-five percent (25%) of the Property, Buyer

nature, cannot be performed, done or remedied, as the case may be, within such ten (10) Business Day period, then Buyer may not exercise its right under this Section 12.2 if Seller commences same within such ten (10) Business Day period and thereafter diligently and continuously prosecutes the same to completion within ninety (90) days after such notice. The termination rights set forth in this Section 12.2 will be cumulative of Buyer's other rights and remedies contained in Section 15.1 hereof and will be without prejudice thereto; provided, however, in no event whatsoever will Buyer have any rights, remedies, claims or causes of action against Seller on account of the failure of any of the conditions set forth in Section 12.1(b)-(d) above.

ARTICLE XIII
SELLER'S OBLIGATION TO CLOSE

13.1 Conditions. The following will be conditions precedent to Seller's obligation to the Closing (any or all of which Seller may waive in its sole and absolute discretion other than Section 13.1(b)):

(a) Buyer Representations. On the Closing Date, all of Buyer's representations and warranties herein will be true and correct in all material respects.

(b) MDA and Ownership of Lots. The MDA will be in full force and effect, no City default or event of default exists and is continuing thereunder, the conditions to Buyer's obligation to close contained in Section 12.1(d) above will have been satisfied, and Seller will be the owner of the Lots.

(c) Buyer Approvals. Seller shall have received from Buyer all of Buyer's Submissions required by Exhibit L, Buyer's marketing, advertising and other sales materials for the Residences and Buyer's pricing plan for the Residences and Seller shall have, in Seller's sole and absolute discretion, approved the same.

13.2 Seller's Termination Option. If the condition in Section 13.1(a) above is not satisfied, Seller, at its option, may either (i) terminate this Agreement by written notice thereof to Buyer and retain the Earnest Money and the Compliance Deposit, in which event the parties will have no further rights or obligations hereunder (except for those that expressly survive termination as provided herein), or (ii) proceed to Closing in accordance with the provisions hereof, in which case Seller hereby expressly waives any rights it may have due to that condition not being satisfied as of the Closing Date. If the conditions in Section 13.1(b) above are not satisfied, Seller may either (i) terminate this Agreement by written notice thereof to Buyer and the Earnest Money and the Compliance Deposit will be released and returned to Buyer in which event the parties will have no further rights or obligations hereunder (except for those that expressly survive termination as provided herein), or (ii) extend the subject Closing Date by an additional thirty (30) days, provided that if the conditions in Section 13.1(b) are still not satisfied at the end of such additional thirty (30) day period, this Agreement will automatically terminate in which event the parties will have no further rights or obligations hereunder (except for those that expressly survive termination as provided herein). If the condition in Section 13.1(c) above is not satisfied, Seller, at its option, may either (i) terminate this Agreement in its entirety by written notice thereof to Buyer and retain all of the Earnest Money and the Compliance Deposit, in which event the parties will have no further rights or obligations hereunder (except for those that expressly survive termination as provided herein), or (ii) proceed to Closing in accordance with the provisions hereof, in which case Seller hereby expressly reserves all rights, including, without limitation, the right to approve all materials set forth in Section 13.1(c), it may have due to that condition not being satisfied as of the Closing Date. The termination right set forth in this Section 13.2 will be cumulative of Seller's other rights and remedies contained in this Agreement, including, without limitation, in Section 15.2 hereof and will be without prejudice thereto.

(vi) Deliver such other documentation or instruments as may reasonably be required by the Title Agent for the Closing to occur in accordance with this Agreement.

14.2 Closing Costs. Each party is responsible for paying the legal fees of its counsel in negotiating, preparing, and closing the Lots. Buyer is responsible for paying fees, costs and expenses identified herein as being the responsibility of Buyer. Seller is responsible for paying fees, costs and expenses identified herein as being the responsibility of Seller. All other expenses will be allocated between the parties in the customary manner for closings of real property similar to the Lots in Travis County, Texas.

14.3 Taxes and Assessments. Real estate taxes and assessments, if any, concerning the Lots for the calendar year of the Closing will be apportioned between Buyer and Seller at the Closing as of midnight of the day preceding the Closing Date. Buyer will be responsible for real estate taxes and assessments concerning the Lots from and after midnight of the day preceding the Closing Date. If the Closing Date occurs prior to July 1 of any year Buyer will receive a credit on its closing statement for real estate taxes and assessments from January 1 of such year to the Closing Date, and if the Closing Date occurs on or after July 1 of any year Seller will receive a credit on its closing statement for real estate taxes and assessments from the Closing Date through December 31 of such year. Notwithstanding the foregoing, nothing contained herein permits Buyer to take down the Lots on any date other than on the Closing Date set forth herein.

ARTICLE XV DEFAULTS AND REMEDIES

15.1 Seller Default. If the Closing fails to occur by reason of Seller's failure or refusal to perform its obligations hereunder and such failure or refusal shall remain uncured for a period of ten (10) Business Days after the date Buyer gives Written Notice thereof to Seller and if Buyer (i) is not in default hereunder and (ii) in the event Buyer is exercising the remedy of specific performance, has tendered performance of this Agreement (except that Buyer's lender will only have to certify that it was ready, willing and able to perform), then Buyer, as its exclusive remedies hereunder, may either (y) terminate this Agreement by Written Notice to Seller and receive a refund of the Earnest Money and the Compliance Deposit, or (z) seek specific performance from Seller, which specific performance remedy will only be enforceable against Seller to the extent City has conveyed the Lots to Seller; provided, however, that if such failure or refusal by Seller to perform its obligations hereunder requires work to be performed, acts to be done or conditions to be remedied which, by their nature, cannot be performed, done or remedied, as the case may be, within such ten (10) Business Day period, then Buyer may not exercise its right under this Section 15.1 if Seller commences such work or acts within such ten (10) Business Day period and thereafter diligently and continuously prosecutes the same to completion within ninety (90) days after such notice. **EXCEPT AS PROVIDED IN (z) ABOVE, BUYER WILL NOT HAVE ANY OTHER RIGHT TO RECEIVE ANY EQUITABLE RELIEF, INCLUDING, WITHOUT LIMITATION, THE RIGHT TO RECORD A LIS PENDENS AGAINST THE LOTS UNDER APPLICABLE LAW, OR TO PURSUE THE SPECIFIC PERFORMANCE OF THIS AGREEMENT. BUYER ACKNOWLEDGES THAT IT HAS READ AND UNDERSTANDS THE PROVISIONS OF THIS SECTION 15.1 AND AGREES TO BE BOUND BY ITS TERMS.**

15.2 Buyer Default. If the Closing fails to occur by reason of Buyer's failure or refusal to perform its obligations hereunder and such failure is not a result of Seller's default or a failure of a condition precedent set forth in Section 12.1 above, then Seller may pursue any of the following: (i) terminate this Agreement by written notice to Buyer and retain the Earnest Money and Compliance Deposit as liquidated damages for Buyer's default, which amount is agreed upon by and between Seller and Buyer as liquidated damages, due to the difficulty and inconvenience of ascertaining and measuring actual damages, and the uncertainty thereof; or (ii) seek specific performance from Buyer (in which event the Earnest Money will be applied to the Purchase Price). In the event of (i) above, Buyer will immediately deliver to Seller copies of all studies or tests, including, but without limitation, soil tests,

With a copy to: Catellus Austin, LLC
66 Franklin Street
Oakland, California 94607
Attention: Chief Financial Officer
E-mail: bhosler@catellus.com

With a copy to: DuBois, Bryant & Campbell, LLP
303 Colorado Street, Suite 2300
Austin, Texas 78701
Attention: Rick Reed and Travis Siebeneicher
E-mail: rreed@dbclp.com; tsiebeneicher@dbclp.com

Buyer: Austin Habitat For Humanity, Inc.
500 West Ben White Blvd.
Austin, Texas 78704
Attention: President and CEO
E-mail: psnodgrass@ahfh.org

With a copy to: Drenner Group
200 Lee Barton Drive, Suite 100
Austin, Texas 78704
Attention: Greta E. Goldsby
E-mail: ggoldsby@drennergroupp.com

Such written notices, demands, and communications will be effective on the date shown on the delivery record as the date delivered or in the case of certified mail two (2) Business Days following deposit of such instrument in the United States Mail. Notice of change of address will be given by written notice in the manner detailed in this Section. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given will be deemed to constitute receipt of the notice, demand, request or communication sent.

ARTICLE XVIII CONFIDENTIALITY/PUBLIC COMMUNICATION

18.1 Confidentiality/Public Communication. Except as specifically provided herein, Buyer will not disclose any of the terms or provisions of this Agreement prior to the Closing (and after the Closing as to the price or any other material financial terms unless agreed to in writing by Seller or otherwise required by Applicable Law) to any Person not a party to this Agreement, nor will Buyer issue any press releases or make any public statements (including to the media) relating to this Agreement or Buyer's intended use of the Property (except as reasonably and necessarily required to perform Buyer's obligations herein). Buyer will keep all materials provided or made available to Buyer by Seller, and all materials generated by Buyer in the course of conducting its inspections, review of books and records, and other due diligence activities relating to the Property (including, without limitation, matters relating to the environmental condition of the Property), whether obtained through documents, oral or written communications, or otherwise (collectively, "Information"), in the strictest confidence; provided, however, Buyer may make necessary disclosures to City, potential lenders, partners, investors, consultants, accountants and attorneys provided Buyer takes diligent efforts and reasonable measures to cause such parties to maintain the same degree of confidentiality as required of Buyer hereunder. In connection with any disclosures made by Buyer pursuant to the last clause of the immediately preceding sentence, Buyer will make those disclosures to the extent but only to the extent necessary to complete Buyer's due diligence and perform its other obligations contemplated herein and Buyer will be responsible for any breach of this confidentiality provision by those other parties. Under no circumstances will any of the Information be used for any purpose other than the investigation of the Property in connection with its purchase by Buyer and the performance of Buyer's obligations as contemplated under this Agreement.

ARTICLE XX
MISCELLANEOUS

20.1 Attorneys' Fees and Legal Expenses. If either party hereto institutes any action or proceeding in court to enforce any provision hereof or for damages by reason of any alleged breach of any provision of this Agreement or for any other judicial remedy, the prevailing party will be entitled to receive from the losing party all reasonable attorneys' fees and all court costs in connection with that proceeding.

20.2 Assignment. Seller may freely assign and transfer or otherwise alienate or encumber its interests in this Agreement in which case Seller will be released from its obligations hereunder. Buyer may not transfer, assign or otherwise alienate or encumber its interest in this Agreement without the prior written consent of Seller, which consent may be withheld in Seller's sole and absolute discretion. The sale, transfer or other disposition of all or a majority of the ownership interest in Buyer, or the sale of all or substantially all of the assets of Buyer, shall constitute a transfer, an assignment, or other alienation and encumbrance for purposes of this Section 20.2.

20.3 Survival of Right of Action. ANY RIGHT OF ACTION FOR THE BREACH OF ANY REPRESENTATION, WARRANTY OR COVENANT CONTAINED HEREIN WILL NOT MERGE WITH THE DEED BUT WILL SURVIVE THE CLOSING FOR A PERIOD OF ONE YEAR; PROVIDED, HOWEVER, THAT AN EXPRESS COVENANT THAT IS TO BE PERFORMED AFTER THE CLOSING WILL SURVIVE FOR A PERIOD OF ONE YEAR AFTER THE DATE THAT COVENANT IS TO BE PERFORMED OR SUCH LONGER TIME AS MAY BE STATED IN A SEPARATE AGREEMENT BETWEEN SELLER AND BUYER PERTAINING TO THE COVENANT. ANY SUIT FOR ANY BREACH BY SELLER OF ANY REPRESENTATION, WARRANTY OR COVENANT CONTAINED HEREIN MUST BE FILED ON OR BEFORE ONE YEAR AFTER THE CLOSING DATE OR WILL BE FOREVER BARRED; PROVIDED, HOWEVER, ANY SUIT FOR ANY BREACH BY SELLER OF ANY EXPRESS COVENANT THAT IS TO BE PERFORMED AFTER THE CLOSING MUST BE FILED ON OR BEFORE ONE YEAR AFTER THE DATE THAT COVENANT IS TO BE PERFORMED OR SUCH LONGER TIME AS MAY BE STATED IN A SEPARATE AGREEMENT BETWEEN SELLER AND BUYER PERTAINING TO THE COVENANT OR IT WILL BE FOREVER BARRED. EXCEPT AS EXPRESSLY PROVIDED ABOVE FOR AN EXPRESS COVENANT THAT IS TO BE PERFORMED AFTER THE CLOSING, NEITHER PARTY WILL HAVE ANY LIABILITY AFTER THE CLOSING FOR THE BREACH OF A REPRESENTATION, WARRANTY OR COVENANT HEREUNDER OF WHICH THE OTHER PARTY HAD KNOWLEDGE AS OF THE CLOSING.

20.4 Section Headings. The section headings contained in this Agreement are for convenience only and will in no way enlarge or limit the scope or meaning of the various and several sections hereof.

20.5 Modification. Neither this Agreement nor any provision hereof may be waived, modified, amended, discharged or terminated except as provided herein or by an instrument in writing signed by the party against which the enforcement of such waiver, modification, amendment, discharge or termination is sought, and then only to the extent set forth in such instrument.

20.6 Applicability. The terms and provisions of this Agreement are binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

20.7 Benefit. Except as expressly provided herein to the contrary with respect to City, this Agreement is for the benefit only of the parties hereto and their respective successors and assignees as permitted herein and no other person or entity will be entitled to rely hereon, receive any benefit herefrom or enforce against any party hereto any provision hereof.

20.17 No Recordation. Buyer hereby acknowledges that neither this Agreement nor any memorandum or affidavit hereof will be recorded of public record in any county in the state where the Property is located. If Buyer ever records or attempts to record this Agreement, or a memorandum or affidavit hereof, or any other similar document, then, notwithstanding anything herein to the contrary, that recordation or attempt at recordation will constitute a default by Buyer hereunder.

20.18 WAIVER OF CONSUMER RIGHTS. BUYER HEREBY WAIVES ITS RIGHTS UNDER THE DECEPTIVE TRADE PRACTICES-CONSUMER PROTECTION ACT, SECTION 17.41 ET SEQ., BUSINESS & COMMERCE CODE, A LAW THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS. AFTER CONSULTATION WITH AN ATTORNEY OF ITS OWN SELECTION, BUYER VOLUNTARILY CONSENTS TO THIS WAIVER.

20.19 GOVERNING LAW. THIS AGREEMENT IS BEING EXECUTED AND DELIVERED, AND IS INTENDED TO BE PERFORMED, IN THE STATE OF TEXAS, AND WILL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

20.20 VENUE. THE OBLIGATIONS OF THE PARTIES HERETO ARE AND WILL BE PERFORMABLE IN THE COUNTY IN WHICH THE LOTS ARE LOCATED. BY EXECUTING THIS AGREEMENT, EACH PARTY HERETO EXPRESSLY (I) CONSENTS AND SUBMITS TO PERSONAL JURISDICTION CONSISTENT WITH THE PREVIOUS SENTENCE, (II) WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY CLAIM OR DEFENSE THAT SUCH VENUE IS NOT PROPER OR CONVENIENT, AND (III) CONSENTS TO THE SERVICE OF PROCESS IN ANY MANNER AUTHORIZED BY TEXAS LAW.

20.21 Complete Agreement. This Agreement, together with all Exhibits, Addenda and Schedules hereto, embodies the complete agreement between the parties hereto with respect to the transactions contemplated herein, and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged into this Agreement.

20.22 Return of Earnest Money and Compliance Deposit. Notwithstanding anything herein to the contrary, if a provision of this Agreement states that under the expressed circumstances the Earnest Money and/or the Compliance Deposit are to be returned or refunded to Buyer, then the following apply:

(a) If this Agreement is terminated by Buyer in its entirety pursuant to a right that Buyer has under this Agreement to do so before the Closing, then the entire Earnest Money and the Compliance Deposit will be returned to Buyer.

(b) If this Agreement is terminated by Buyer in its entirety pursuant to a right that Buyer has under this Agreement to do so after the Closing, then the remaining balance of the Earnest Money will be returned to Buyer but the Compliance Deposit will continue to be held pursuant to the Compliance Deposit Agreement until all such Lots with Residences thereon are sold and the conditions for return of the balance of the Compliance Deposit have been satisfied.

(c) If at any time this Agreement is terminated by Buyer, in part as to some but not all of the Lots pursuant to a right that Buyer has under this Agreement to do so, then for each such Lot that is the subject of such termination the Earnest Money in an amount equal to ten percent (10%) of the Base Purchase Price for such Lot with respect to which the Agreement was terminated will be returned to Buyer. Additionally the Compliance Deposit will continue to be held pursuant to the Compliance Deposit Agreement until all such Lots with Residences thereon are sold and the conditions for return of the balance of the Compliance Deposit have been satisfied.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

BUYER:

AUSTIN HABITAT FOR HUMANITY, INC.,
a Texas non-profit corporation

By: Phyllis Snodgrass
Name: Phyllis Snodgrass
Title: CEO

Date of Execution: September 28, 2018

Austin Habitat for Humanity Mueller Row House Lots-TCAD

Property ID	Geographic ID	Type	Property Address	Legal Description	Owner Name	Appraised Value
899625	219180302	Real	PHILOMENA ST TX	LOT 11 BLK 111B MUELLER SEC 10B SUBD	CITY OF AUSTIN	200,000
899626	219180303	Real	PHILOMENA ST TX	LOT 10 BLK 111B MUELLER SEC 10B SUBD	CITY OF AUSTIN	200,000
899628	219160615	Real	PHILOMENA ST TX	LOT 9 BLK 111B MUELLER SEC 10B SUBD	CITY OF AUSTIN	200,000
899629	219160616	Real	PHILOMENA ST TX	LOT 8 BLK 111B MUELLER SEC 10B SUBD	CITY OF AUSTIN	200,000
899630	219160617	Real	PHILOMENA ST TX	LOT 7 BLK 111B MUELLER SEC 10B SUBD	CITY OF AUSTIN	200,000
899631	219160618	Real	PHILOMENA ST TX	LOT 6 BLK 111B MUELLER SEC 10B SUBD	CITY OF AUSTIN	200,000
899632	219160619	Real	PHILOMENA ST TX	LOT 5 BLK 111B MUELLER SEC 10B SUBD	CITY OF AUSTIN	200,000
899633	219160620	Real	PHILOMENA ST TX	LOT 4 BLK 111B MUELLER SEC 10B SUBD	CITY OF AUSTIN	200,000
899634	219160621	Real	PHILOMENA ST TX	LOT 3 BLK 111B MUELLER SEC 10B SUBD	CITY OF AUSTIN	200,000
899635	219160622	Real	PHILOMENA ST TX	LOT 2 BLK 111B MUELLER SEC 10B SUBD	CITY OF AUSTIN	200,000
899636	219160623	Real	PHILOMENA ST TX	LOT 1 BLK 111B MUELLER SEC 10B SUBD	CITY OF AUSTIN	200,000



Office of the Secretary of State

The undersigned, as Secretary of State of Texas, does hereby certify that the attached is a true and correct copy of each document on file in this office as described below:

AUSTIN HABITAT FOR HUMANITY, INC.
Filing Number: 73651401

Articles Of Incorporation

January 23, 1985

In testimony whereof, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in Austin, Texas on November 14, 2005.



A handwritten signature in black ink that reads "Roger Williams".

Roger Williams
Secretary of State



ATLANTA GA 39901-0001

In reply refer to: 0752639100
Mar. 10, 2016 LTR 4168C 0
74-2373217 000000 00
00017473
BODC: TE

AUSTIN HABITAT FOR HUMANITY INC
% PHYLLIS SNODGRASS
500 W BEN WHITE BLVD
AUSTIN TX 78704



029909

Employer ID Number: 74-2373217
Form 990 required: YES

Dear Taxpayer:

We issued you a determination letter in August 1985, recognizing you as tax-exempt under Internal Revenue Code (IRC) Section 501(c)(3).

Our records also indicate you're not a private foundation as defined under IRC Section 509(a) because you're described in IRC Sections 509(a)(1) and 170(b)(1)(A)(vi).

Donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106, and 2522.

In the heading of this letter, we indicated whether you must file an annual information return. If a return is required, you must file Form 990, 990-EZ, 990-N, or 990-PF by the 15th day of the fifth month after the end of your annual accounting period. IRC Section 6033(j) provides that, if you don't file a required annual information return or notice for three consecutive years, your exempt status will be automatically revoked on the filing due date of the third required return or notice.

For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).

If you have questions, call 1-877-829-5500 between 8 a.m. and 5 p.m., local time, Monday through Friday (Alaska and Hawaii follow Pacific Time).

0752639100
Mar. 10, 2016 LTR 4168C 0
74-2373217 000000 00
00017474

AUSTIN HABITAT FOR HUMANITY INC
% PHYLLIS SNODGRASS
500 W BEN WHITE BLVD
AUSTIN TX 78704

Sincerely yours,



Teri M. Johnson
Operations Manager, AM Ops. 3



**Austin Habitat for
Humanity, Inc.**
(A Nonprofit Corporation)

Report of Independent Auditor and Consolidated
Financial Statements with Supplementary Information

December 31, 2017 and 2016

PMB Helin Donovan

Report of Independent Auditor

To the Board of Directors of
Austin Habitat for Humanity, Inc.:

We have audited the accompanying consolidated financial statements of Austin Habitat for Humanity and its subsidiaries (collectively, the "Organization"), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2017, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

AUSTIN HABITAT FOR HUMANITY, INC.
Consolidated Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
ASSETS:		
Current assets		
Cash and cash equivalents	\$ 1,382,287	\$ 820,061
Investments, at fair value	400,080	391,791
Accounts receivable, net	173,000	189,261
Pledges receivable, net	116,718	155,875
Mortgages receivable, current portion, net	816,838	808,474
ReStore inventory	619,453	529,738
Home construction in progress	484,299	551,469
Prepaid expenses and other current assets	248,190	285,420
Total current assets	4,240,865	3,732,089
Land held for development	3,500,621	3,248,276
Restricted cash	45,229	71,659
Pledges receivable, long-term portion, net	380,817	14,250
Other long-term assets	193,628	243,791
Mortgages receivable, long-term portion, net	8,453,826	8,259,388
Notes receivable - 2nd liens, net	815,277	428,591
Investments, at cost - NMTC	2,491,147	2,509,068
Property and equipment, net	9,592,553	9,810,019
Total assets	\$ 29,713,963	\$ 28,317,131
LIABILITIES AND NET ASSETS:		
Current liabilities		
Accounts payable	\$ 456,738	\$ 170,704
Accrued expense	539,353	569,540
Deferred revenue	1,027,101	1,018,549
Capital lease obligation, current portion	33,251	32,269
Notes payable - TDHCA, current portion	87,149	84,316
Long-term debt, current portion	156,985	151,200
Total current liabilities	2,300,577	2,026,578
Capital lease obligation, long-term portion	256,670	292,647
Notes payable - TDHCA, long-term portion	1,175,498	1,161,396
Long-term debt, net of debt issuance costs	8,014,758	8,150,441
Total liabilities	11,747,503	11,631,062
Net assets		
Unrestricted	16,851,094	16,073,377
Temporarily restricted	1,115,366	566,826
Permanently restricted	-	45,866
Total net assets	17,966,460	16,686,069
TOTAL LIABILITIES AND NET ASSETS	\$ 29,713,963	\$ 28,317,131

The accompanying notes and report of independent auditor are an integral part of these consolidated financial statements.

AUSTIN HABITAT FOR HUMANITY, INC.
Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES:				
Contributions and other:				
Contributions	\$ 2,602,779	\$ 390,379	\$ -	\$ 2,993,158
In-kind contributions	156,153	-	-	156,153
Home building sponsorship revenues	1,099,976	-	-	1,099,976
Investment income	48,934	-	-	48,934
Other income	1,265,559	-	12,147	1,277,706
Net assets released from restrictions	37,168	(37,168)	-	-
Total contributions and other	<u>5,210,569</u>	<u>353,211</u>	<u>12,147</u>	<u>5,575,927</u>
ReStore revenues:				
ReStore sales	2,876,088	-	-	2,876,088
In-kind donation of inventory	1,511,844	-	-	1,511,844
Cost of goods sold	(2,322,206)	-	-	(2,322,206)
Sales discounts and refunds	(57,521)	-	-	(57,521)
Total ReStore revenues, net	<u>2,008,205</u>	<u>-</u>	<u>-</u>	<u>2,008,205</u>
Low-cost housing revenues:				
Home sales	1,993,000	-	-	1,993,000
In-kind contributions of labor and construction materials	1,491,438	-	-	1,491,438
Mortgage discount and amortization	113,341	-	-	113,341
Other housing revenues	28,794	-	-	28,794
Cost of homes sold	(3,243,936)	-	-	(3,243,936)
Total Low-cost housing revenues	<u>382,637</u>	<u>-</u>	<u>-</u>	<u>382,637</u>
Total revenues	<u>7,601,411</u>	<u>353,211</u>	<u>12,147</u>	<u>7,966,769</u>
EXPENSES:				
Low-cost housing program	2,142,026	-	-	2,142,026
ReStore program	1,701,692	-	-	1,701,692
Fundraising	839,180	-	-	839,180
Management and general	489,862	-	-	489,862
Total expenses	<u>5,172,760</u>	<u>-</u>	<u>-</u>	<u>5,172,760</u>
CHANGE IN NET ASSETS	2,428,651	353,211	12,147	2,794,009
NET ASSETS, BEGINNING OF YEAR	13,644,726	213,615	33,719	13,892,060
NET ASSETS, END OF YEAR	<u>\$ 16,073,377</u>	<u>\$ 566,826</u>	<u>\$ 45,866</u>	<u>\$ 16,686,069</u>

The accompanying notes and report of independent auditor are an integral part of these consolidated financial statements.

AUSTIN HABITAT FOR HUMANITY, INC.
Consolidated Statement of Functional Expenses
Year Ended December 31, 2016

	<u>Low-Cost Housing</u>	<u>ReStore</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Salaries and related	\$ 1,095,654	\$ 1,154,709	\$ 490,216	\$ 379,988	\$ 3,120,567
Advertisements	12,826	53,499	137,298	33	203,656
Office expenses	40,300	78,632	14,853	14,672	148,457
Information technology	13,907	7,424	5,732	3,105	30,168
Occupancy	99,163	13,268	5,371	3,600	121,402
Travel	7,381	9,614	3,197	955	21,147
Conference, conventions, and meetings	5,016	4,217	6,409	5,666	21,308
Interest expenses	99,728	116,237	27,141	33,735	276,841
Tithe to HFHI	61,000	-	-	-	61,000
Depreciation and amortization	43,313	169,860	12,863	22,983	249,019
Insurance	33,007	65,376	3,678	2,592	104,653
Warranty work	5,040	-	-	-	5,040
Tools and equipment	9,351	-	-	-	9,351
Professional services	89,099	6,854	120,650	10,326	226,929
NMTC transaction Fees	26,989	-	-	-	26,989
Dues and subscriptions	6,900	13,900	9,361	9,658	39,819
Home repair program	482,872	4,918	-	-	487,790
Other expense	10,480	3,184	2,411	2,549	18,624
Total Functional Expenses	\$ <u>2,142,026</u>	\$ <u>1,701,692</u>	\$ <u>839,180</u>	\$ <u>489,862</u>	\$ <u>5,172,760</u>

The accompanying notes and report of independent auditor are an integral part of these consolidated financial statements.

AUSTIN HABITAT FOR HUMANITY, INC.
Notes to the Consolidated Financial Statements
Years ended December 31, 2017 and 2016

1. ORGANIZATION

Austin Habitat for Humanity, Inc. (“AHFH”) is a nonprofit, affordable housing developer dedicated to the elimination of substandard housing in Austin, Texas. It is affiliated with Habitat for Humanity International, Inc. (“HFHI”) based in Americus, Georgia. AHFH was incorporated in 1985 under the laws of the State of Texas. While adhering to the policies and procedures prescribed by HFHI, AHFH exists as a separate corporation with its own Board of Directors. Local policies, strategies, operations, and fundraising are the responsibility of each affiliate.

Austin Neighborhood Alliance for Habitat, Inc., (the “Alliance”) is a wholly owned non-profit corporation formed to support AHFH. The Alliance receives federal financial assistance to acquire land and develop infrastructure for homes.

HomeBase Texas (“HomeBase”) is a wholly owned non-profit corporation that provides affordable homeownership opportunities to homeowners that meet a higher family income threshold than those served by AHFH.

The Alliance and HomeBase financial statements are consolidated into the financial statements of AHFH because AHFH has control over and an economic interest in the Alliance and HomeBase. AHFH and its affiliates, the Alliance and HomeBase, are collectively referred to as the Organization.

Low-Cost Housing Program

To be considered for home ownership, families must be low-income families who demonstrate a need for better housing, an ability to make mortgage payments, and a willingness to work in partnership with AHFH. The partnership consists, in part, of each family completing 300 hours of “sweat equity” and meeting monthly mortgage payments. AHFH acquires the land, finds and qualifies the families, raises the funding, finds and supervises construction volunteers, builds the houses, and funds the mortgages. Houses are sold resulting in either a no interest or zero profit on the mortgage. By policy of HFHI, AHFH may accept government support for land, infrastructure improvements and construction.

ReStore Program

AHFH also operates a ReStore in Austin. The ReStore program provides access to quality building materials, new and used, household goods, clothing, etc., to the general public to help them create a better human habitat in which to live and work. The ReStore receives donated materials, purchases items, and sells them.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The consolidated financial statements are presented 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”).

Classification of Net Assets - The consolidated financial statements report information regarding the Organization’s consolidated financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

AUSTIN HABITAT FOR HUMANITY, INC.
Notes to the Consolidated Financial Statements (continued)
Years ended December 31, 2017 and 2016

Restricted Cash - As a condition of the loan agreements with HFHI-SA NMTC VI, LLC and CCM Community Development XXVII, LLC and through its investment in two New Market Tax Credit ("NMTC") programs (Note 10), AHFH has established separate bank accounts for receiving and disbursing certain amounts related to the NMTC transactions. Total restricted cash was \$45,299 and \$71,659 as of December 31, 2017 and 2016, respectively.

Investments, at fair value - Investments in mutual funds are carried at fair market value based on quoted market prices. Any changes in market value are reported in the consolidated statements of activities as increases or decreases to investment income.

Investments, at cost - NMTC - In November 2011, AHFH invested, along with eleven other Habitat affiliates, in a joint venture named HFHI-SA Leverage IX, LLC with 4.82% ownership to take advantage of NMTC financing. In July 2012, AHFH participated in a second NMTC transaction along with eleven other Habitat affiliates. As a result of this transaction, AHFH acquired a 9.09% ownership in a joint venture named CCML Leverage II, LLC. Since AHFH has no ability to influence the operating or financial policies of HFHI-SA Leverage IX, LLC and CCML Leverage II, LLC, the cost method is used to account for these investments. Under that method, AHFH records income only to the extent of distributions received.

The Organization has capitalized, as, certain structuring and guarantee fees and closing costs for the loans to finance these investments and construction costs. These fees are being amortized to interest expense over seven to sixteen years and are reflected as costs of the investments.

Accounts Receivable - Accounts receivable are recorded at the amount the Organization expects to collect on outstanding balances. The Organization has not recorded an allowance for uncollectible accounts receivables at December 31, 2017 or 2016 as management believes all balances to be collectible.

Pledges Receivable - Pledges receivable are recorded at the amount the Organization expects to receive from donors. Promises to give are recorded at fair value if expected to be collected in one year and at net present value if expected to be collected in more than one year. Although the Organization has not experienced material uncollectible amounts in the past, an allowance for uncollectible pledges receivable has been established. The allowance at December 31, 2017 and 2016, was \$58,282 and \$19,125, respectively. The Organization did not apply a net present value discount on the pledges receivable balance as of December 31, 2017 and 2016 as management considered the amount to be insignificant.

Notes Receivable, 2nd Liens - Notes receivable are a non-amortizing repayable second lien due in 30-35 years at 0% interest. The second lien is attached to a home sale to qualified applicants under the HomeBase Texas program. The first lien is provided for by a traditional third-party lender. The second lien is due and payable between 30-35 years to allow for the first lien to have been paid off and provides a subsidy that allows the home sale to meet the affordability requirements of the HomeBase Texas program. These notes are discounted based upon prevailing market interest rates for low-income housing at the inception of the mortgages. The Organization has not recorded an allowance for uncollectible notes receivable at December 31, 2017 or 2016 as management believes all balances to be collectible.

AUSTIN HABITAT FOR HUMANITY, INC.
Notes to the Consolidated Financial Statements (continued)
Years ended December 31, 2017 and 2016

Notes Payable – TDHCA - The Texas Department of Housing and Community Affairs Department (“TDHCA”) administers the Owner-Builder Loan Program, also known as the Texas Bootstrap Loan Program (“Bootstrap Program”). The Bootstrap Program is a self-help housing construction program that provides the owners and builders of very low-income families an opportunity to purchase or refinance real property on which to build new housing or repair their existing homes through “sweat equity.” Owner builder’s household income may not exceed 60% of Area Median Family Income. The Bootstrap Program notes payable are discounted based upon prevailing market interest rates at the inception of the mortgage. The financing discounts are amortized and reflected as mortgage discount and amortization in the accompanying consolidated statements of activities as the mortgage payments are made.

Contribution Revenue - All contributions, including home building sponsorship revenues and non-cash contributions, are recorded at their fair value and are considered to be available for operations of the Organization unless specifically restricted by the donor. Unconditional promises to give cash and other assets are reported as temporarily restricted net assets if they are received with donor stipulations that limit the use of donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or restricted purpose is accomplished, the related temporarily restricted net assets are reclassified to unrestricted net assets. This is reported in the accompanying consolidated statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire within the fiscal year in which the contributions are received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Government Grant Revenue - The Organization receives funding from governmental financial assistance programs that supplement its traditional funding sources. The awards provide for reimbursement of qualifying costs incurred, as defined in the underlying award agreements. The Organization recognizes revenue from these awards as services are rendered and expenses are incurred.

In-Kind Contributions of Labor - A substantial number of volunteers have made significant contributions of their time to the Organization’s program and supporting services. Donated services are recognized as contributions if the services (1) create or enhance non-financial assets, or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Under those criteria, volunteer time and professional services donated to construct homes is recognized as contribution revenue and capitalized as home construction in progress. When homes are transferred to recipient families, home construction in progress is recorded as component of cost of homes sold within the accompanying consolidated statements of activities.

Functional Expense Allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Federal Income Taxes - AHFH, the Alliance, and HomeBase are all non-profit organizations exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except with respect to any unrelated business income. AHFH, the Alliance and HomeBase did not incur any tax liabilities for unrelated business income during the years ended December 31, 2017 or 2016. The Board assesses uncertainties in income taxes in its consolidated financial statements and uses a threshold of more-likely-than-not for recognition and derecognition of tax positions taken. There is no provision or liability for federal income taxes in the accompanying combined financial statements related to the Organization. AHFH, the Alliance, and HomeBase file Form 990 tax returns in the U.S. federal jurisdiction and are subject to routine examinations of its returns. However, there are no examinations currently in progress. The Board’s management believes it is no longer subject to income tax examinations for years prior to 2014.

AUSTIN HABITAT FOR HUMANITY, INC.
Notes to the Consolidated Financial Statements (continued)
Years ended December 31, 2017 and 2016

In April, 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. This ASU requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents would be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. For private companies, the ASU is effective for years beginning after December 15, 2018. The Organization has elected to not early adopt this ASU as of December 31, 2017.

Reclassification - Certain amounts in the prior year have been reclassified to conform to the presentation adopted in the current year. There was no impact on net assets as a result of reclassifications.

3. CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, investments and its receivables.

The Organization 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 do not represent a significant concentration of credit risk due to the diversification of the Organization's portfolio among instruments and issues. However, investment securities, including money market funds, are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the statement of financial position.

The Organization does not maintain collateral for its receivables except for mortgages and notes receivable and does not believe significant risk exists at December 31, 2017 or 2016. Credit risk for mortgages and notes receivable is concentrated because substantially all of the balances are due from individuals located in the same geographic region. Management considered the collateral pledged from mortgages and notes receivable to be adequate at December 31, 2017 and 2016.

4. INVESTMENTS

Investments at fair value

Marketable investments are stated at fair value using the market approach. Marketable investments consisted of mutual funds at December 31, 2017 and 2016. The inputs used to determine the fair value of mutual funds were considered Level 1.

Investments at cost

AHFH participated in NMTC programs in November 2011 and in July 2012. The programs, administered by the U.S. Department of the Treasury, provide funds from outside investors to eligible organizations for investment in qualified low-income community investments. Outside investors receive new markets tax credits to be applied against their federal tax liability. Program compliance requirements included creation of promissory notes and investments in qualified community development entities ("CDE or sub-CDE"). Tax credit recapture is required if compliance requirements are not met over a seven-year period after each transaction settlement date.

AUSTIN HABITAT FOR HUMANITY, INC.
Notes to the Consolidated Financial Statements (continued)
Years ended December 31, 2017 and 2016

6. MORTGAGES AND NOTES RECEIVABLE

Mortgages receivable consisted of the following at December 31:

	<u>2017</u>	<u>2016</u>
Gross mortgages receivable	\$ 14,731,866	\$ 14,513,198
Financing discount based on imputed interest at rates ranging from 4% to 8%	<u>(5,461,202)</u>	<u>(5,445,336)</u>
Mortgages receivable, net of unamortized discount	9,270,664	9,067,862
Current portion of mortgages receivable	<u>(816,838)</u>	<u>(808,474)</u>
	<u>\$ 8,453,826</u>	<u>\$ 8,259,388</u>

Mortgages receivable were valued using the income approach and inputs were considered Level 2 under the fair value hierarchy. Gross undiscounted future mortgage payments scheduled to be collected at December 31, 2017 are as follows:

2018	\$ 816,838
2019	790,213
2020	772,491
2021	752,304
2022	736,022
Thereafter	<u>10,863,998</u>
Total	<u>\$ 14,731,866</u>

Notes receivable on 2nd liens consisted of the following at December 31:

	<u>2017</u>	<u>2016</u>
Gross notes receivable for 2 nd lien	\$ 3,110,446	\$ 1,526,016
Financing discount based on imputed interest at rates ranging from 4% to 8%	<u>(2,295,169)</u>	<u>(1,097,425)</u>
Notes receivable on 2 nd liens, net of unamortized discount	<u>\$ 815,277</u>	<u>\$ 428,591</u>

7. RESTORE INVENTORY

ReStore inventory consisted of the following at December 31:

	<u>2017</u>	<u>2016</u>
Donated goods	\$ 155,000	\$ 155,000
Purchased materials	<u>464,453</u>	<u>374,738</u>
	<u>\$ 619,453</u>	<u>\$ 529,738</u>

AUSTIN HABITAT FOR HUMANITY, INC.
Notes to the Consolidated Financial Statements (continued)
Years ended December 31, 2017 and 2016

10. LONG-TERM DEBT

Long-term debt consisted of the following at December 31:

	2017	2016
Non-interest bearing, unsecured notes payable to HFHI under SHOP grants, due in monthly installments through 2019.	\$ 11,244	\$ 15,700
Promissory note to HFHI-SA NMTC VI, LLC, semi-annual interest only payments until November 15, 2019 at 0.75% followed by semi-annual principal payments due through maturity date of July 13, 2027, secured by substantially all the assets acquired by AHFH from the NMTC project loan proceeds.	1,320,965	1,320,965
Promissory note to CCM Community Development XXVII, LLC, semi-annual interest only payments until November 10, 2020 at 0.76% followed by semi-annual principal payments due through maturity date of July 26, 2028, secured by substantially all the assets acquired by AHFH from the NMTC project loan proceeds.	1,880,000	1,880,000
Promissory note to a bank, due in monthly installments of \$28,662 fixed principal and interest at a fixed rate (3.82% at December 31, 2017 and 2016) through 2039, secured by ReStore's land and building.	5,023,973	5,159,006
Total debt	8,236,182	8,375,671
Unamortized debt issuance costs	(64,439)	(74,030)
Total debt, net of unamortized debt issuance costs	8,171,743	8,301,641
Current portion of debt	(156,985)	(151,200)
Long-term debt, net of current portion and debt issuance costs	\$ 8,014,758	\$ 8,150,441

The credit facility (Note 11), notes payable and other long-term debt agreements contain certain financial covenants, including requirements for liquidity, earnings, and fixed charge coverage. The agreements also contain additional conditions limiting indebtedness, capital expenditures, and various other covenants as defined in the agreements. Failure to comply with the covenants could result in the debt being called by the lenders. As of December 31, 2017, and through the date of this report, the Organization was in compliance with such covenants.

Future maturities of long-term debt at December 31, 2017 are as follows:

2018	\$ 156,985
2019	243,249
2020	442,125
2021	563,546
2022	573,277
Thereafter	6,257,000
Total	\$ 8,236,182

AUSTIN HABITAT FOR HUMANITY, INC.
Notes to the Consolidated Financial Statements (continued)
Years ended December 31, 2017 and 2016

14. PERMANENTLY RESTRICTED NET ASSETS

During the year ended December 31, 2014, HomeBase was awarded a total of \$450,000, in capital fund grants by the U.S. Department of the Treasury's Community Development Financial Institution ("CDFI"). These funds were awarded to establish and maintain a capital fund for the establishment of a CDFI network to provide below market financing to developers of affordable housing and a loan loss reserve. Under the terms of the agreement, loan repayments must be returned to the capital fund to ensure its perpetuity; thus, these funds have been accounted for as permanently restricted. In October 2014, HomeBase issued a \$430,000, 3% interest bearing loan to AHFH. This loan was to be repaid in monthly installments of principal and interest and was scheduled to mature on October 1, 2039. Loan proceeds and repayments were eliminated upon consolidation each reporting period. Once the compliance period has expired, any remaining funds become unrestricted and can be utilized by the Organization. CDFI monitored HomeBase's compliance through December 31, 2016, the end of the compliance period. As a result, the Organization reclassified the remaining \$45,866 in permanently restricted funds to unrestricted during the year ended December 31, 2017.

15. RETIREMENT PLAN

The Organization sponsors a 401(k) plan that covers substantially all employees. The Organization's contributions to the plan for the years ended December 31, 2017 and 2016 were \$112,926 and \$82,018, respectively.

16. LEASE COMMITMENTS

The Organization leases office space, a construction warehouse, telephone equipment, and a copier under various non-cancellable operating leases. Rent expense under these leases totaled \$72,252 and \$25,730, respectively, for the years ended December 31, 2017 and 2016, which are reflected as occupancy costs in the accompanying statements of functional expenses. Future minimum payments under operating leases consisted of the following as of December 31, 2017:

	2018	\$	72,481
	2019		74,356
	2020		<u>50,404</u>
Total minimum lease payments		\$	<u>146,837</u>

AUSTIN HABITAT FOR HUMANITY, INC.
Supplemental Schedule - Consolidating Statement of Financial Position Information
December 31, 2017

	Austin Habitat for Humanity	Austin Neighborhood Alliance for Habitat, Inc.	HomeBase Texas	Eliminations	Total
ASSETS:					
Current assets					
Cash and cash equivalents	\$ 887,446	\$ -	\$ 494,841	\$ -	\$ 1,382,287
Investments, at fair value	400,080	-	-	-	400,080
Accounts receivable, net	46,332	-	126,668	-	173,000
Pledges receivable, net	116,718	-	-	-	116,718
Mortgages receivable, current portion, net	816,838	-	-	-	816,838
Intercompany receivable	928,257	5,131,316	601,807	(6,661,380)	-
ReStore inventory	619,453	-	-	-	619,453
Home construction in progress	484,299	-	-	-	484,299
Prepaid expenses and other current assets	248,190	-	-	-	248,190
Total current assets	<u>4,547,613</u>	<u>5,131,316</u>	<u>1,223,316</u>	<u>(6,661,380)</u>	<u>4,240,865</u>
Land held for development	3,500,621	-	-	-	3,500,621
Restricted cash	45,229	-	-	-	45,229
Pledges receivable, long-term portion, net	380,817	-	-	-	380,817
Other long-term assets	-	-	193,628	-	193,628
Mortgages receivable, long-term portion, net	8,453,826	-	-	-	8,453,826
Notes receivable - 2nd liens, net	-	-	815,277	-	815,277
Investments, at cost - NMTC	2,491,147	-	-	-	2,491,147
Property and equipment, net	9,592,553	-	-	-	9,592,553
Total assets	<u>\$ 29,011,806</u>	<u>\$ 5,131,316</u>	<u>\$ 2,232,221</u>	<u>\$ (6,661,380)</u>	<u>\$ 29,713,963</u>
LIABILITIES AND NET ASSETS:					
Current liabilities					
Accounts payable	\$ 430,385	\$ -	\$ 26,353	\$ -	\$ 456,738
Accrued expense	243,877	-	295,476	-	539,353
Intercompany payable	6,661,380	-	-	(6,661,380)	-
Deferred revenue	1,027,101	-	-	-	1,027,101
Capital lease obligation, current portion	33,251	-	-	-	33,251
Notes payable - TDHCA, current portion	87,149	-	-	-	87,149
Long-term debt, current portion	156,985	-	-	-	156,985
Total current liabilities	<u>8,640,128</u>	<u>-</u>	<u>321,829</u>	<u>(6,661,380)</u>	<u>2,300,577</u>
Capital lease obligation, long-term portion	256,670	-	-	-	256,670
Notes payable - TDHCA, long-term portion	1,175,498	-	-	-	1,175,498
Long-term debt, net of debt issuance costs	8,014,758	-	-	-	8,014,758
Total liabilities	<u>18,087,054</u>	<u>-</u>	<u>321,829</u>	<u>(6,661,380)</u>	<u>11,747,503</u>
Net assets					
Unrestricted	9,809,386	5,131,316	1,910,392	-	16,851,094
Temporarily restricted	1,115,366	-	-	-	1,115,366
Permanently restricted	-	-	-	-	-
Total net assets	<u>10,924,752</u>	<u>5,131,316</u>	<u>1,910,392</u>	<u>-</u>	<u>17,966,460</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 29,011,806</u>	<u>\$ 5,131,316</u>	<u>\$ 2,232,221</u>	<u>\$ (6,661,380)</u>	<u>\$ 29,713,963</u>

The accompanying notes and report of independent auditor are an integral part of these consolidated financial statements.

CERTIFICATE OF CORPORATE RESOLUTION

We, Curtis Page, Chairman, and David Osborn, Secretary, of Austin Habitat for Humanity, Inc., a corporation, certify that:

1. Austin Habitat for Humanity, Inc. is organized and existing under the laws of the State of Texas;
2. All franchise and other taxes required to maintain its corporate existence have been paid and no franchise or other such taxes are delinquent;
3. No proceedings are pending for the forfeiture of its certificate of incorporation or for its dissolution, voluntarily or involuntarily;
4. It is organized under the laws of Texas or is a foreign corporation qualified to do business in the State of Texas and is in good standing with the State of Texas;
5. There are no provisions in the articles of incorporation or bylaws of the corporation limiting the power of its board of directors to pass the resolution set out below;
6. The secretary is the keeper of the records and minutes of the corporation and on May 8, 2018, a special called vote of the board of directors of the corporation was held, which was properly called and held in accordance with the law and the bylaws of the corporation;
7. A quorum of the Board of Directors have consented to the action proposed at this special called vote; and
8. As a result of the affirmative vote, the following resolution was adopted:

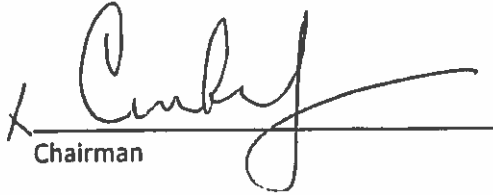
BE IT RESOLVED that the Austin Habitat for Humanity Board of Directors authorizes the Chief Executive Officer or whomever that person deems appropriate at their sole discretion, shall have the authority to apply for City of Austin grant funding, including federal and local sources, such as General Obligation Bonds or other funds as available for the Scenic Point Subdivision Phase 2, Mueller Row Houses, Persimmon/Meadow Lake and Montopolis Townhomes; and,


It is further **RESOLVED** that the Board of Directors authorizes the Chief Executive Officer to execute any agreements or other documents regarding the City of Austin grant funding, including federal and local sources, such as General Obligation Bonds or other funds as available for the Scenic Point Subdivision Phase 2, Mueller Row Houses, Persimmon/Meadow Lake and Montopolis Townhomes.

We certify that the above resolution has not been altered, amended, rescinded or repealed and is now in full force and effect.

We also certify that Curtis Page is the Chairman of the corporation and David Osborn is the Secretary.

Signed on Sept 26, 2018 by the Chairman and Secretary of the corporation.

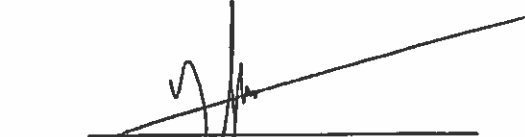

Chairman

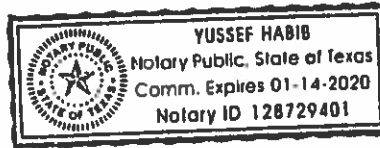

Secretary

State of Texas

County of Travis

This instrument was acknowledged before me on September 26th, 2018 by Curtis Page, Chairman of Austin Habitat for Humanity, Inc., a corporation, on behalf of said corporation.


Notary Public, State of Texas

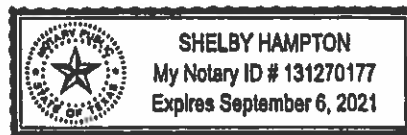


State of Texas

County of Travis

This instrument was acknowledged before me on October 1, 2018, 2018 by David Osborn, Secretary of Austin Habitat for Humanity, Inc., a corporation, on behalf of said corporation.


Notary Public, State of Texas





We build strong, stable and self-reliant communities

October 25, 2018

James B. May, AICP
Community Development Manager
City of Austin
Neighborhood Housing and Community Development
1000 East 11th Street
Austin, Texas 78702

RE: 11 Mueller Row Houses

Dear Mr. May:

Attached is a funding application for construction of 11 Row Houses in Mueller and located in District 9. The 11 Row House lots we will be building on are under contract and anticipate closing in November 2018. Please contact me if you require additional information. We look forward to your review and successful funding of this request.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in blue ink that reads "Andy Alarcón". The signature is written in a cursive, flowing style.

Andy Alarcón, AICP

Attachments (COA application)/AA

