

AGREEMENT REGARDING CONVEYANCE OF RIGHT OF REDEMPTION AND WAIVER OF AGRICULTURAL VALUATION—ESTANCIA HILL COUNTRY PID

THIS AGREEMENT REGARDING CONVEYANCE OF RIGHT OF REDEMPTION AND WAIVER OF AGRICULTURAL VALUATION—ESTANCIA HILL COUNTRY PID ("Agreement"), dated as of June 1, 2013 (the Effective Date"), by and among SLF III – Onion Creek, L.P., a Texas limited partnership ("Landowner"), the CITY OF AUSTIN, TEXAS (the "City"), a municipal corporation, acting by and through its duly authorized representative, and U.S. Bank National Association and any successor thereto permitted under the Indenture ("Trustee"). The City, the Trustee, and Landowner are sometimes referred to herein individually as "Party", and together as the "Parties."

RECITALS

A. WHEREAS, upon the petition of the Petitioners (defined below), on June 6, 2013 the City authorized the formation of the Estancia Hill Country Public Improvement District (the "District") on the District Property (defined below) and in accordance with Chapter 372 of the Texas Local Government Code, as amended. For purposes herein, the, "District Property" shall mean that certain approximately 600 acres of land located in Travis County, Texas and more particularly described on **Exhibit "A"** attached hereto and (ii) "Petitioners" shall collectively mean SLF III – Onion Creek, L.P., Sevensgreen One, Ltd., Quartersage II, Ltd., Reverde Three, Ltd., IV Capitol Pointe, Ltd., Stone Point Five, Ltd., Saladia VI, Ltd., Palo Grande Seven, Ltd., High Point Green VIII, Ltd., Golondrina Nine, Ltd., X Cordoniz, Ltd., Ciervo Eleven, Ltd., Zaguan XII, Ltd., Thirteen Canard, Ltd., Ruisseau XIV, Ltd., Dindon Fifteen, Ltd., Bois de Chene XVI, Ltd., Etourneau Seventeen, Ltd., and Moineau XVIII, Ltd.;

B. WHEREAS, Landowner owns approximately 215 acres of land located in Travis County, Texas as described in the attached **Exhibit "B"** (the Property"), and the City Council has approved the limited purpose annexation of the Property;

C. WHEREAS, the Property constitutes a portion of District Property;

D. WHEREAS, it is intended that the Property will be developed as a mixed use development which may include single family and multifamily residential, office, light industrial, retail and other uses (the "Project");

E. WHEREAS, Landowner proposes to construct certain Public Improvements (as defined in the Financing Agreement) to serve the Property and transfer certain of those improvements to the City in accordance with the terms and provisions of the Estancia Hill Country Public Improvement District Financing Agreement, dated as of June 1, 2013 between

the Landowner and the City ("the Financing Agreement") and the Annexation and Development Agreement, dated as of June 1, 2013 between the Petitioners and the City;

F. WHEREAS, the City intends to (upon satisfaction of the conditions and in accordance with the terms set forth in the Financing Agreement), at the request, and with the consent, approval and agreement of the Petitioners, adopt the Assessment Ordinance and adopt the Assessment Plan that provides for the construction and financing of certain Public Improvements for the benefit of the Assessed Property (as defined) within the District pursuant to the Assessment Plan (as defined in the Financing Agreement), payable in whole or in part, by and from assessments levied against Assessed Property, as more specifically provided for in the Assessment Plan;

G. WHEREAS, the City intends to (upon satisfaction of the conditions and in accordance with the terms set forth in the Financing Agreement) levy assessments on all or a portion of the District Property ("Assessed Property") and issue, in one or more series, bonds for payment of costs associated with construction and/or acquisition of the Public Improvements included in the Assessment Plan, as such plan may be amended from time to time;

H. WHEREAS, pursuant to the Assessment Plan, the City will maintain Assessment Rolls (as defined in the Assessment Plan) that identifies all parcels within the District that are Assessed Property and all parcels that are not subject to an assessment;

I. WHEREAS, from the proceeds of the bonds the City issues in connection with the Public Improvements, the City or County (as applicable), will, upon satisfaction of the conditions and in accordance with the terms set forth in the Financing Agreement, acquire and accept those certain Public Improvements provided for in the Financing Agreement and the applicable Petitioners will be paid or reimbursed for all or a portion of the costs of acquisition, construction, and improvement of the Public Improvements;

J. WHEREAS, as a condition precedent to the City's performance of its obligations under the Financing Agreement, Landowner has agreed to execute this Agreement conveying all rights to redeem any portion of the Property that is subject to an assessment levied pursuant to the District as identified on the Assessment Rolls maintained by the City and has an agricultural use valuation following a tax sale, and to execute and deliver into escrow with the Trustee multiple originals of waivers of agricultural use valuation in the form attached as "**Exhibit C**" hereto; and

K. WHEREAS, U.S. Bank National Association, is the trustee under the Indenture (as defined in the Financing Agreement).

NOW, THEREFORE, in consideration of the premises set forth above, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS

(a) "Exempt Property" shall include any portion of the Property that is designated for agricultural use (which shall include, but not be limited to, any of the uses described in Section 23.51 of the Texas Tax Code, as amended) or is otherwise claimed for agricultural use by the owner thereof for ad valorem tax purposes pursuant to Section 23.41 of the Texas Tax Code or any other applicable statute, law or right.

(b) "Lender" means a lender or mortgagee that holds a lien or security interest in all or a portion of the Assessed Property.

(c) "Non-Redeemable Property" shall be those portions of the Property that are Assessed Property and have an Exempt Property status at the time either the applicable ad valorem taxes become past due or at the time that the annual payment on the Special Assessment levied against the property becomes past due.

SECTION 2. CONVEYANCE OF RIGHT OF REDEMPTION.

Landowner has GRANTED, BARGAINED, SOLD, and CONVEYED, and by these presents do hereby GRANT, BARGAIN, SELL, and CONVEY, without warranty, unto the Trustee all rights that Landowner and its successors and assigns now have or in the future may have in equity, or under common law, statutory law, the Constitution of the State of Texas or otherwise to redeem, repurchase or reacquire Non-Redeemable Property following a foreclosure of a tax lien or sale, transfer or conveyance in connection with a tax sale, including, without limitation, any and all rights arising under Section 34.21 of the Texas Tax Code, as amended ("Tax Redemption Rights").

TO HAVE AND TO HOLD the Tax Redemption Rights in the Non-Redeemable Property belonging in any way to Landowner, unto the Trustee, its successors and assigns, forever, subject to the Restrictions and Reservations set forth herein.

So long as the Trustee holds the Tax Redemption Rights, the exercise of such Tax Redemption Rights shall be in the sole and absolute discretion of the Trustee.

Restrictions and Reservations

IT IS EXPRESSLY UNDERSTOOD AND AGREED that if all or a portion of the Non-Redeemable Property ceases to be Assessed Property, as shown on the Assessment Rolls, then the owner of such land shall have the right to assume ownership of Tax Redemption Rights for said portion of the Non-Redeemable Property. Upon written request by an owner of land located within the Property that is Non-Redeemable Property that has ceased to be Assessed Property, the City and the Trustee shall execute a Release from this Agreement in the form attached hereto as **Exhibit "D"**.

SECTION 3. RESTRICTION AGAINST REDEMPTION OF NON-REDEEMABLE PROPERTY

In the event that a court of competent jurisdiction enters a final judgment that the foregoing conveyance of Tax Redemption Rights is not effective, Landowner hereby absolutely, unconditionally and irrevocably waives, releases, relinquishes and surrenders forever, on behalf of itself and its respective successors and assigns, and agrees not to assert or exercise any and all Tax Redemption Rights it now has or in the future may have in equity, pursuant to statute, the Constitution of the State of Texas or otherwise to redeem, repurchase or reacquire any portion of the Property that is Non-Redeemable Property following a foreclosure of a tax lien or sale, transfer or conveyance in connection with a tax sale, including, without limitation, any and all rights arising under Section 34.21 of the Texas Tax Code, as amended.

SECTION 4. WAIVER OF AGRICULTURAL USE VALUATION.

(a) Concurrently with the closing on the initial PID Bonds (as defined in the Financing Agreement) for the Property, the Landowner will deposit \$_____ with the Trustee ("Special Assessment Fund") which is estimated to be two years of ad valorem taxes levied by all taxing units on the Property, subject to agricultural valuation for the calendar years 2013 and 2014. As part of the annual update and Special Assessment calculation, the Landowner will determine how much land, in acres, remains subject to agricultural valuation versus the prior year and then estimate the anticipated ad valorem tax burden based on the prior year tax bill and any other known or published tax increases and such information will be confirmed by the Administrator. In the event that the ad valorem taxes increase so that the estimated sum of two years of ad valorem taxes on land subject to agricultural valuation is greater than the amount held in the Property Tax Reserve Fund, then the Landowner shall be required to deposit additional funds into the Special Assessment Fund with the Trustee within 30 days after Trustee's written notice to Landowner. In the event the Landowner does not subsequently pay the ad valorem property taxes on Parcels with an agricultural land use designation under the Texas Tax Code, the Trustee will notify Landowner and thereafter will take action pursuant to this Agreement. In the event that the Landowner continues to pay the ad valorem taxes and portions of the Property are converted out of agricultural use valuation, it is anticipated that the required balance within the Special Assessment Fund be released to the Landowner within thirty (30) days of Landowner's written request to Trustee.

(b) Delivery of Agricultural Use Waiver Into Escrow. Concurrently with the execution and delivery of this Agreement, Landowner has executed and has delivered or will promptly deliver to the Trustee to be held in escrow ten (10) originals of the form attached hereto as **Exhibit "C"** (the "Agricultural Use Waiver") waiving any agricultural use valuation and any right to special appraisal arising based on agricultural use with respect to Non-Redeemable Property. The Agricultural Use Waiver shall be held in escrow, and shall only be released from escrow in accordance with the provisions of this Section 4.

(c) Authorization to File Agricultural Use Waiver.

(i) Prior to the Trustee taking any action described in subsection 4(c)(ii) below, the Trustee shall deliver to the Travis County Tax Assessor/Collector or its successors (the “County”) an amount equal to past due or delinquent taxes using funds in the Special Assessment Fund. If the funds in the Special Assessment Fund are not sufficient to pay all past due ad valorem taxes, including any accrues interest and penalties, then the Trustee shall notify Landowner of such deficiency and provide Landowner thirty (30) days to deliver to the Trustee the requisite amount of funds to transfer to the County an amount equal to all past due taxes and the amount necessary to restore the applicable Special Assessment Fund to the level required by this Agreement.

(ii) In the event that any taxes secured by a lien against any portion of the Non-Redeemable Property have not been paid by March 1st following the year for which such taxes are levied, the Trustee shall provide Landlord and Lender (if applicable) notice of the deficiency and provide Lender ten (10) days to cure said deficiency. If neither Landowner nor Lender cures the deficiency, Trustee shall (unless otherwise instructed by holders of not less than twenty percent (20%) of the Bonds, as defined in the Financing Agreement, secured by the applicable Indenture then outstanding) and Landowner hereby irrevocably authorizes the Trustee to, release the Agricultural Use Waiver from escrow and deliver same the County. The Trustee shall, and Landowner further authorizes the Trustee to, attach to the Agricultural Use Waiver a description of that portion of the Non-Redeemable Property for which taxes are delinquent; provided, however, that the Trustee shall not be required to take any such action until it receives from the County the descriptions of the Non-Redeemable Property to be attached to such waiver. In the event that the Trustee receives notice that delinquent taxes and all penalties and interest have been paid prior to Trustee's transmittal of the Agricultural Use Waiver to the County, then Trustee shall not transmit the Waiver of Agricultural Use to the County and such waiver shall be returned to escrow. In the event that the number of Agricultural Use Waivers held by Trustee is less than three (3) and some portion of the Property is Non-Redeemable Property, the Landowner agrees to promptly execute and deliver to the Trustee, to be held in and released from escrow as provided herein, another Agricultural Use Waiver for use with any remaining Non-Redeemable Property owned by Landowner; provided, however, the Trustee shall deliver to the County an Agricultural Use Waiver with respect to the remaining Non-Redeemable Property owned by a Landowner that has not paid taxes as required by this section, if said Landowner does not execute and deliver to the Trustee such additional Agricultural Waivers within thirty (30) days of a written request by the Trustee. Notwithstanding anything to the contrary contained herein, Lender is under no obligation to cure any deficiency.

(iii) Except as provided in Section 4(c)(iv), in the event that any Special Assessments levied by the City pursuant to the Assessment Ordinance that are secured by a lien against any portion of the Non-Redeemable Property have not been paid by March 1st following the year for which such Special Assessment are levied (or ten (10) days before such assessments

become delinquent, if earlier), the Trustee shall provide Landowner and Lender notice of the failure to pay Special Assessments. If neither Landlord nor Lender cure, and upon receipt of written notification of such failure to cure from the Trustee shall (unless otherwise instructed by holders of not less than twenty percent (20%) of the Bonds secured by the Indenture) and Landowner hereby irrevocably authorizes the Trustee to, release the Agricultural Use Waiver from escrow and deliver same to the County. The Trustee shall, and Landowner further authorizes the Trustee to, attach to the Agricultural Use Waiver a description of that portion of the Non-Redeemable Property for which Special Assessments are delinquent. In the event that the number of Agricultural Use Waivers held by Trustee is less than three (3) and some portion of the Property is Non-Redeemable, the Landowner agrees to promptly execute and deliver to the Trustee, to be held in and released from escrow as provided herein, another Agricultural Use Waiver for use with any remaining Non-Redeemable Property owned by Landowner; provided, however, the Trustee shall deliver to the County an Agricultural Use Waiver with respect to the remaining Non-Redeemable Property owned by Landowner that has not paid the Special Assessments as required by this section, if Landowner does not execute and deliver to the Trustee such additional Agricultural Waivers within thirty (30) days of a written request by the Trustee. Notwithstanding anything to the contrary contained herein, Lender is under no obligation to cure the failure to pay.

(iv) If, by case law, statute or an opinion of the Attorney General it is determined that Tax Redemption Rights do not apply to the Special Assessments levied on behalf of the District, then Section 4(c)(iii) shall immediately become non-operative and non-effective upon Trustee's receipt of written notice of such decision, statute or opinion.

SECTION 5. REPRESENTATIONS AND WARRANTIES.

The Landowners hereby represents and warrants to the City as follows:

(a) Landowner represents and warrants that it is a limited partnership duly organized and validly existing under the laws of the State of Texas, is qualified to do business in and is in good standing under the laws of the State of Texas, is in compliance with the laws of the State of Texas, and has the power and authority to own its properties and assets and to carry on its own business as now being conducted and as now contemplated.

(b) Landowner represents and warrants that it has the power and authority to enter into this Agreement, and has taken all action necessary to cause this Agreement to be executed and delivered, and this Agreement has been duly and validly executed and delivered on behalf of such Landowner.

(c) Landlord represents and warrants that this Agreement is valid and enforceable obligation of the Developer and is enforceable against the Landowner in accordance with its terms, subject to bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights in general and by general equity principles.

SECTION 6. DEFAULT AND REMEDIES.

In the event that Landowner shall violate, or indicate that such Landowner intends to violate, any of the terms and provisions set forth in this Agreement, in addition to any other remedies available at law or in equity, the Trustee shall have the right, but shall not be obligated, to sue such Landowner for and obtain a prohibitive or mandatory injunction or any other equitable remedy to prevent the breach of, or to enforce the observance of, the terms of this Agreement. The foregoing remedies shall be cumulative with, in addition to, and non-exclusive of one another, and the exercise of any one remedy shall not bar the exercise of any other remedy. In the event of any legal action commenced by the Trustee to enforce the obligations of Landowner hereunder, the Trustee shall be entitled to recover its reasonable attorney's fees and costs from such Landowner. Trustee shall provide ten (10) days' notice to Lender prior to taking any enforcement action. Notwithstanding anything to the contrary set forth in this Agreement, the obligations of Landowner under this Agreement shall be several, not joint.

SECTION 7. RESPONSIBILITIES OF THE TRUSTEE.

(a) The duties and obligations of the Trustee shall be determined by the express provisions of this Agreement, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement.

(b) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Agreement, except for its own negligence or willful misconduct.

(c) Any action against the Trustee under this Agreement shall be limited to specific performance.

SECTION 8. MISCELLANEOUS.

(a) Term of Agreement. This Agreement shall continue in full force and effect so long as any obligations remain outstanding under any Indenture. In the event the Trustee ceases serving as trustee under the Indentures, the Trustee's obligations under this Agreement shall terminate provided that the Trustee has delivered to a successor Trustee under this Agreement the Agricultural Use Waivers held in escrow.

(b) Headings Descriptive. The headings of the several Sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

(c) Interpretation. The singular number includes the plural and the masculine gender includes the feminine and neuter.

(d) Covenants Run the Land; Transfers of the Property. This Agreement shall run with the land and the ownership of any Non-Redeemable Property and will act as an appurtenant burden on the Non-Redeemable Property and shall be binding upon the Non-Redeemable Property and all owners, tenants, subtenants, licensees, assignees and occupants thereof and any other party having any interest therein. Upon the acquisition by any party of any interest in the Non-Redeemable Property, such party shall automatically and without further action by such party or any other party be deemed to have assumed and agreed to be bound by this Agreement. Without limiting the foregoing any person who acquires a fee interest in any portion of the Non-Redeemable Property ("Subsequent Owner") shall, and hereby shall be deemed to have agreed to, (i) execute and record in the Real Property Records of Travis County, Texas promptly following the recording of the conveyance instrument, an agreement in form attached hereto as **Exhibit "E"** (the "Acknowledgment and Agreement") to acknowledge that such person is subject to the terms of this Agreement, expressly agreeing to comply with the terms and provisions of this Agreement applicable to the portion of the Non-Redeemable Property acquired by such person, and waiving such person's right to redeem such portion of the Non-Redeemable Property, and (ii) execute and deliver to the Trustee, concurrently with the recording of the Acknowledgment and Agreement, four (4) Waiver of Special Appraisal Agricultural Use Waivers in the form attached hereto as **Exhibit "C"** for that portion of the Non-Redeemable Property acquired by such person. In the event that the number of Agricultural Use Waivers signed by a Subsequent Owner that are held by Trustee is less than two (2) and some portion of the Property owned by Subsequent Owner is the Non-Redeemable Property such Subsequent Owner agrees to promptly execute and deliver to the Trustee, to be held in and released from escrow as provided herein, another Agricultural Use Waiver for use with any remaining Non-Redeemable Property owned by such Subsequent Owner; provided, however, the Trustee shall deliver to the County an Agricultural Use Waiver with respect to the remaining Non-Redeemable Property owned by a Subsequent Owner that has not paid taxes or Special Assessments as required by this Agreement, if said Landowner does not execute and deliver to the Trustee such additional Agricultural Waivers within thirty (30) days of a written notice by Trustee.

(e) Indemnification. Landowner shall to the fullest extent permitted by law, defend, indemnify and hold harmless Trustee and each director, officer, employee, attorney, agent and affiliate of Trustee (collectively, the "Indemnified Parties") against any and all actions, claims (whether or not valid), losses, damages, liabilities, costs and expenses of any kind or nature whatsoever (including without limitation reasonable attorneys' fees, costs and expenses) incurred by or asserted against any of the Indemnified Parties as a result of or arising from or in any way relating to any claim, demand, suit, action or proceeding by any person, including without limitation such Landowner, asserting a claim for any legal or equitable remedy against any person arising from or in connection with the negotiating, execution, performance or failure of performance of this Agreement by Landowner, whether or not any such Indemnified Party is a party to any such suit, action or proceeding; provided, however, that no Indemnified Party shall have the right to be indemnified hereunder for any liability finally determined by a court of

competent jurisdiction, subject to no further appeal, to have resulted solely from the negligence or willful misconduct of such Indemnified Party.

Trustee may consult legal counsel selected by it in the event of any dispute or question as to the construction of any of the provisions hereof or of its duties hereunder, or relating to any dispute involving any party hereto, and shall incur no liability and shall be fully indemnified from any liability whatsoever in acting in accordance with the opinion or instruction of such counsel. The Landowner shall promptly pay, upon demand, the reasonable fees and expenses of any such counsel.

(f) Trustee's Fees. The Landowner agrees to pay (or cause the payment to) the Trustee for the performance of services hereunder an annual fee of \$_____ and, except for reimbursement of costs and expenses incurred by the Trustee in its performance of its duties and obligations under this Agreement, the Trustee hereby agrees said amount is full and complete payment for the administration of this Agreement.

(g) Material Agreement. Landowner acknowledges that the agreements and obligations of the Parties set forth herein are a material inducement to the City's entering into the Financing Agreement, that Landowner is represented by counsel of their own choice with respect to this Agreement, and that Landowner is entering into this Agreement freely and voluntarily and not acting under coercion or duress.

(h) Binding Effect. This Agreement shall be binding upon the Landowner and its successors, receivers, trustees and assigns and shall inure to the benefit of the City, the Trustee and the successors and assigns of the Trustee.

(i) Amendments. This Agreement may be modified or amended only by a written agreement executed by the Trustee, the City, and each owner of that portion of the Property to be affected by such amendment and recorded in the Real Property Records of Travis County, Texas.

(j) Severability; No Waiver. If any provision of this Agreement is held invalid or unenforceable, no other provision of this Agreement will be affected by such holding and all other provisions of this Agreement will continue in full force and effect. Any failure by a Party to insist upon strict performance by the other Party of any material provision of this Agreement will not be deemed a waiver of such requirement or of any other provision, and such Party may at any time thereafter insist upon strict performance of any and all of the provisions of this Agreement.

(k) Notices. Any notice, communication or disbursement required to be given or made hereunder shall be in writing and shall be given or made by facsimile, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the address set forth below or at such other address as may be any specified in writing by any Party hereto to the other parties hereto. Each notice which shall be mailed or delivered in

the manner described above shall be deemed sufficiently given, served, sent and received for all purpose at such time as it is received by the addressee (with return receipt, the delivery receipt or the affidavit of messenger being deemed conclusive evidence of such receipt) at the following addresses.

If to City: City of Austin
700 Lavaca, Suite 940
Austin, Texas 78701
Attn: City Treasurer
Facsimile: 512.370.3838

If to Landowner: SLF III – ONION CREEK, L.P
c/o Stratford Land
5949 Sherry Lane, Suite 1750
Dallas, Texas 75225

With a copy to: Metcalf Wolff Stuart & Williams, LLP
Attn: Steven C. Metcalfe
221 W. 6th Street, Suite 1300
Austin, Texas 78701
Facsimile: 512.404.2245

(l) Third Party Beneficiaries. The provisions of this Agreement are and will be for the benefit of the Parties, the Trustee and the holders of the Bonds only and are not for the benefit of any other third party and, accordingly, no other third party shall have the right to enforce the provisions of this Agreement

(m) Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

(n) Further Assurances. The applicable Parties agree to take all further action and execute and deliver to the City such additional documents as may be necessary or as the City may reasonably request to carry out the purposes of this Agreement.

(o) Governing Law. This Agreement and the rights and obligations of the Parties hereunder shall be governed by, and construed in accordance with the laws of the State of Texas (without giving effect to the principles thereof relating to conflicts of law).

(p) Exhibits. The following exhibits are attached to and incorporated into this Agreement for all purposes:

Exhibit “A”- Description of the Project

Exhibit “B”- Description of the Property

Exhibit “C”- Form of Agricultural Use Waiver

Exhibit “D”- Form of Release From Agreement

Exhibit “E”- Acknowledgement of Assumption of Waiver of Right of Redemption

[Signature page follows]

IN WITNESS WHEREOF, the Parties to this Agreement have caused this Agreement to be executed by their duly authorized representatives on dates set forth in the acknowledgements below, to be effective as of the day and year first above written.

CITY OF AUSTIN

By: _____
Name: _____
Title: _____

ATTEST

City Secretary

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

This instrument was acknowledged before me on _____, 20____, by
_____, _____, on behalf of said City.

Notary Public, State of Texas

OWNER:

SLF III – ONION CREEK, L.P.,

a Texas limited partnership

By: SLF III Property GP, LLC,
a Texas limited liability company,
its General Partner

By: Stratford Land Fund III, L.P.,
a Delaware limited partnership,
its Sole and Managing Member

By: Stratford Fund III GP, LLC,
a Texas limited liability company, its
General Partner

By: _____

Name: _____

Title: _____

THE STATE OF TEXAS §

COUNTY OF DALLAS §

THIS INSTRUMENT is acknowledged before me on this ____ day of _____, 2013, by _____, as _____ of Stratford Fund III GP, LLC, general partner of Stratford Land Fund III, L.P., sole and managing member of SLF III Property GP, LLC, general partner of SLF III – Onion Creek, L.P.

[SEAL]

Notary Public, State of Texas

Exhibit "A"

Description of Project

TRACT 1: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 418.601 ACRES OF LAND, SITUATED IN THE S.F. SLAUGHTER SURVEY NO. 1, THE SANTIAGO DEL VALLE GRANT AND THE TRINIDAD VARCINAS SURVEY NO. 535, SITUATED IN TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2007226648 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS, SAVE AND EXCEPT THAT CERTAIN 5.367 ACRE TRACT CONVEYED TO THE CITY OF AUSTIN RECORDED IN DOCUMENT NO. 2009190064 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 2: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.007 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078591 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 3: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.004 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078592 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 4: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.003 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078593 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 5: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.001 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS

DESCRIBED IN DOCUMENT NO. 2009078594 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 6: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.003 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078595 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 7: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.003 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, AND THE S.V.R. EGGLESTON LEAGUE NO. 3, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078596, AS CORRECTED IN DOCUMENT NO. 2009093810 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 8: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.505 ACRES OF LAND, MORE OR LESS, SITUATED IN THE S.V.R. EGGLESTON LEAGUE NO. 3, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078597, AS CORRECTED IN DOCUMENT NO. 2009093811 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 9: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.005 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, AND IN THE S.V.R. EGGLESTON LEAGUE NO. 3, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078598, AS CORRECTED IN DOCUMENT NO. 2009093812 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 10: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.002 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078599 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 11: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.002 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078600 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 12: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.001 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078601 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 13: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.003 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078602 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 14: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.002 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078603 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 15: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.004 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078604 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 16: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.001 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS

DESCRIBED IN DOCUMENT NO. 2009078605 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 17: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.004 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078606 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 18: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.004 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078607 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 19: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.003 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078608 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

Exhibit “B”

Description of Property

Exhibit “C”

WAIVER OF SPECIAL APPRIASAL

THE STATE OF TEXAS §
 § KNOW EVERYONE BY THESE PRESENTS:
COUNTY OF TRAVIS §

 THAT this Wavier of Special Appraisal (this “Wavier”) is made and entered into as of the _____ date of _____, 20____, for the benefit of the City of Austin, Texas (the “City”) and the Trustee (as defined below), by _____ (“Landowner,” whether one or more), owner of the property described on Schedule 1 hereto (the “Property”), which Property is located within the Estancia Hill Country Public Improvement District (the “District”), a public improvement district of the City, pursuant to Texas Tax Code Ann. §23.20.

RECITALS

 A. The City has the right to levy special assessments on land located within the District pursuant to a separate ordinance enacted by the City County of the City, which assessments are intended to provide for the financing of certain improvements for the benefit of the District.

 B. The purpose of the City in selling its special assessments revenue bonds is to provide, among other things, financing for certain improvements to serve the District (the “Facilities”).

 C. Trustee is described in that certain Estancia Hill Country Public Improvement District Financing Agreement having an effective date of June ____, 2013 by and between _____, and the City.

 D. In furtherance of this purpose, the City has agreed to reimburse Landowner or has reimbursed Landowner’s predecessor in interest for payments made for certain Public Improvements pursuant to that certain Indenture of Trust dated as of _____ between the City and the Trustee.

 E. Landowner acknowledges that the election by Landowner to claim agricultural use exemptions or valuations arising under Section 34.21 of the Texas Tax Code, as amended (collectively, the “Exemptions”), but not including any residential homestead exemption, for the Property would be detrimental to the property valuation base and may significantly impair the ability to the City to meet its debt obligations for its special assessments revenue bonds.

WAIVER

Section 1. Waiver of Exemptions. Landowner, on behalf of itself, its successors and assigns, (i) irrevocably waives its right to claim any of the Exemptions with respect to the Property for a period of thirty (30) years beginning on the date of this Waiver is received by the Travis County Tax Assessor/Collector; (ii) authorizes the City and/or the Trustee to file this Wavier with the Chief Appraiser of the Travis County Appraisal District, or its successors, in accordance with the terms of the Agreement Regarding Conveyance of Right of Redemption and Waiver of Agricultural Valuation-Estancia Hill Country PID having an effective date of June ___, 2013; and (iii) covenants that it will not make any claim for a special appraisal except on written authorization of the Trustee. Landowner acknowledges that it may have the right under Article 8 of the Texas Constitution to assert some or all of the Exemptions which it is waiving herein, and agrees that it shall be estopped from claiming such Exemptions for so long as this Waiver shall remain in effect, provided, however, it is expressly acknowledged and agreed by Landowner that mechanisms for single family residences now available or to be made available by any change in Texas laws for the reduction of ad valorem tax liability or of valuation for the purposes of ad valorem taxes or other assessments with respect to real property, such as exemptions for homesteads, disabled veterans, and elderly homesteads, are not included in the definition of Exemptions and are expressly allowed, to the extent such exemptions would be otherwise available, with respect to the Property.

Section 2. Disclosures of Lienholders. Landowner represents and warrants that there is no lienholder on the Property.

Section 3. Intentionally Omitted.

Section 4. Covenants to Run with Land. The terms and provisions hereof shall be deemed to be restrictive covenants encumbering and running with the Property and shall be binding upon the Landowner and its successors and assigns. In particular, each successive purchaser of the Property shall, upon purchase thereof (or such portion thereof) be deemed to have waived its right to claims of the Exemptions with respect to the Property (or such portions thereof) for so long as this Waiver shall remain in effect.

Section 5. Enforceability. The covenants and restrictions binding the Property hereunder shall be enforceable only by the City, the Trustee and their respective successors and assigns. This Waiver is for the sole benefit of the parties hereto, and of the Trustee, and no other third party is intended to be a beneficiary of this Waiver.

Section 6. Termination. This Waiver shall continue in full force and effect until the earlier to occur of the following: (i) thirty (30) years; or (ii) such time as the Trustee approves a revocation in writing.

Section 7. Severability. Every provision of this Waiver is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable to the maximum extent permitted by law, it being the intent of the parties hereto to give full force and effect to the agreements made hereunder to the maximum extent permitted by law.

Section 8. Headings. The Section headings are included in this Waiver for convenience and reference only, and shall not be deemed to affect the substantive provisions of this Waiver.

Section 9. Remedies. If Landowner breaches its obligations hereunder, the Trustee or the City (on behalf of the Trustee), in addition to all other remedies set forth herein or otherwise available at law or in equity, shall be entitled to recover from Landowner the amount of assessments that would have been due to the City had Landowner complied with this Waiver. Such payment will be due and payable, and will incur penalties and charges under the same terms as if the payment had been an assessment obligation of Landowner to City.

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties to this Agreement have caused this Agreement to be executed by their duly authorized representatives on dates set forth in the acknowledgements below, to be effective as of the day and year first above written.

CITY OF AUSTIN

By:_____

Name:_____

Title:_____

ATTEST

City Secretary

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

This instrument was acknowledged before me on_____, 20____, by
_____, _____, on behalf of said City.

Notary Public, State of Texas

OWNER:

SLF III – ONION CREEK, L.P.,

a Texas limited partnership

By: SLF III Property GP, LLC,
a Texas limited liability company,
its General Partner

By: Stratford Land Fund III, L.P.,
a Delaware limited partnership,
its Sole and Managing Member

By: Stratford Fund III GP, LLC,
a Texas limited liability company, its
General Partner

By: _____

Name: _____

Title: _____

THE STATE OF TEXAS

COUNTY OF DALLAS

THIS INSTRUMENT is acknowledged before me on this ____ day of _____, 2013, by _____, as _____ of Stratford Fund III GP, LLC, general partner of Stratford Land Fund III, L.P., sole and managing member of SLF III Property GP, LLC, general partner of SLF III – Onion Creek, L.P.

[SEAL]

Notary Public, State of Texas

Exhibit "D"

RELEASE OF REDEMPTION AGREEMENT

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

WHEREAS, the land described in the attached Exhibit "A" ("Property") is located within the Estancia Hill Country Public Improvement District ("District");

WHEREAS, _____ is the owner of the Property ("Owner");

WHEREAS, the Property is subject to the terms of the Agreement Regarding Conveyance of Right of Redemption And Waiver of Agricultural Valuation-Estancia Hill Country PID with an effective date of _____, 2013, and recorded in Document No. _____, Official Public Records of Travis County, Texas ("Redemption Agreement");

WHEREAS, the City of Austin and the Trustee are parties to the Redemption Agreement;

WHEREAS, pursuant to the Redemption Agreement certain rights to redeem the Property under the Texas Tax Code (as described in the Redemption Agreement) were conveyed to the Trustee (defined below);

WHEREAS, _____ is the Trustee, as defined in the Redemption Agreement;

WHEREAS, pursuant to Section 4 of the Redemption Agreement, the Trustee is authorized to deliver a Waiver of Agricultural Use to the appropriate Tax Assessor/Collector office in the event that delinquent taxes or Special Assessments are owed on the Property;

WHEREAS, pursuant to Section 2 of the Redemption Agreement, the City and the Trustee are authorized to release property from the terms of the Redemption Agreement; and

WHEREAS, the City and the Trustee have determined that the Property should be released from the terms of the Redemption Agreement

NOW, THEREFORE, for and in consideration of the above stated premises, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged by the City of Austin and the Trustee, the City of Austin and the Trustee do hereby forever release and discharge the Property from all terms, restrictions, covenants and conditions of the Redemption Agreement in its entirety, and release any and all rights that the City of Austin and the Trustee had, have or may have by virtue of the Redemption Agreement. In no event shall this release have any impact on land within the District other than the Property described in the attached Exhibit "A".

Trustee has GRANTED, BARGAINED, SOLD, and CONVEYED, and by these presents

does hereby GRANT, BARGAIN, SELL, and CONVEY, unto Owner all rights that Trustee and its successors and assigns now have or in the future may have in equity, or under common law, statutory law, the Constitution of the State of Texas or otherwise in the "Tax Redemption Rights," as defined in the Redemption Agreement with respect to the Property described in the attached Exhibit "A".

TO HAVE AND TO HOLD the Tax Redemption Rights in the Property, described in the attached Exhibit "A", belonging in any way to Trustee, unto the Owner, its successors and assigns, forever, and Trustee does hereby bind itself and its respective successors and assigns, to WARRANT AND FOREVER DEFEND all and singular, the Tax Redemption Rights in the Property, described in the attached Exhibit "A", unto the Owner, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same, or any part thereof by, through, or under Trustee, but not otherwise.

[SIGNATURE PAGE FOLLOWS]

WITNESS THE EXECUTION HEREOF this the _ day of _____ , 20_.

City of Austin

By: _____

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

This instrument was acknowledged before me on _____, 20_, by
_____, the _____ of the City of Austin, Texas, a
home rule city and Texas municipal corporation, on behalf of said city and municipal corporation.

Notary Public, State of Texas

WITNESS THE EXECUTION HEREOF this the ____ day of _____, 20__.

Trustee

By: _____

THE STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on this _____ day of _____, 20__,
by _____ the _____, on behalf of said entity.

Notary Public, State of _____

* Attached description of the Land as **Exhibit A** prior to recording.

After Recording Mail to:

EXHIBIT "E"

ACKNOWLEDGMENT OF ASSUMPTION AND CONVEYANCE OF RIGHT OF REDEMPTION

This Acknowledgment of Assumption and Conveyance of Right of Redemption (this "Acknowledgment and Agreement") is entered into effective , 20_ by _____ , a (whether one or more, the "Buyer") in favor of the City of Austin, Texas (the "City") and the Trustee, as such term is defined in the Redemption Agreement (defined below).

RECITALS

A. WHEREAS, Buyer has purchased and acquired certain land described on Exhibit A attached hereto (the "Land"); and

B. WHEREAS, the Land is subject to that certain Agreement Regarding Conveyance of Right of Redemption and Wavier of Agricultural Valuation, dated on or about _____, 2013 (the "Redemption Agreement"); and

C. WHEREAS, pursuant to a the requirements of the Redemption Agreement, it is a condition to the acquisition of the Land that the Buyer execute this Acknowledgment and Agreement and record same in the Real Property Records of Travis County, Texas; and

D. WHEREAS, the purchase price paid by Buyer for the Property was calculated and determined, in part, based upon the benefits and restrictions applicable to the Land and arising in connection with the Redemption Agreement and the other agreements executed in connection therewith and the requirement that Buyer execute this Acknowledgment and Agreement.

NOW, THEREFORE, in consideration of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Buyer hereby represents, warrants and agrees as follows:

1. Buyer acknowledges that the Redemption Agreement continues to affect the Land, and that Buyer has assumed, and Buyer hereby does assume and agree to perform, the obligations of the Landowners (as such term is defined in the Redemption Agreement) under the Redemption Agreement with respect to the Land.

2. Buyer hereby grants, sells, conveys and assigns to the Trustee all rights Buyer and its successors and assigns now have or in the future may have in equity, pursuant to statute, the Constitution of the State of Texas or otherwise to redeem, repurchase or reacquire, following any foreclosure of a tax lien or sale, transfer or conveyance in connection with a tax sale, any portion of the Land that constitutes Exempt Property (as defined in the Redemption Agreement), including, without limitation, any and all rights arising under Section 34.21 of the Texas Tax Code, as amended but excluding any redemption rights arising out of the homestead status of the Property. In the event that the foregoing conveyance is not effective, Buyer hereby absolutely, unconditionally and irrevocably waives, releases, relinquishes and surrenders forever, on behalf of itself and its successors and assigns, and agrees not to assert or exercise any and all rights it now has or in the future may have in equity, pursuant to statute, the Constitution of the State of Texas or otherwise to

redeem, repurchase or reacquire, following any foreclosure of a tax lien or sale, transfer or conveyance in connection with a tax sale, any portion of the Land that constitutes Exempt Property, including, without limitation, any and all rights arising under Section 34.21 of the Texas Tax Code, as amended.

3. Concurrently with the execution and delivery of this Acknowledgment and Agreement, Buyer has executed and has delivered (or will promptly deliver) to the Trustee to be held in escrow a Waiver of Special Appraisal in the form attached as **Exhibit C** to the Redemption Agreement waiving any agricultural use valuation and any right to special appraisal arising based on agricultural use with respect to the Land. Such agreement shall be held in, and released from, escrow in accordance with the provisions of Section 4 of the Redemption Agreement.

EXECUTED to be effective as of the date first above written.

[SIGNATURE PAGES FOLLOW]

BUYER:

THE STATE OF TEXAS §

COUNTY OF §

 This document was acknowledged before me on _____, 20 __, by
_____, the _____ of _____,
a _____, on behalf of said entity.

Notary Public in and for the State of TEXAS

* Attached description of the Land as **Exhibit A** prior to recording.