MEMORANDUM OF UNDERSTANDING

Ryan Drive Apartments

This Memorandum of Understanding (this "**MOU**") dated **__________**, 2024, including the Summary of Terms attached as Appendix A hereto, is between [AHFC Ryan Drive Non-Profit Corporation, a Texas nonprofit corporation] ("**General Partner**") and **[____________________**, a **________________________]** (the "**Developer**"). General Partner and Developer may be referred to as a "Party" and jointly as "the Parties."

General Partner and Developer hereby agree to work cooperatively to develop, finance, construct, own (by leasehold estate), and operate the multifamily residential rental development described below, in accordance with the terms of this MOU:

> Ryan Drive Apartments, an approximately 300-unit multifamily rental housing development located at 6909 Ryan Drive, Austin, Travis County, Texas (the "**Development**").

In order to accomplish these purposes, the parties agree as follows:

AGREEMENTS:

A. Ownership Structure; Developer Guaranties

1. **Ryan Drive Apartments, LP**, a Texas limited partnership] (the "**Partnership**"), will own the Development. General Partner, which is a 100% owned subsidiary of the Austin Housing Finance Corporation ("AHFC"), will serve as the general partner of the Partnership, and Developer will serve as the administrative limited partner of the Partnership, in accordance with that certain Agreement of Limited Partnership to be entered into by and between General Partner and Developer, which will contain the terms set forth in Appendix A, attached hereto and incorporated herein for all purposes. The General Partner will have responsibility for the management of the Partnership, subject to the terms of the Partnership Agreement and this MOU. AHFC and the Partnership will execute a Ground Lease for the leasing of approximately 5.5 acres of land owned by AHFC to the Partnership for the Development.

2. The Developer's guaranty obligations may include non-recourse carve-out and payment and performance guaranties as required by the funding sources required for financing the Development (collectively, the "**Guaranty Agreements**"). Neither AHFC nor the General Partner will provide any financial guaranties with respect to the Development or the obligations of the Partnership.

B. Tax Exemptions

The ownership structure described herein is intended to make the Development exempt from ad valorem real property taxes. Additionally, the General Partner, or other affiliate of AHFC, may, if requested, act as general contractor of the Development in order to make construction materials exempt from Texas sales tax.

1. The developer fee (the "**Developer Fee**") for the Development is estimated to be **$[____________]**. The Developer is entitled to 100% of the Developer Fee. The Developer Fee will be paid to the Developer pursuant to a Development Agreement to be entered into between the Partnership and the Developer. General Partner is specifically waiving its fee on this project.

2. The General Partner shall be entitled to a GP Management Fee and the Developer will be entitled to an Asset Management Fee, in each case as set forth in Appendix A hereto.

3. Annual cash flow and proceeds from the sale or refinancing of the Development shall be distributed by the Partnership in accordance with terms set forth in Appendix A.

4. At the closing for the required financing for the Development ("Closing"), AHFC, who will hold fee title to the land, will lease the land to the Partnership in accordance with the terms set forth in Appendix A.

5. The terms and provisions of this MOU, including Appendix A, have been agreed to by the Developer and the General Partner and will be reflected in the Partnership Agreement and all other Development-related documents.

6. All pre-development costs, including, without limitation, costs incurred by AHFC in connection with this MOU, will be the responsibility of Developer. All Closing costs will be paid by the Partnership at Closing from the loan proceeds, subject to any limitations of the funding sources, and any other available and permitted sources of funds. None of AHFC, the General Partner, or the Developer shall be responsible for providing funds to pay Closing costs, except as otherwise agreed.

7. Neither AHFC, the General Partner, nor any other AHFC affiliate has any obligation to provide any funds or provide any guarantee to the Partnership, the Developer, the General Partner, or any other person or entity at any time with respect to the Development, except as otherwise agreed.

8. The General Partner is a governmental nonprofit corporation that will be established and controlled by AHFC. As such, the General Partner will not make an irrevocable election under Internal Revenue Code section 168(h) or any other Code section or regulation to be treated as a taxable entity. See Appendix A.

C. Construction and Management

The General Partner, or other affiliate of AHFC, may serve as general contractor for the construction of the Development. The General Partner will select the prime subcontractor for the Development. The prime subcontractor will be selected following a bidding process that is approved by AHFC.

Following completion of the construction and commencement of operation of the Development, it is anticipated that **[___________________]** will manage the Development and will have responsibility for the day-to-day property management and operation, record keeping, and maintenance and upkeep of the Development. Any property management entity other than [___________________] must be approved in writing by the General Partner.

D. Miscellaneous

1. This MOU may be amended with the written consent of AHFC and the Developer.

3. Each Party is prohibited from assigning any of its interests, benefits, or responsibilities hereunder to any third party or related third party, except that AHFC may assign its interests in whole or in part to the General Partner or other entity established and controlled by AHFC, without the prior written consent of the Developer.

4. The Parties agree to execute such documents and do such things as may be necessary or appropriate to facilitate the consummation of this MOU.

5. This MOU may be executed in several counterparts, each of which is considered an original copy and all of which together constitutes one agreement binding on the Parties, notwithstanding that all the Parties have not signed the same counterpart.

6. THIS MOU IS GOVERNED AND MUST BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, EXCLUSIVE OF CONFLICT OF LAWS PRINCIPLES.

7. In case any one or more of the provisions contained in this MOU for any reason are held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provision hereof, and this MOU will be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

8. The Parties submit exclusively to the jurisdiction of the state courts of Travis County, Texas, and venue for any cause of action arising hereunder lies exclusively in the state courts of Travis County, Texas.

9. The subject headings contained in this MOU are for reference purposes only and do not affect in any way the meaning or interpretation hereof.

10. This MOU continues until terminated upon the occurrence of one of the following conditions:

(i) The Partis execute a mutual consent to terminate this MOU;

(ii) A Party breaches its obligations under this MOU, the non-breaching Party provides the breaching party notice of such breach and a 30 day opportunity to cure, and the breaching Party fails to do so; or

(iii) A Party files for bankruptcy protection, makes an assignment for the benefit of creditors, has a receiver appointed as to its assets, or generally becomes insolvent.

Upon termination of this MOU under clause (i) above, the Parties have no ongoing obligation to each other under the provisions of this MOU; provided that the Developer must pay the fees and expenses of AHFC's and General Partner's outside counsel incurred prior to termination. Upon termination of this MOU under clause (ii) above, the non-breaching Party has no ongoing obligation to the other Party with respect to this MOU, but the breaching Party must pay the fees and expenses incurred by AHFC's and General Partner's outside counsel prior to termination.

11. The Parties acknowledge that, if the Closing occurs, the provisions of the Partnership Agreement will govern in the event of any conflict with this MOU.

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This Memorandum of Understanding is executed and effective as of the date above shown.

[____________________],
a ____________________

By: ________________________________
Name: _____________
Title: _____________

[____________________],
a ____________________

By: ________________________________
Name:
Title:

APPENDIX A
SUMMARY OF TERMS
(Relating to Ryan Drive Apartments)

GENERAL TERMS RELATING TO THE DEVELOPMENT OF AFFORDABLE HOUSING (the "Project") BY A NEW LIMITED PARTNERSHIP, [RYAN DRIVE APARTMENTS, LP (or to be named)] ("Project Owner").

For the Project Owner, (i) the General Partner is [AHFC Ryan Drive Apartments Non-Profit Corporation, a Texas nonprofit corporation] (the "GP"), an affiliate of Austin Housing Finance Corporation, and (ii) the Administrative Limited Partner is [________________________, a ____________________] (the "ALP").

1. Principal Terms Relating to Development of Project

Item	Amount(s)	Notes
GP Management Fee	$[______] per year, with a 3% annual inflation adjustment. Accrues and compounds if not paid.	Paid to GP from distributable cash of the partnership ("Cash Flow"); 3% inflation adjustment applied to the previous year's amount.
Asset Management Fee	$[______] per year, with a 3% annual inflation adjustment. Accrues and compounds if not paid.	Paid to ALP from distributable cash of the partnership ("Cash Flow"); 3% inflation adjustment applied to the previous year's amount.
Ongoing Cash Flow Split	1. Replenishment of required reserves (replacement, operations, and capital repairs and other reserves, such as services, that may be required by funding sources) 2. Repayment of partner loans 3. Payment of Asset Management Fee 4. Payment of GP Management Fee and 5. If any, payment of accrued and unpaid Asset Management Fees then GP Management Fees 6. If any, repayment of loans repaid from Cash Flow 7. Remainder to partners in accordance with their respective ownership interests (50% GP / 50% ALP)	
Cash Flow Split for Capital Transactions (Sale/Refi)	1. Repayment of outstanding debt of the partnership (may include full repayment of certain loans for the Project) 2. Replenish required reserves (only for any refinancing) 3. Repayment of partner loans	

Item	Amount(s)	Notes
	4. Payment of current Asset Management Fee then GP Management Fee 5. Payment of accrued and unpaid Asset Management Fee then GP Management Fee 6. Remainder to partners in accordance with their respective ownership interests (50% GP / 50% ALP)	
Option to Purchase Partnership Interests	Purchase Price: FMV	GP will have the option to purchase ALP's ownership interests at any time for FMV. In the event AHFC exercises its option to purchase the Project under the Ground Lease (see table below), AHFC will also have the option to purchase the ALP's ownership interest in the partnership.
Ground Lease	$[_____] per year, with a 3% annual inflation adjustment.	AHFC owns the land in fee simple and the Ground Lease will be executed by the Partnership, as tenant. Ground Lease term is for 55 years. Partnership will have the right to sublease a portion of the Project for commercial purposes or for use as publicly accessible amenities. AHFC will have the option to acquire the Project and assume or terminate any subleases at any time.

2. **Required Reserves**
   a. Replacement reserve
      i. Will be funded at $300/unit per year or a greater amount if required per lender. Reserve amount per unit will increase 3% per year. No maximum. AHFC requires developments to have well-capitalized reserves to address any and all large maintenance expenditures, so that the Development can operate smoothly and in great condition for the long-term.
   b. Operating reserve
      i. Will be funded with any rent attributable to sublease payments for the portion of the project used for commercial/public amenities purposes.
      ii. For the first 15 years following project completion, in addition to any funding from sublease payments, GP may elect to fund any deficits in the operating reserve using its 50% remainder from Cash Flow.

3. Affordability Mix:

Income Limit	No. of Units	Percentage
50% AMI	60	20%
80% AMI	90	30%
100% AMI	120	40%
120% MFI	30	10%
Total	300	100.00%

4. Other Key Provisions
   a. Asset Management for the Project. ALP will act as the asset manager for the Project; provided, however, any material issue or transaction must be disclosed and consented to by the GP.

   b. Tax/Audit Firm. GP and ALP will jointly approve a mutually acceptable firm as the tax/audit firm.

   c. Terms to be included in Partnership Agreement. All terms set forth in this Summary of Terms will be included in the Partnership Agreement.

   d. Limitation on Assignment of Partnership Interest. ALP will have no right to sell its interest to a non-affiliated party except with written consent of GP.