



Austin Housing Finance Corporation

P.O. Box 1088, Austin, TX 78767-1088
(512) 974-3100 * Fax (512) 974-3161 * www.cityofaustin.org/ahfc

22 February 2008

*p/s add to
file.
Thx DP*

Geoff Simpson, CFO
Kaplan Acquisitions, LLC
6363 Woodway Drive, Suite 300
Houston, Texas 77057

Dear Mr. Simpson:

Kaplan Acquisitions' application for G.O. Bond funding of affordable housing rent buy-downs for the Sunnymeade Apartments redevelopment has been reviewed by AHFC staff. I am pleased to report that the application exceeded the minimum threshold score and will be forwarded to the Housing Bond Review Committee.

AHFC appreciates and supports Kaplan Acquisitions' commitment to provide affordable housing in Austin. Please feel free to contact me if you have any questions.

Sincerely,

David Potter
Housing Development Manager

cc: Margaret Shaw

*AHFC
A215*

*Board of Directors and Officers: Will Wynn, President * Betty Dunkerley, Vice President * Sheryl Cole, Director
Mike Martinez, Director * Jennifer Kim, Director * Lee Leffingwell, Director * Brewster McCracken, Director
Toby Hammett Futrell, General Manager * Paul Hilgers, Treasurer * Shirley Gentry, Secretary * David Smith, General Counsel*

*The Austin Housing Finance Corporation is committed to compliance with the American with Disabilities Act
and will provide reasonable modifications and equal access to communications upon request.*

RENTAL HOUSING DEVELOPMENT ASSISTANCE
Application for G. O. Bond Financing



Project Name: The District at Oltorf

Project Address: 501 E. Oltorf St Zip Code 78704

Total # units to be assisted: 22 Total # units in project/property: 215

Project type: Predevelopment Acquisition Rehabilitation New construction Refinance

Amount of funds requested: TBD Terms: TBD

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).

Kaplan Acquisitions
 Name

6363 Woodway Dr, Suite 300
 Street Address

Houston, TX 77057 (713) 977-5699
 City State, Zip Telephone #

Geoff Simpson (713) 977-5699 (713) 977-5697
 Contact Person Contact's Telephone # Fax #

74-2063545
 Federal Tax ID Number or SS#

The applicant/developer certifies that the data and exhibits contained comprising this application are true and correct. Unsigned/undated submissions will not be considered.

KAPLAN ACQUISITIONS, LLC
 Legal Name of Developer

Signature of Authorized Officer

CFO
 Title

2/20/08
 Date

2. **For non-profit applicants/developers only, include copies of the following:**

Not applicable

- a. Articles of Incorporation
- b. Certificate of Incorporation filed with the State of Texas
- c. Federal IRS certification granting non-profit status
- d. Names, addresses and phone numbers of current board members
- e. Certified financial audit for most recent year which include the auditor's opinion and management letters.
- f. Board resolution approving the proposed project and authorizing the request for funding

3. **Project Description-**In one page or less, describe the project including the information listed below:

- a. In addition to providing an Itemized Development Budget through your response to Question 11, summarize the key financials of the project, clearly indicating total project cost, the amount and intended use of AHFC funds requested, amount and provider of other funding and the stage of those commitments.
- b. Location by street address and include an area map with properties indicated.
See exhibit 1.
- c. Type of structure (multi-family or single-family), square footage, number and size of units.
Multi-family, 175,735 net rentable square feet, 215 units, 817 average square feet
- d. If there are existing structures, provide documentation from the taxing authority or other third-party source indicating the year the structure was built.
See exhibit 2.
- e. Proposed tenants including number and type of individuals to be served, and yearly income relative to all funding source requirements of 30%, 50%, 60% or 80% MFI. If the project will serve families with special needs, describe the population to be served and the outreach or referral plan that will be used to publicize the availability of housing and/or supportive services.
90% market rate, 10% at 60% MFI
- f. Units reserved for Section 8 families.
To be determined
- g. Units accessible and adaptable for persons with mobility, sight or hearing disabilities.
Per code and law
- h. Whether the project is occupied at the time of proposal submission.
The project is currently occupied.
- i. Supportive services to be provided such as chemical dependency counseling, education and training, employment referral, health services, tenant counseling, etc..
None
- j. Compatibility with current Neighborhood Plan (if applicable).
We've checked neighborhood plan. It's compatible, but we have requested a waiver of height restriction from the east boundary where there is a church.

4. **Site Control and Demonstration of Value**

Include evidence of site control such as warranty deed or current earnest money contract, and provide a real estate appraisal or current tax documentation that substantiates the value of the project. The appraisal or other documentation must indicate that the value of the project is at least 80% of the total debt including any new debt incurred if this loan were to be made.
See exhibit 3 and 4.

5. Zoning

Include a letter from the City of Austin's Development Review and Inspection Department (DRID) 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 DRID. Should the project receive funding approval, appropriate zoning must be in place prior to execution of loan documents.

See exhibit 5.

6. S.M.A.R.T. Housing

Include letter that indicates the project has been reviewed and meets S.M.A.R.T. Housing requirements. Fully completed S.M.A.R.T. Housing application was turned into Gina Copic in February 20, 2008 meeting

7. Development Team

Identify the entities anticipated to be involved in implementing the project including lenders, attorneys, accountants, architects, engineers, general contractor, sub-contractors, property managers and consultants. Also, indicate if any entity 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 a non-profit entity.

	Name(s) & Any Comments on Role	MBE ? (Mark X if Yes)	WBE ? (Mark X if Yes)	Non- profit? (Mark X if Yes)
Owner	Sunnymeade Apartments, Ltd.			
Developer	Kaplan Acquisitions			
Architect	The Clerkley Watkins Group	X		
Engineer	Jabobs Carter Burgess			
Construction Lender	To be determined			
Other Lenders	To be determined			
Attorney	Law Offices of Cary Newburger			
Accountant	Schorre and Associates			
General Contractor	To be determined			
Consultant (if Applicable)	To be determined			
Property Management Provider	Kaplan Management		X	
Other:				

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.

	DATE(S)
Securing and packaging project financing	1/08 – 3/08
Acquisition and/or holding	3/20/08
Environmental and/or historic review (AHFC)	3/08 – 9/08
Construction Specifications and Cost estimates	3/08 – 9/08
Construction Bids	8/08 – 9/08
Construction Start	+/- 9/08
Anticipated Draws (list all)	+/- 16 draws
Start of Rent-up	+/- 7/09
End Construction	+/- 1/10
Completion & Operation	+/- 12/10

9. **Accessible and Adaptable Units**

we will follow

Indicate the number of units proposed to be accessible and adaptable for persons with mobility, sight and hearing disabilities as required by RHDA Program Guidelines. 2003 accessibility code from IBC "ANSI"

- _____ Units adaptable for persons with mobility disabilities
- _____ Units accessible for persons with mobility disabilities
- _____ Units adaptable for persons with sight and hearing disabilities
- _____ Units accessible for persons with sight and hearing disabilities

10. Experience and Qualifications – Rental Development and Property Management

a. Is this the developer’s first housing project? Yes No

b. Completed projects (complete table below):

COMPLETED PROJECTS				
Address	Number of Units	New or Rehab	Type of Property (apartments, SF units, etc.)	Year Completed
500 W Loop S, Fort Worth, TX	324	New	Apartments	2006
5900 Stoney Brook, Rogers, AR	392	New	Apartments	2007
8335 Narcoossee Rd, Orlando, FL	348	New	Apartments	2007
*1405 Vegas Verdes Dr, Santa Fe, NM	145	New	Condominiums	2008

* includes affordable housing

- c. Describe below the experience/qualifications in completing projects similar in size and scope that indicates the developer’s ability and capacity to implement the proposed project. Of particular importance is the developer’s experience with successfully completing a) projects that triggered Davis-Bacon and other Federal Labor Standards, b) federally-funded projects involving temporary or permanent relocation of tenants, or c) projects involving the testing and appropriate treatment of Lead-based paint and/or asbestos, if the proposed project will involve any of those three dimensions. If this is the applicant’s first project of this type, please provide a detailed description of the experience of the other members of the development team with similar projects. See exhibit 6.
- d. Indicate who will provide property management services. Provide documentation to demonstrate the entity’s level of experience and track record in operating federally-funded properties of similar size. Kaplan Management will provide property management services.

11. 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 RHDA funding by individual line-item.

Does not apply – not requesting development funds

DETAILED PROJECT BUDGET				
	Cost	Prior RHDA Funds	RHDA Funds Requested	Description
PREDEVELOPMENT				
				Appraisal
				Environmental Review
				Engineering
				Survey
				Architectural
				TOTAL PREDEVELOPMENT
ACQUISITION				
				Site and/or Land
				Structures
				Other (specify)
				TOTAL ACQUISITION
CONSTRUCTION				
				Infrastructure
				Site work
				Demolition
				Concrete
				Masonry
				Rough carpentry
				Finish carpentry
				Waterproofing & Insulation
				Roofing & Sheet Metal
				Plumbing/Hot Water
				HVAC
				Electrical
				Doors/Windows/Glass
				Lath & Plaster/ Drywall & Acoustical
				Tile work
				Soft & Hard Floor
				Paint/Decorating/Blinds/Shades
				Specialties/Special Equipment
				Cabinetry/Appliances
				Carpet
				Other (Please specify)
				Construction Contingency
				TOTAL CONSTRUCTION

SOFT & CARRYING COSTS				
Legal				
Audit/Accounting				
Title/Recording				
Architectural (Inspections)				
Construction Interest				
Construction Period Insurance				
Construction Period Taxes				
Relocation				
Marketing				
Davis-Bacon Monitoring				
Other: (Specify)				
TOTAL PROJECT BUDGET				

- 12. Funds Proposal** - Provide the following information to facilitate financial review of the proposed project:
 Does not apply – not requesting development funds
- 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, letters of commitments, etc.).
 - 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.
 - Operating Proforma** – In a format comparable to Table D below, prepare a minimum twenty (20) year financial Operating Proforma which realistically reflects the operation of the project relative to current and anticipated revenues, expenses and debt. The Proforma must indicate the anticipated debt coverage ratio (DCR) calculated as follows: net operating income (NOI)/debt service (DS) = DCR. Refer to Program Guidelines for additional information related to DCR and “Supportive Housing Projects.”

TABLE A: SOURCES OF FUNDS SUMMARY					Intended Use of Funds (Predevelopment, Acquisition, Construction, Soft Costs)
	Term	Interest Rate	Amount	Evidence (Deed, Sales Contract)	
Owner Equity					
Private Financing (List Lenders)					
Other Sources (List Below)					
Proposed RHDA Funds					

TABLE B: USES OF FUNDS SUMMARY		
	Total Cost	Cost/Unit
Predevelopment		
Acquisition		
Hard Costs		
Soft & Carrying Costs		
Other Costs		

Total Project Costs		
---------------------	--	--

TABLE C: LEVERAGE SUMMARY	
TOTAL RHDA FUNDS	
TOTAL OTHER FUNDS	

TABLE D: OPERATING PROFORMA			
Number of Units of a given Unit Size	Unit Size	Monthly Income	Annual Income
FULL OCCUPANCY ANNUAL INCOME			
Less Vacancy Loss (Indicate % and Amount of Loss)			
GROSS ANNUAL INCOME			

Inflation Factor - Income	
Inflation Factor - Expenses	

	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Annual Income					
EXPENSES					
Utilities					
Insurance					
Maintenance/Repair					
Property Taxes					
Management					
Marketing					
Maintenance Reserve					
Other (specify)					
Other (specify)					
TOTAL EXPENSES					
NET OPERATING INCOME (NOI)					
Sources of Funds & Debt Service					

TOTAL ANNUAL Debt Service (DS)					
Cash-flow after Debt Service (CF = NOI - DS)					
Debt Coverage Ratio (DCR = NOI/DS)					

13. Neighborhood Support

See exhibit 7.

Include letters of support from all neighborhood organizations registered with the City of Austin within the area of the proposed project.

14. Description of Supportive Services

Not applicable

Indicate whether supportive services will be provided to residents. If supportive services are to be provided to residents, provide a description of the services in one (1) page or less that includes the following information:

- a. A description of the supportive services to be provided to residents and/or clients.
- b. The number and types of clients expected to be served annually.
- c. The use of the proposed project relative to the services provided.
- d. If services are not provided by the developer of the project, a description of the organization providing the services and a memorandum of understanding outlining the relationship between the developer and service provider.

15. Experience and Qualifications (Supportive Services)

Not applicable

If supportive services will not be provided to the residents, you need not complete Questions 15. If supportive services will be provided, describe the developer's experience and qualifications in providing the services described in Question 14. Provide resumes of key personnel actively involved in the delivery of services. Resumes should include information about certifications, licenses, years of experience and education.

16. Financial Information (Supportive Services)

Not applicable

If supportive services will not be provided to the residents, you need not complete Questions 16. If supportive services will be provided, the developer must demonstrate financial capacity to provide support services and/or operate a supportive services program by providing the following information:

- a. **Sources of Funds** - Identify sources and amounts of funds that will be utilized to provide services to the proposed project.
- b. **Budget** - Include a supportive services budget which reflects current and anticipated funding and expenses associated with the provision of services for three (3) years.

17. Accounting Requirements Applicable to all Applications

By submitting this application, the applicant/developer agrees to comply with all reporting, record keeping and on-going monitoring requirements applicable to GO Bond financing of the proposed project.

- 18. Anti-Lobbying Agreement** - By submitting this application, the applicant/developer, its employees, representatives, or agents agree not to discuss the contents of the applicant/developer's application with any member of the Housing Bond Review Committee (HBRC) or staff of NHCD/AHFC (other than the designated Single Point of Contact) prior to HBRC's meeting to review all applications submitted.
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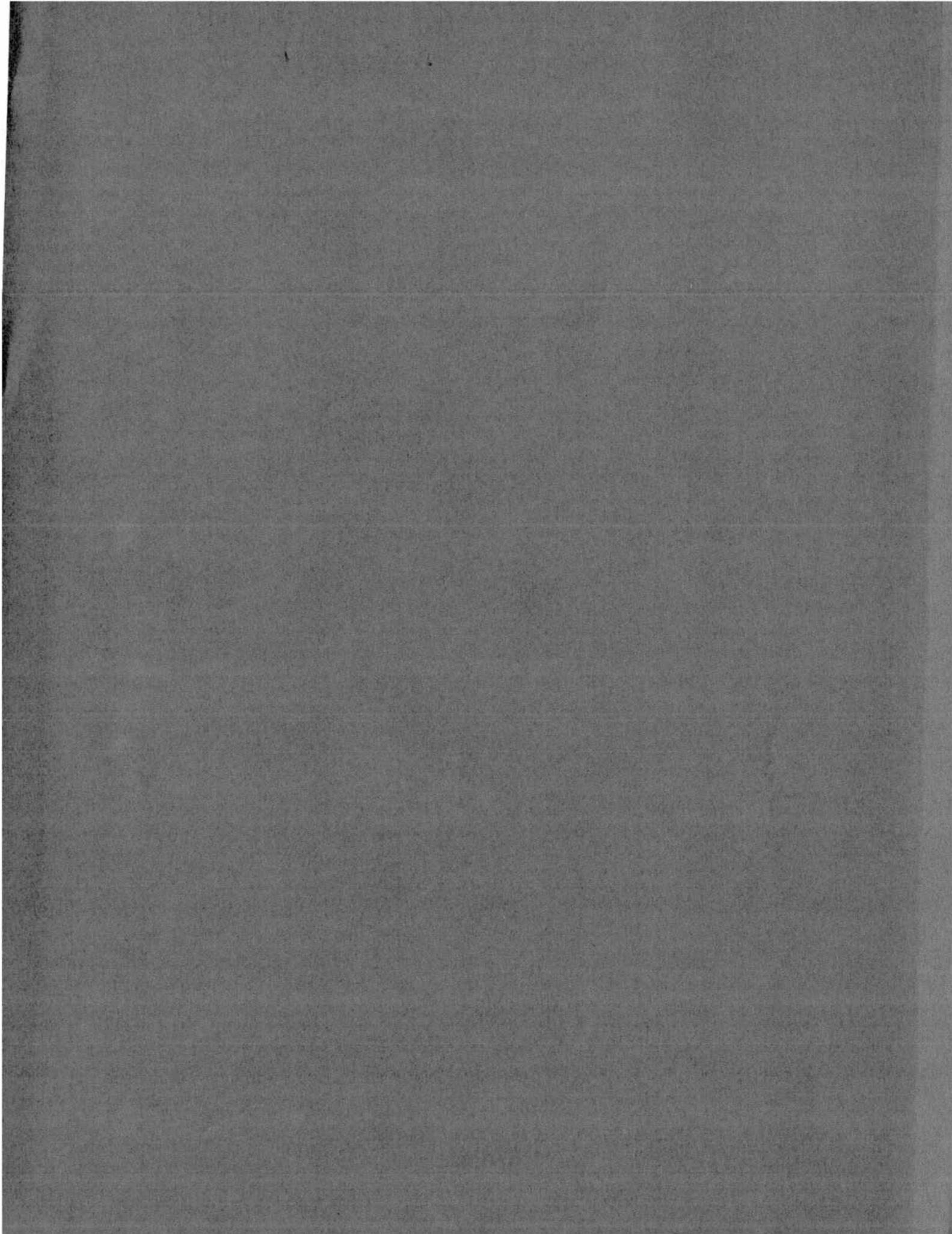


Exhibit 1

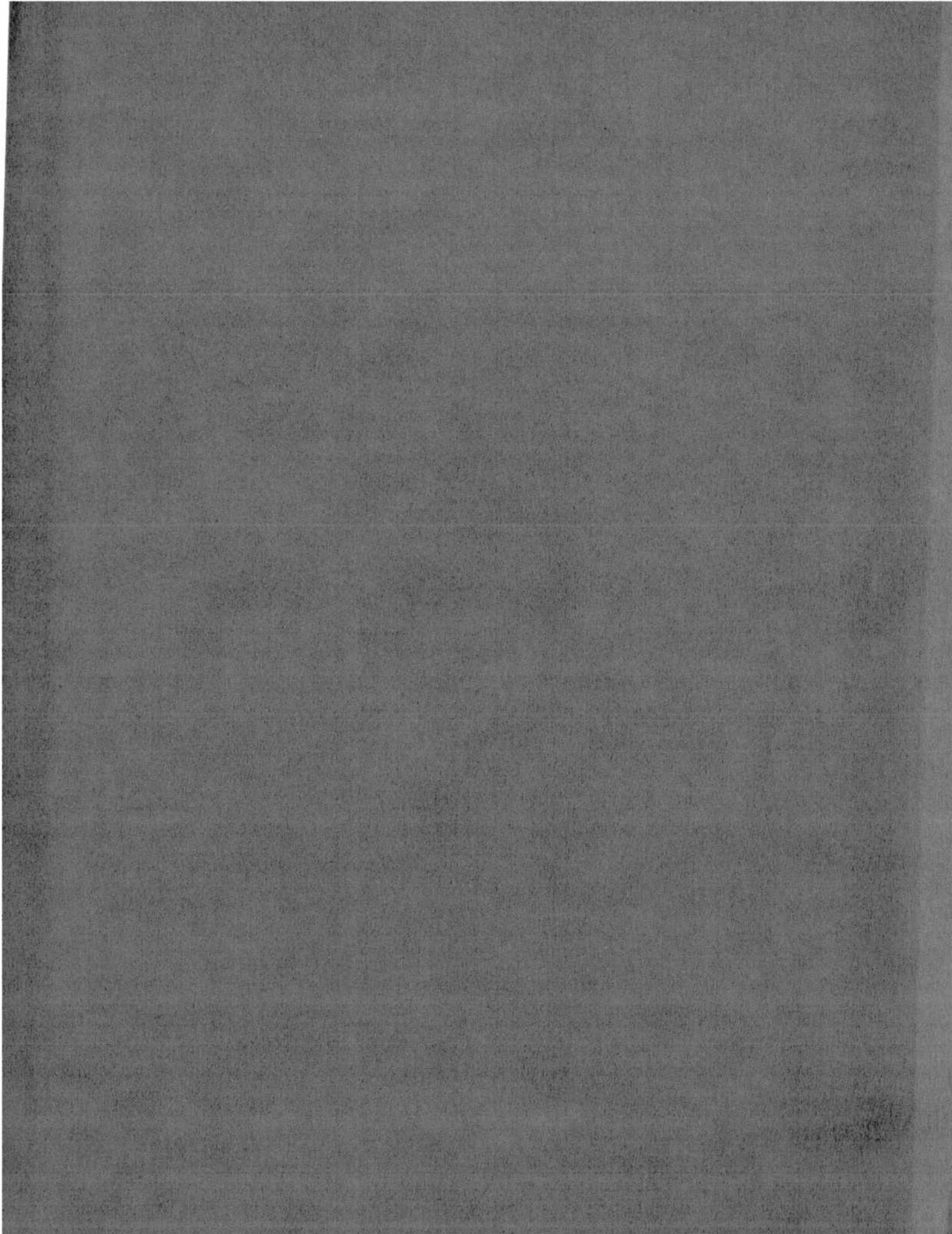


Exhibit 2

TaxNetUSA: Travis County

Property ID Number: 307027 Ref ID2 Number: 04050002090000

Owner's Name **SUNNYMEADE PROPERTIES LTD**Mailing Address 501 E OLTORF ST
AUSTIN, TX 78704-5685

Location 501 E OLTORF ST

Legal TRT 2 BRYANT D M SUBD

Property Details

Deed Date	11012001
Deed Volume	00000
Deed Page	00000
Exemptions	
Freeze Exempt	F
ARB Protest	F
Agent Code	2009
Land Acres	4.0000
Block	
Tract or Lot	2
Docket No.	
Abstract Code	S01955
Neighborhood Code	08SC1

Value Information

	2007 Certified
Land Value	792,792.00
Improvement Value	2,599,608.00
AG Value	0.00
AG Productivity Value	0.00
Timber Value	0.00
Timber Productivity Value	0.00
Assessed Value	3,392,400.00
10% Cap Value	0.00
Total Value	3,392,400.00

Data up to date as of 2008-02-01

Value By Jurisdiction

Entity Code	Entity Name	2007 Tax Rate	Assessed Value	Taxable Value	Market Value	Appraised Value
0A	TRAVIS CENTRAL APP DIST		3,392,400.00	3,392,400.00	3,392,400.00	3,392,400.00
01	AUSTIN ISD	1.163000	3,392,400.00	3,392,400.00	3,392,400.00	3,392,400.00
02	CITY OF AUSTIN	0.403400	3,392,400.00	3,392,400.00	3,392,400.00	3,392,400.00
03	TRAVIS COUNTY	0.421600	3,392,400.00	3,392,400.00	3,392,400.00	3,392,400.00
2J	TRAVIS CO HEALTHCARE DIST	0.069300	3,392,400.00	3,392,400.00	3,392,400.00	3,392,400.00
68	AUSTIN COMM COLL DIST	0.098500	3,392,400.00	3,392,400.00	3,392,400.00	3,392,400.00

Improvement Information

Improvement ID	State Category	Description
255325	B1	APARTMENT 100+
255326	B1	SPECIAL (NODEPR)
255327	B1	SPECIAL (NODEPR)
255328	B1	SPECIAL (NODEPR)
255329	B1	SPECIAL (NODEPR)
255330	B1	SPECIAL (NODEPR)
255331	B1	SPECIAL (NODEPR)
255332	B1	SPECIAL (NODEPR)
255333	B1	SPECIAL (NODEPR)
255334	B1	SPECIAL (NODEPR)
255335	B1	SPECIAL (NODEPR)
255336	B1	SPECIAL (NODEPR)
255337	B1	SPECIAL (NODEPR)

Segment Information

Imp ID	Seq ID	Type Code	Description	Class	Effective Year	Rate	Area
255325	298122	1ST	1st Floor	WW	1967		50,139
255325	298123	2ND	2nd Floor	WW	1967		52,661
255325	1351834	011	PORCH OPEN 1ST F	*	1967		99
255325	1351835	011	PORCH OPEN 1ST F	*	1967		800
255325	1351836	012	PORCH OPEN 2ND F	*	1967		6,853
255325	1351837	012	PORCH OPEN 2ND F	*	1967		99
255325	1351838	132	PLBG 5-FIXT AVG	AVG	1967		1
255325	1351839	142	BATHTUB AVG	AVG	1967		1
255325	1351840	152	COMMODE AVG	AVG	1967		1
255325	1351841	162	LAVATORY AVG	AVG	1967		1
255325	1351842	303	STAIRWAYS FV	F-V	1967		1
255325	1351843	551	PAVED AREA	AA	1967		62,580
255325	1351844	571	STORAGE DET	WW	1967		1,600
255325	1351845	571	STORAGE DET	WW	1967		360
255325	1351846	571	STORAGE DET	WW	1967		360
255325	1919335	571	STORAGE DET	WW	1967		240
255325	1919336	601	POOL COMM'L	CA	1967		1,200
255325	2604123	011	PORCH OPEN 1ST F	*	1967		6,853
255325	3172998	SO	Sketch Only	SO	0		7,913
255325	3172999	SO	Sketch Only	SO	0		7,913
255325	3173000	SO	Sketch Only	SO	0		4,547
255325	3173001	SO	Sketch Only	SO	0		4,247
255325	3173002	SO	Sketch Only	SO	0		5,945
255325	3173003	SO	Sketch Only	SO	0		5,945
255325	3173004	SO	Sketch Only	SO	0		3,977
255325	3173005	SO	Sketch Only	SO	0		3,977
255325	3173006	SO	Sketch Only	SO	0		3,977
255325	3173007	SO	Sketch Only	SO	0		3,977
255325	3173008	SO	Sketch Only	SO	0		3,977
255325	3173009	SO	Sketch Only	SO	0		3,977
255325	3173010	SO	Sketch Only	SO	0		3,977
255325	3173011	SO	Sketch Only	SO	0		3,977
255325	3173012	SO	Sketch Only	SO	0		6,888
255325	3173013	SO	Sketch Only	SO	0		6,888
255325	3173014	SO	Sketch Only	SO	0		6,929
255325	3173015	SO	Sketch Only	SO	0		6,929
255325	3173016	SO	Sketch Only	SO	0		2,009
255325	3173017	SO	Sketch Only	SO	0		2,009
255326	298124	MISC	Miscellaneous	*	1967		1
255326	3173018	SO	Sketch Only	SO	0		7,913
255326	3173019	SO	Sketch Only	SO	0		7,913
255326	3173020	SO	Sketch Only	SO	0		1,030
255326	3173021	SO	Sketch Only	SO	0		1,030
255327	298125	MISC	Miscellaneous	*	1967		1
255327	3173022	SO	Sketch Only	SO	0		4,547
255327	3173023	SO	Sketch Only	SO	0		4,247
255327	3173024	SO	Sketch Only	SO	0		99
255327	3173025	SO	Sketch Only	SO	0		99
255327	3173026	SO	Sketch Only	SO	0		565

255327	3173027	SO	Sketch Only	SO	0	565
255328	298126	MISC	Miscellaneous	*	1967	1
255328	3172986	SO	Sketch Only	SO	0	5,945
255328	3172987	SO	Sketch Only	SO	0	5,945
255328	3172988	SO	Sketch Only	SO	0	830
255328	3172989	SO	Sketch Only	SO	0	830
255329	298127	MISC	Miscellaneous	*	1967	1
255329	3172990	SO	Sketch Only	SO	0	3,977
255329	3172991	SO	Sketch Only	SO	0	3,977
255329	3172992	SO	Sketch Only	SO	0	565
255329	3172993	SO	Sketch Only	SO	0	565
255330	298128	MISC	Miscellaneous	*	1967	1
255330	3172994	SO	Sketch Only	SO	0	3,977
255330	3172995	SO	Sketch Only	SO	0	3,977
255330	3172996	SO	Sketch Only	SO	0	565
255330	3172997	SO	Sketch Only	SO	0	565
255331	298129	MISC	Miscellaneous	*	1967	1
255331	3172968	SO	Sketch Only	SO	0	6,888
255331	3172969	SO	Sketch Only	SO	0	6,888
255331	3172970	SO	Sketch Only	SO	0	930
255331	3172971	SO	Sketch Only	SO	0	930
255332	298130	MISC	Miscellaneous	*	1967	1
255332	3172972	SO	Sketch Only	SO	0	6,929
255332	3172973	SO	Sketch Only	SO	0	6,929
255332	3172974	SO	Sketch Only	SO	0	925
255332	3172975	SO	Sketch Only	SO	0	925
255333	298131	MISC	Miscellaneous	*	1967	1
255333	3172976	SO	Sketch Only	SO	0	2,009
255333	3172977	SO	Sketch Only	SO	0	2,009
255333	3172978	SO	Sketch Only	SO	0	325
255333	3172979	SO	Sketch Only	SO	0	325
255334	298132	MISC	Miscellaneous	*	1967	1
255334	3172963	SO	Sketch Only	SO	0	1,600
255335	298133	MISC	Miscellaneous	*	1967	1
255335	3172964	SO	Sketch Only	SO	0	360
255335	3172965	SO	Sketch Only	SO	0	800
255335	3172966	SO	Sketch Only	SO	0	360
255336	298134	MISC	Miscellaneous	*	1967	1
255336	3172967	SO	Sketch Only	SO	0	240
255337	298135	MISC	Miscellaneous	*	1967	1
255337	3172962	SO	Sketch Only	SO	0	1,200

Total Living Area **102,800**

Land Information

Parcel ID	Zone Code	Area Code	Area Type	Area Value	Count	Count	Count
298586	LAND	B1	F	4.000	0	0	174,240

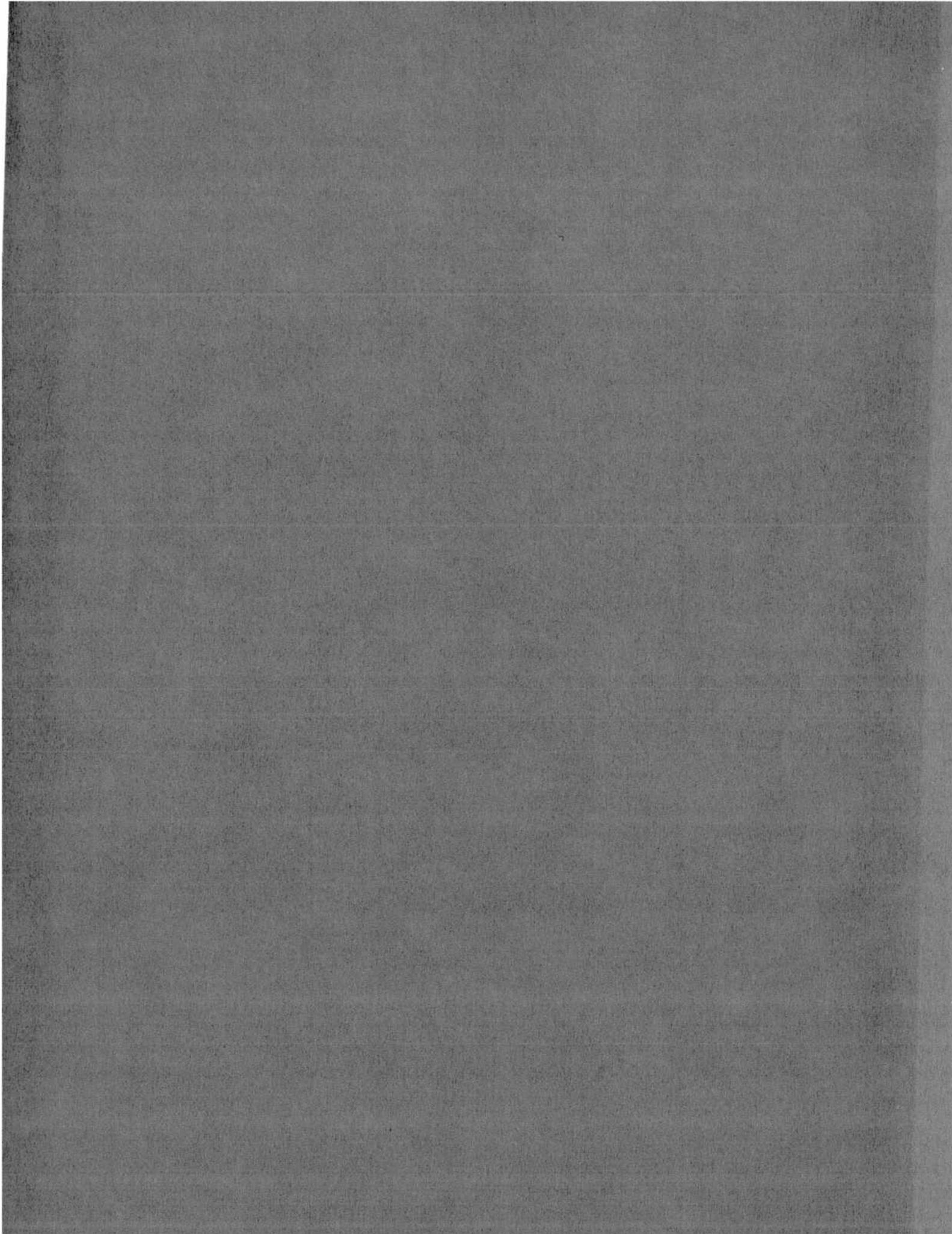


Exhibit 3

**AGREEMENT FOR PURCHASE AND SALE
AND JOINT ESCROW INSTRUCTIONS
ESCROW NO. 2519002498**

This AGREEMENT, dated as of January ~~25~~ 2007, is made between Sunnymead Apartments, Ltd., a Texas limited partnership with offices at 1621 Confederate Ave., Austin, TX 78703 ("Seller"), and Kaplan Acquisitions, L.L.C., a Texas limited liability company with offices at 6363 Woodway, Ste. 300, Houston, TX 77057 ("Purchaser").

WITNESSETH:

ARTICLE 1: AGREEMENT FOR PURCHASE AND SALE

1.1 Seller agrees to sell and cause to be conveyed to Purchaser, and Purchaser agrees to purchase, the following real and personal property (collectively, the "Project") on the terms and conditions contained herein:

(a) The real property located in the City of Austin, County of Travis, State of Texas described with particularity on Exhibit 1.1(a) (the "Land") together with all existing buildings, structures and improvements thereon situated known as and by the street address 501 E. Oltorf St., together with all easements and other rights appurtenant to such Land (together, the "Property");

(b) The lessor's interest in all leases affecting the Property or any space therein (the "Leases");

(c) Seller's right, if any, to the use of the name Sunnymead Apartments in connection with the Property and any other trademarks, trade names or other intangible rights associated with the Property in which Seller has a transferable right including any telephone numbers and web sites associated with on-site management and leasing operations (the "Intangible Property");

(d) All of Seller's right, title and interest in and to all items of personal property owned by Seller and located at the Property and used in the operation thereof, (the "Personal Property");

(e) All of Seller's right, title and interest in and to all service contracts and agreements relating to the Property listed on Exhibit 1.1(e) (the "Contracts"), and any unexpired warranties and guarantees relating to the Personal Property; and

(f) All of Seller's right, title and interest in and to any permits, certificates of occupancy or other licenses held by Seller in connection with the ownership or operation of the Project (the "Permits"), to the extent that the same are assignable.

ARTICLE 2: PURCHASE PRICE

2.1 The purchase price (the "Purchase Price") for the Project is Six Million Dollars (\$6,000,000.00), and shall be paid to Escrow Agent in federal funds on the Closing Date for delivery to Seller.

2.2 (a) Not later than two (2) business days after the Effective Date (as hereinafter defined) Purchaser shall deliver the sum of \$100,000 to Land America Commercial Services, 1717 West 6th St, Suite 100, Austin, TX 78703 Attn: Laura Brookshire (tel: 512-481-9560 fax: 512-481-9570)("Escrow Agent") to be held in escrow in an interest-bearing account pursuant to the terms of this Agreement pending the Closing. Purchaser shall deliver an additional \$100,000 to Escrow Agent within two (2) business days after the expiration of the Inspection Period (as hereinafter defined) to be held in escrow in an interest-bearing account pursuant to the terms of this Agreement pending the Closing. Wherever used in this Agreement, the "Effective Date" shall be the date a fully-executed copy of the Agreement is received by the Escrow Agent, as conclusively established by Escrow Agent's notation on the signature page hereof.

(b) As used in this Agreement, the term "Deposit" shall mean any sums and instruments and accrued interest thereon, if any, held by Escrow Agent hereunder. If Purchaser desires to terminate this Agreement pursuant to a right granted to Purchaser in any section of this Agreement, Purchaser shall effect such termination by giving written notice thereof to Seller and Escrow Agent within any applicable time period provided therefor in this Agreement. Upon receipt of such notice, Escrow Agent shall return the Deposit to Purchaser, this Agreement shall wholly cease and terminate, and no party to this Agreement shall have any further claim against, or obligation to, any other party to this Agreement except as expressly provided herein, and the lien, if any, of Purchaser against the Project shall automatically cease and terminate. In the event that notice shall not have been given or be deemed to have been given prior to the last day of the Inspection Period (as hereinafter defined) and Seller shall object to the disbursement of the Deposit, the Escrow Agent shall hold the Deposit pending a non-appealable adjudication by a court of competent jurisdiction or by joint written instructions of Seller and Purchaser.

ARTICLE 3: PHYSICAL CONDITION OF PROJECT, INSPECTION PERIOD

3.1 Purchaser will inspect the Project during the hereinafter described Inspection Period. Purchaser acknowledges that Seller has not made and does not make and is unwilling to make any express or implied representations or warranties as to the present, past or future physical condition, income, expenses, operation, legality of occupancy or any other matter affecting or related to the Project except as specifically set forth in this Agreement. No representation, warranty or covenant made by Seller in this Agreement shall survive the Closing except as expressly provided in this Agreement. Purchaser agrees to purchase the Project in its "AS IS" condition (but subject to the express representations and warranties herein).

3.2 Any documents, records or information provided to Purchaser in connection with Purchaser's inspection of the Project shall be kept in strictest confidence (but may be disclosed to Purchaser's agents, attorneys and prospective lenders) and shall be returned to Seller in the event

that this Agreement is canceled for any reason. In the event that Purchaser elects not to proceed with this transaction, Purchaser shall deliver to Seller copies of all reports prepared for Purchaser by third-parties in connection with its inspection.

3.3 Seller represents and warrants to Purchaser as of the date of this Agreement and as of the Closing Date as follows:

(a) Seller is a limited partnership, duly formed, validly existing and in good standing in the State of Texas.

(b) Seller has full power and authority to enter into and perform this Agreement. The execution, delivery and performance of this Agreement by Seller has been duly and validly authorized by all necessary action on the part of Seller and all required consents and approvals have been duly obtained.

(c) All due diligence materials delivered in furtherance of Purchaser's inspection of the Project, including all leases, lease correspondence, and rent rolls have been prepared and assembled in the ordinary course of business by Seller, are true, correct, and complete to the best of Seller's knowledge, and have been relied upon by Seller.

(d) All of the Leases are described in the rent roll to be delivered to Purchaser by Seller during the Inspection Period (the "Rent Roll") which is an accurate and complete list of all presently effective Leases with tenants leasing apartment units at the Property as of the date set forth thereon. The information set forth on the Rent Roll is true correct and complete in all material respects.

(e) To the best of Seller's knowledge, the Permits have been duly and validly issued, are in full force and effect, and Seller has received no notice of violation of any Permit, or any law, ordinance, rule or requirement.

(f) There is no litigation or arbitration or other legal or administrative suit, action, proceeding of any kind pending against or involving Seller or the Property or any part thereof.

(g) Seller is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code of 1986, as amended, and the Income Tax Regulations thereunder.

(h) Seller owns fee simple title to the Property. With the exception of this Agreement, there is no outstanding option or right to purchase the Property, or any part thereof.

(i) Seller has paid for all labor, materials, architectural services, supplies and equipment, and utilities serving the Property for which a lien could arise.

(j) Seller agrees to maintain the Project and all mechanical equipment used in the operation of the Project so that the Project shall be in the same condition at the Closing as it was upon the date hereof, except for normal use, wear and tear, and so that all such mechanical equipment shall be in working order at the Closing.

(k) To the best of Seller's knowledge, no part of the Property has been used for storage or disposal of any toxic or hazardous materials and no part of the Property has been contaminated by such materials. There are no underground storage tanks located on the Property.

(l) No service contracts, union contracts, maintenance contracts, concession agreements, licenses, agency agreements, or other agreements affecting the Property or the operation thereof will be in force at the Closing, except for the Contracts. Prior to Closing, Seller will not enter into any new Contract that would survive Closing or renew, extend, modify or terminate any Contract without the prior written consent of Purchaser in each instance, which consent shall not be unreasonably withheld.

The expression "best knowledge of Seller" or like expression when used herein shall mean the knowledge of Pat Brian and George Yonge after a review of Seller's records and inquiry of the property manager but without any other duty of investigation.

If, at any time prior to Closing, Seller shall discover that any representation or warranty contained in this Article 3.3 is, or has become, inaccurate in any material respect, Seller shall so notify Purchaser in writing (the "Correction Notice"), and Purchaser shall have the right, in addition to any other rights provided in this Agreement, by notice given in writing not more than five (5) business days after receipt of the Correction Notice to terminate this Agreement and receive a refund of the Deposit. The representations and warranties contained in this Agreement shall survive Closing, but any claim based thereon must be asserted in writing within one (1) year after Closing.

3.4 Purchaser intends to continue its inspection of the Project through and including the date that is forty five (45) days after the Effective Date of this Agreement ("Inspection Period"). The Purchaser's inspection shall be at the sole cost and expense of Purchaser and at times approved in advance by Seller's manager so as to minimize disturbance to the operations of the Project, its employees, and guests. Seller shall assist with such inspection and shall provide Purchaser with access to the Project. Within five (5) days after the Effective Date and thereafter prior to Closing, Seller shall provide Purchaser with accurate and complete copies of, or permit Purchaser to review at the Property, all books and records in the possession of Seller or its agents relating to the Project, including, without limitation, all of the Leases, Contracts and Permits, the certificates of occupancy for the Property, all surveys, all environmental, engineering and property condition reports, all lease files and correspondence, all property tax bills for fiscal years after 2004, utility bills, and repair and maintenance records with respect to the Property and Personal Property. All information received by Purchaser relating to the Project, Seller or its affiliates shall be kept in strict confidence and used solely for the purpose of determining the advisability of proceeding with the transaction described in this Agreement.

PURCHASER ACKNOWLEDGES THAT PURCHASER HAS INSPECTED AND INVESTIGATED THE PROPERTY (OR PRIOR TO THE CLOSING WILL HAVE INSPECTED AND INVESTIGATED THE PROPERTY) AND HAS ENTERED INTO THIS AGREEMENT BASED UPON SUCH INVESTIGATION AND INSPECTION AND PURCHASER'S RIGHT TO CONDUCT THE INSPECTION AND INVESTIGATION PURSUANT TO THIS ARTICLE 3.

EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT AND THE CLOSING DOCUMENTS, PURCHASER ACKNOWLEDGES THAT IT IS RELYING SOLELY ON ITS OWN INVESTIGATION AND INSPECTION OF THE PROPERTY AND NOT ON ANY INFORMATION PROVIDED FOR OR ON BEHALF OF SELLER. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT AND THE CLOSING DOCUMENTS, THE SALE OF THE PROPERTY IS MADE ON AN "AS IS", "WHERE IS" AND "WITH ALL FAULTS" BASIS, AND PURCHASER EXPRESSLY ACKNOWLEDGES THAT, IN CONSIDERATION OF THE AGREEMENTS OF THE SELLER AND EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT AND THE CLOSING DOCUMENTS, SELLER HAS NOT MADE ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OF SUITABILITY, HABITABILITY, CONDITION, ELIGIBILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE PROPERTY OR ANY PORTION THEREOF AND SELLER HAS NO LIABILITY OF ANY KIND TO PURCHASER ON ACCOUNT OF THE FOREGOING. THE PROVISIONS OF THIS PARAGRAPH SHALL SURVIVE THE CLOSING.

WAIVER OF CONSUMER RIGHTS: Purchaser represents and warrants to Seller that Purchaser has knowledge and experience in real estate, financial and business matters, such as the transaction contemplated by this Contract, that enable Purchaser to evaluate the merits and risks of the transaction contemplated by this Agreement. Further, Purchaser acknowledges that Purchaser is not in a significantly disparate bargaining position relative to Seller with respect to this Agreement.

TO THE EXTENT APPLICABLE AND PERMITTED BY LAW (AND WITHOUT ADMITTING SUCH APPLICABILITY), PURCHASER HEREBY WAIVES THE PROVISIONS OF THE TEXAS DECEPTIVE TRADE PRACTICES-CONSUMER PROTECTION ACT, CHAPTER 17, SUBCHAPTER E, SECTIONS 17.41 THROUGH 17.63, INCLUSIVE (A LAW THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS.) AFTER CONSULTATION WITH AN ATTORNEY OF ITS OWN SELECTION, PURCHASER VOLUNTARILY CONSENTS TO THIS WAIVER.

3.5 In consideration of the option to purchase the Project granted to Purchaser under the terms of this Article 3 (the "Option"), Purchaser shall pay to Seller the sum of ONE HUNDRED DOLLARS (\$100), the sufficiency of which consideration is hereby acknowledged by the parties. Such payment shall be fully earned by Seller's delivery to Purchaser of an executed copy of this Agreement, and shall be credited to Seller at Closing or deducted from the Deposit if the Deposit is returned to Purchaser.

3.6 If Purchaser, in Purchaser's sole and absolute discretion, decides that the Project or any aspect of it is unsatisfactory for any reason or for no reason, then Purchaser shall have the right to terminate this Agreement by written notice to Seller and Escrow Agent at any time during the Inspection Period and have the Deposit returned to it. If Purchaser is satisfied with the results of its review during the Inspection Period and elects to proceed with this Agreement, Purchaser shall give notice to Seller of Purchaser's election to proceed at the end of the Inspection Period. If

Purchaser does not give notice to proceed at the end of the Inspection Period, Purchaser shall be deemed to have terminated this Agreement and the Deposit shall be refunded to Purchaser.

3.7 Seller covenants and agrees that from the Effective Date through the Closing Date:

(a) Seller will manage, operate, repair and maintain the Project in accordance with Seller's prior practices and prudent management and operating standards and practices in the area of the Project. Seller will keep the Project in as good a condition as exists on the Effective Date, and will not, prior to the Closing, delay or defer repair, replacement or maintenance work required in the ordinary course. Seller will retain the present staff of maintenance, leasing and other employees and will deliver all vacant space on the Closing Date in good operating order, clean and in rentable condition for immediate occupancy on the Closing Date if such space became vacant at least ten (10) days prior to Closing. Seller shall not remove any item of Personal Property from the Project without replacing the same with property of equal or greater value. Seller shall keep available for Purchaser's benefit the services of Seller's present suppliers and contractors and preserve for Purchaser the good will now enjoyed by the Seller in its operation of the Project.

(b) Seller will use its best efforts to renew all of the Permits as they expire from time to time and shall notify Purchaser at least thirty (30) days prior to the expiration date or threatened cancellation date of any Permit.

(c) Seller shall perform its obligations when due pursuant to the Contracts, Leases, and Permits, if any. If commitments have been made to any tenant, governmental authority, or other person, for any repairs or improvements or for any reason, then Seller shall perform such repairs and improvements at its expense prior to the Closing Date and shall obtain the unqualified acceptance of such work by such tenant, governmental authority or other person, as the case may be.

(d) Purchaser or representatives of Purchaser shall have access to the Project during normal business hours if Purchaser notifies Seller in advance of the time Purchaser desires access to the Project. The Seller shall make all books and records relating to the ownership and operation of the Project available to the Purchaser and its accountants, at Purchaser's request, during normal business hours and without interfering with the operations of the Project, and shall permit the Purchaser's agents to examine and audit the same, at the Purchaser's sole cost and expense. The Seller shall cooperate with the Purchaser's agents, shall allow such persons to make copies of such books and records and shall respond fully and candidly to inquiries made by such agents.

(e) Seller shall not enter into or record any easement, covenant, license, permit, agreement or other instrument against the Project, or any portion thereof.

(f) Seller shall continue to lease units at the Project in accordance with its prior practices and the terms of this Agreement using the standard lease form delivered to Purchaser during the Inspection Period. Seller shall not give any rent concessions or enter into any Leases with rents below the rents shown on the Rent Roll for such unit, without Purchaser's prior consent in each case.

Prior to the expiration of the Inspection Period, Seller shall not enter into Leases having a term in excess of six (6) months without Purchaser's prior consent in each case. After the expiration of the Inspection Period, Seller shall not enter into Leases having a term in excess of three (3) months without Purchaser's prior consent in each case.

ARTICLE 4: PERMITTED ENCUMBRANCES TO TITLE

4.1 Purchaser agrees to accept title to the Property subject to the following matters (collectively, the "Permitted Encumbrances"):

(a) Leases and tenancies reflected on the Rent Roll and such further Leases as may be entered into in accordance with this Agreement.

(b) Liens securing payment of all ad valorem, intangible and other real and personal property taxes, general assessments, school taxes, and water and sewer charges against the Property or the Personal Property covered by this Agreement for the tax year in which the Closing Date occurs and subsequent years to the extent such items are properly apportioned under this Agreement.

(c) State of facts shown on Seller's existing survey of the Property (the "Existing Survey") approved by Purchaser in accordance with Article 5 hereof. Purchaser shall have the right to object to any matter first appearing on the New Survey (hereinafter defined) within ten (10) days of receipt thereof.

(d) Matters approved or deemed approved pursuant to the terms of this Agreement.

ARTICLE 5: CONDITION OF TITLE, TITLE INSURANCE

5.1 Seller shall promptly obtain from Escrow Agent, as agent for an underwriter acceptable to Purchaser ("Title Company"), a title commitment or preliminary report (the "Title Commitment") to issue an Owner's Policy of Title Insurance (the "Title Policy") insuring Purchaser's title to the Property to be good and indefeasible in the amount of the Purchase Price, subject to only the Permitted Encumbrances. A copy of the Title Commitment and legible copies of each of the documents of record reflected therein shall be furnished to the attorneys for Purchaser and Seller. Prior to the expiration of the Inspection Period, Purchaser shall give written notice (the "Objection Notice") to the attorney for Seller identifying with particularity any matter of title to which Purchaser objects (the "Objections") separately specifying and setting forth each such Objection. If Purchaser gives Seller an Objection Notice within the period set forth above, then all matters of title disclosed on the Title Commitment which are not objected to in such Objection Notice shall be deemed to be Permitted Encumbrances.

5.2 Seller shall not be required to expend any money or bring any action or proceeding or do any other thing in order to cure the Objections, except that Seller shall bond,

discharge or cure any lien for money only to which Purchaser objects. If Seller gives Purchaser notice (the "Response Notice") that Seller is unable or unwilling to cure the Objections, Purchaser may, as its exclusive remedy, elect by written notice given to Seller within five (5) days after the Response Notice is given, either (a) to accept such title as Seller is able to convey without any reduction or abatement of the Purchaser Price, or (b) to terminate this Agreement, in which event the Deposit shall be returned to Purchaser.

5.3 If Purchaser shall fail to give timely notice of its election to terminate this Agreement under 5.2(b), Purchaser shall be deemed to have terminated his Agreement.

5.4 Unpaid liens for real estate and personal property taxes for years prior to the fiscal year in which the Closing Date occurs and any other matters which Seller is obligated to pay and discharge at the Closing shall not be deemed objections to title, but the amount thereof chargeable to Seller, plus interest and penalties thereon charged by the taxing authority, if any, shall be deducted from the Purchase Price on the Closing Date and paid to the Title Company with instructions to pay and discharge such matters.

5.5 Seller shall pay the cost of obtaining the Title Commitment, the base premium for the Title Policy and the cost of any endorsements to the Title Policy necessary to cure Objections. Purchaser shall pay the cost of the updated survey of the Property (the "New Survey"). Purchaser shall pay the cost of any other endorsements to the Title Policy, including the cost of any survey limitation. Purchaser shall pay any costs associated with its loan including any lender's policy of title insurance. Purchaser and Seller shall each pay one half of the Escrow Agent's escrow fee, not to exceed \$500 each.

ARTICLE 6: CLOSING

6.1 The consummation of the transactions described in this Agreement (the "Closing") shall occur on a date mutually agreeable to the parties, but not later than the date that is forty five (45) days after the expiration of the Inspection Period (the "Closing Date") commencing at 10:00 A.M. local time, at the offices of the Title Company or at such other location as the parties may jointly designate.

6.2 Upon Seller's and Purchaser's delivery of all required documents and instruments and its payment of the Purchase Price and other amounts required herein, Purchaser and Seller shall prepare and sign a closing statement reflecting the adjustments and payments made and agreements in connection therewith. Seller and Purchaser shall jointly deliver a copy of the closing statement and all of the aforesaid documents to the Title Company which shall do the following:

- (a) Record the Deed.
- (b) Record the loan documents, if any, associated with this transaction.
- (c) Deliver to Seller and Purchaser or other appropriate party the documents and payments delivered to it as escrow holder for delivery to such party.

(d) Pay all recording taxes and transfer fees and all filing fees reflected on the closing statement.

(e) Issue the Title Policy and, if applicable, a Lender's Policy of Title Insurance.

(f) File the reports required by Section 6045 of the Internal Revenue Code and regulations promulgated thereunder.

ARTICLE 7: DOCUMENTS REQUIRED ON CLOSING DATE

7.1 At or prior to the Closing, Seller shall execute and/or deliver the following to Purchaser through Escrow Agent:

(a) Special Warranty Deed, in the form of Exhibit 7.1(a).

(b) Bill of Sale and Assignment of Leases, Warranties and Service Contracts, in the form of Exhibit 7.1(b) (the "Bill of Sale").

(c) Keys to all locks and plans and specifications for the Property, if in the possession of Seller, which shall be delivered to Purchaser's representative at the Property.

(d) A rent roll for the Property (the "Closing Rent Roll"), dated as of the Closing Date and certified by Seller, listing each tenant, the monthly base rent payable, lease expiration date, security deposit and reflecting any rent due at the time of Closing.

(e) The originals or certified copies of the Leases and other occupancy agreements described in the Closing Rent Roll.

(f) Organizational and authority documents satisfactory to the Title Company.

(g) All costs and fees required to be paid by Seller pursuant to this Agreement.

(h) Such other documents and instruments as may be required by this Agreement or by the Title Company in order to consummate the transactions described in this Agreement and to issue the Title Policy to Purchaser.

(i) Seller's certification that the representations and warranties in this Agreement are true and accurate as of the Closing in all material respects

(j) A non-foreign (FIRPTA) affidavit for Seller complying with the requirements of Internal Revenue Code Section 1445(f)(3) and the regulations promulgated thereunder.

(k) Originals or certified copies of the Certificate of Occupancy for all buildings at the Property.

(l) Such other instruments, affidavits and tax returns as are customarily executed by the seller of an interest in real property in connection with the recording of a deed.

7.2 At or prior to the Closing, Purchaser shall execute and/or deliver the following to Seller through Escrow Agent:

(a) The Purchase Price.

(b) The Bill of Sale.

(c) Organizational and authority documents satisfactory to the Title Company.

(d) A written notice of the acquisition of the Property by Purchaser, originally executed by Seller and Purchaser, which shall be transmitted to all tenants and to other parties affected by the sale and purchase of the Property. Such notice shall inform the addressees of the sale and transfer of the Property to Purchaser and contain appropriate instructions relating to the payment of future rentals and the giving of future notices. The said notices shall specify that unapplied security deposits under the tenant leases have been delivered to the Purchaser and that the Purchaser is responsible for the refund thereof and such notice shall be in form and substance adequate under local law to relieve Seller of all liability for return of such deposits.

(e) All costs and fees required to be paid by Purchaser pursuant to this Agreement.

(f) Such other documents and instruments as may be required in this Agreement or by the Title Company in order to consummate the transactions described in this Agreement.

(g) Such other instruments, affidavits and tax returns as are customarily executed by the Purchaser of an interest in real property in connection with the recording of a deed.

ARTICLE 8: APPORTIONMENTS AND ADJUSTMENTS

8.1 Seller shall be responsible for and pay all accrued expenses with respect to the Project accruing up to 11:59 P.M. on the day prior to the Closing Date (the "Adjustment Date") and shall be entitled to receive and retain all revenue from the Project accruing up to the Adjustment Date.

8.2 On the Closing Date, the following adjustments and apportionments shall be made by authorized representatives of the parties in cash as of the Adjustment Date:

(a) Rents for the month in which the Closing Date occurs (the "Closing Month") collected from tenants under Leases. After the Closing, Purchaser shall continue to bill tenants for sums reflected on the Closing Rent Roll as past due, and shall deliver such sums to Seller if, as and when received. Such rents shall be applied first to rents due Purchaser at the time of receipt, and second to rents due Seller for periods prior to Closing.

(b) Real estate taxes, ad valorem taxes, school taxes, assessments and personal property, intangible and use taxes, if any.

(c) Charges under Contracts affecting the Project on the Closing Date, and utility charges and relating to the Project. An adjustment shall be made for any payments heretofore made to Seller in respect of Contracts or laundry lease, whether characterized as "decorating fees", "sign-up bonuses", "additional rents" or the like.

(d) Water and sewer charges on the basis of the period for which assessed.

(e) Income from vending machines and tenant services, if any.

8.3 At the Closing, Purchaser will receive a credit against the Purchase Price in an amount equal to all security deposits made by tenants under Leases in effect on the Closing Date, against Purchaser's receipt and indemnification therefor. Upon making such credit, Purchaser will be deemed to have received all such security deposits and shall be fully responsible for the same as if a cash amount equal to such security deposits were actually delivered to Purchaser. Prior to the Closing, Seller shall not apply security deposits if the tenant remains in occupancy at Closing.

The provisions of this **ARTICLE 8** shall survive the Closing.

ARTICLE 9: REMEDIES

9.1 If Purchaser breaches its obligation to purchase the Project pursuant to this Agreement, then Seller shall have the right, as its sole and exclusive remedy, to terminate this Agreement by giving Purchaser and the Escrow Agent written notice thereof and, upon receipt of such notice the Escrow Agent shall deliver the Deposit to Seller which shall retain the same as liquidated damages. Seller and Purchaser acknowledge that the amount of damages resulting from a breach of this Agreement by Purchaser would be difficult or impossible to accurately ascertain and that Seller's damages would, in any event, be substantial and the Deposit is a reasonable estimate of such damage. Upon Seller's receipt of the Deposit, this Agreement shall wholly cease and terminate, no party to this Agreement shall have any further claim, agreement, or obligation to any other party to this Agreement, and any lien of Purchaser against the Project shall automatically cease, terminate and be released.

9.2 If the sale contemplated by this Agreement is not consummated because of Seller's failure to perform its obligations hereunder, Purchaser shall be entitled, as its exclusive

remedy, to elect either (a) to terminate this Agreement and have the Deposit returned to it or (b) to enforce specific performance of Seller's obligations under this Agreement.

9.3 The non-breaching party shall also be entitled to recover against the breaching party its costs and expenses, including reasonable attorneys fees and court costs, incurred by such non-breaching party in enforcing any of the remedies hereunder.

ARTICLE 10: DAMAGE, DESTRUCTION OR CONDEMNATION

10.1 Seller agrees to maintain its present policies of casualty and liability insurance covering the Project in full force and effect from the date of this Agreement through and including the Closing Date, which casualty coverage is for full replacement value.

10.2 If on or before the Closing Date either (a) all or a substantial part of the improvements on the Land is damaged or destroyed by fire or the elements or by any other cause, or (b) all or any part of the Property is taken by condemnation or other power of eminent domain, Purchaser may, by written notice given to the Seller within ten (10) days after Purchaser shall have notice of the occurrence or the taking, elect to terminate this Agreement.

10.3 If either (a) a substantial part of the improvements on the Land is damaged or destroyed or any part of the Property is taken by condemnation or other power of eminent domain but this Agreement is not canceled as provided in Section 10.2, or (b) on or before the Closing Date, an insubstantial part of the improvements on the Land is damaged or destroyed, then neither Seller nor Purchaser shall have the right to terminate this Agreement based upon such damage, destruction or taking, and on the Closing Date,

(i) Seller shall credit the Purchase Price with an amount equal to any sums of money collected by Seller under its policies of insurance or renewals thereof insuring against the loss in question with credit for the deductible and any uninsured or underinsured loss, and Seller shall assign, transfer and set over to Purchaser all of Seller's right, title and interest in and to said policies with respect to the Property and any further sums payable under said policies, and

(ii) Seller shall assign, transfer and set over to Purchaser all of Seller's right, title and interest in an to any awards that may be made for any taking by condemnation or other power of eminent domain.

10.4 For the purposes of this Article, a substantial part of the Property or the improvements on the Land shall be deemed to mean a portion having a value of \$100,000 or more or which would require expenditure of \$100,000 or more for repair or restoration.

ARTICLE 11: BROKER

11.1 Purchaser represents and warrants to Seller that except for Houston Income Properties (the "Broker") neither Purchaser nor any entity related to Purchaser has dealt with any

broker or other person or entity who would be entitled to a commission or other brokerage fee from Seller in connection with the transactions described in this Agreement. Purchaser agrees to indemnify, defend and hold the Seller harmless of and from any loss, cost, damage or expense (including reasonable attorneys' fees and court costs) arising out of any inaccuracy in the representation or warranty made by Purchaser in the preceding sentence.

11.2 Seller represents and warrants to Purchaser that except for the Broker, neither Seller nor any entity related to Seller has dealt with any broker or other person or entity who would be entitled to a commission or other brokerage fee in connection with the transactions described in this Agreement. Seller agrees to pay a commission to Broker at Closing equal to 2% of the Purchase Price. Seller agrees to indemnify, defend and hold the Purchaser harmless of and from any loss, cost, damage or expense (including reasonable attorneys' fees and court costs) arising out of any inaccuracy in the representation or warranty made by Seller in the preceding sentences.

11.3 Notwithstanding any other provision of this Agreement to the contrary, the provisions of this Article shall survive the Closing and any prior termination of this Agreement for any reason whatsoever.

ARTICLE 12: NOTICES

12.1 Any notice given or required to be given pursuant to any provision of this Agreement shall be in writing and shall be personally delivered or sent by facsimile, certified U.S. mail, with return receipt requested, or a reputable commercial courier service guaranteeing overnight delivery, and shall be deemed to have been given upon receipt if personally delivered, or, as the case may be, upon transmittal by facsimile with electronic confirmation of receipt, upon deposit in U.S. mail or upon delivery to such commercial courier, with delivery charges prepaid, if sent by such a courier, in either case addressed as follows:

Seller: Sunnymeade Apartments, Ltd.
1621 Confederate Ave.
Austin, TX 78703
Attn: Pat Brian
Fax: 512-478-2873
Phone: 512-478-5868
E-mail: PBrian@austin.rr.com

George Yonge
2039 Red Bud Trail
Austin, TX 78746
Fax: 512-347-9998
Phone: 512-347-9991
E-mail: GYonge@austin.rr.com

with a copy to: Thomas I. Davies

7320 N. MoPac
Suite 211
Austin, TX 78731
Fax: 512-346-2712
Phone: 512-346-5558
E-mail: tdavies@sbaustinlaw.com

Purchaser: Kaplan Acquisitions, L.L.C.
6363 Woodway, Suite 300
Houston, Texas 77057
Attn: Richard Zigler/Geoff Simpson
Phone: 713-977-5699
Fax: 713-977-5697
E-mail: RZigler@kapcorp.com
GSimpson@kapcorp.com

with a copy to: Cary Newburger, Esq.
152 Simpson Road
Carmel, NY 10512
Fax: 845-228-1444
Phone: 845-228-1999
E-mail: CNewburger@aol.com

12.2 (a) Either party may, by giving notice to the other in the manner set forth above, change the address to which notices shall be sent to it, provided that any such change or address shall be effective three (3) days after it is given.

(b) The attorney for each party to this Agreement identified in Article 12.1 may give notices on behalf of his client with the same force and effect as if such notice were given directly by such party.

ARTICLE 13: ASSIGNMENT

13.1 The rights of Purchaser hereunder may be assigned upon notice to Seller; provided that any such assignment shall not release Purchaser from any obligation hereunder.

ARTICLE 14: MISCELLANEOUS

14.1 The following matters of general application shall apply to this Agreement and control interpretation notwithstanding any provision apparently to the contrary:

(a) This Agreement is binding upon and shall inure to the benefit of the parties hereto, their respective heirs, successors, legal representatives and permitted assigns.

(b) Wherever under the terms and provisions of this Agreement the time for performance falls upon a Saturday, Sunday or legal holiday in the state where Seller or Purchaser maintains the office reflected in Article 12 hereof, such time for performance shall be extended to the next business day thereafter.

(c) This Agreement may be executed in one or more counterparts, all of which when taken together shall constitute one and the same agreement. Escrow Agent is authorized to attach multiple signature pages to a single conformed original.

(d) The captions at the beginning of the several paragraphs, Sections and Articles are for convenience in locating the context, but are not part of the context. Unless otherwise specifically set forth in this Agreement to the contrary, all references to Exhibits contained in this Agreement refer to the Exhibits which are attached to this Agreement, all of which Exhibits are incorporated in, and made a part of, this Agreement by reference. Unless otherwise specifically set forth in this Agreement to the contrary, all references to Articles, Sections, paragraphs and clauses refer to portions of this Agreement.

(e) If any term or provision of this Agreement shall be held to be illegal, invalid, unenforceable or inoperative as a matter of law, the remaining terms and provisions of this Agreement shall not be affected thereby, but each such remaining term and provision shall be valid and shall remain in full force and effect.

(f) This Agreement and the other writings referred to in, or delivered pursuant to, this Agreement, embody the entire understanding and contract between the parties hereto with respect to the Project and supersede any and all prior agreements and understandings between the parties hereto, whether written or oral, formal or informal, with respect to the subject matter of this Agreement. This Agreement has been entered into after full investigation by each party and its professional advisors, and neither party is relying upon any statement, representation or warranty made by or on behalf of the other which is not expressly set forth in this Agreement.

(g) No extensions, changes, waivers, modifications or amendments to or of this Agreement, of any kind whatsoever, shall be made or claimed by Seller or Purchaser, and no notices of any extension, change, waiver, modification or amendment made or claimed by Seller or Purchaser shall have any force or effect whatsoever, unless the same is contained in writing and is fully executed by the party against whom such matter is asserted.

(h) This Agreement shall be governed and interpreted in accordance with the laws of the State of where the Property is located.

(i) Each party hereto shall pay all charges specified to be paid by them pursuant to the provisions of this Agreement and their own attorney's fees in connection with the negotiation, drafting and closing of this Agreement.

(j) Purchaser and Seller agree that this Agreement has been entered into solely for the benefit of Purchaser and Seller and no other person or entity, it being the intention of

Purchaser and Seller that no person or entity not a party to this Agreement shall have any right or standing to (a) bring any action against Purchaser or Seller based on this Agreement, or (b) assume that any provision of this Agreement will be enforced or remain unmodified or unwaived, or (c) assert that it or he is or should be or was intended to be a beneficiary or any provision of this Agreement.

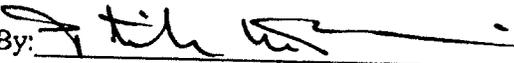
(k) The parties agree that any actions taken or documents (including this Agreement) signed by any trustee, officer, or director of Seller or Purchaser are undertaken in their fiduciary capacity and no recourse shall be had to the personal assets of any such trustee, officer, or director for enforcement of this Agreement.

(l) Wherever a time is set forth for performance or notice in this Agreement, time shall be of the essence unless explicitly stated to be otherwise.

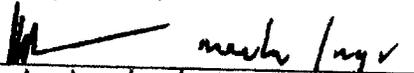
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their names by their respective duly authorized representatives as of the day and year first above written.

Seller: Sunnymeade Apartments, Ltd.

By: YB Sunnymeade GP, L.L.C.,
Its general partner

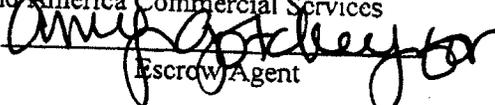
By: 
Patrick Brian, Managing Member

Purchaser: Kaplan Acquisitions, L.L.C.

By: 
Name: Michael Kaplan
Title: member / mgr

A fully executed copy of this Agreement was received by me on January 25, 2007, which, under the terms of Article 2 hereof, is the Effective Date.

Land America Commercial Services

By:  for Laura Brookshire
Escrow Agent

EXHIBITS

- 1.1(a) - Legal Description
- 1.1(e) - Contracts
- 7.1(a) - Deed
- 7.1(b) - Bill of Sale and Assignment of Leases, Warranties and Service Contracts

EXHIBIT 1.1(a)
Legal Description

EXHIBIT 7.1(a)
Deed

SPECIAL WARRANTY DEED

THIS SPECIAL WARRANTY DEED, dated __, 2007, is made by _____, a _____, with an address at _____ ("Grantor") to _____, a _____, with an address at _____ ("Grantee");

WITNESSETH:

That the Grantor, for and in consideration of the sum of TEN AND 00/100 DOLLARS (\$10.00), and other valuable consideration, receipt of which is hereby acknowledged, by these presents does grant, bargain, sell, alien, remise, release, convey, and confirm unto the Grantee all that certain land situated in _____ County, _____ including the improvements thereon, and being more fully described on EXHIBIT A attached hereto and made a part hereof;

Together with all the tenements, hereditaments, and appurtenances thereto belonging or in anywise appertaining.

TO HAVE AND TO HOLD, the same in fee simple forever.

This Deed is made and accepted subject to the easements, encumbrances, and other matters set forth on EXHIBIT B attached hereto and made a part hereof, to the extent same are valid and subsisting.

And Grantor does hereby bind itself and its successors and legal representatives to warrant and forever defend, all and singular, the title to said land unto the said Grantee, its successors, and assigns, against the claims of every person whomsoever lawfully claiming or to claim the same, or any part thereof, by, through, or under Grantor, but not otherwise.

Grantee assumes and agrees to pay taxes for the tax year in which this instrument was executed and subsequent years.

IN WITNESS WHEREOF, the Grantor has executed this Deed.

By: _____
Name: _____
Title: _____

STATE OF TEXAS)
) ss.:
COUNTY OF TRAVIS)

Before me, the undersigned notary public, this _____ day of _____, 2007, personally appeared _____, the _____ of _____, and acknowledged the execution of the foregoing instrument on behalf of such _____.

_____, Notary Public
(Print Name)

My Commission Expires: _____

EXHIBIT 7.1(b)

BILL OF SALE AND ASSIGNMENT

OF

LEASES, WARRANTIES AND SERVICE CONTRACTS

This Agreement made this ___ day of _____ 200_, by and between _____ with offices at _____ ("Seller"), and _____, with offices at _____ ("Purchaser"),

WITNESSETH:

WHEREAS, Seller has conveyed to Purchaser by deed (the "Conveyance") of even date herewith, that parcel of land located in County of _____, State of _____, which parcel is more fully described in **EXHIBIT A** annexed hereto, together with the improvements situated thereon (the "Property"); and

WHEREAS, in connection with the Conveyance, Seller desires to transfer certain personal property and to assign certain leases and contracts to Purchaser;

NOW, THEREFORE, in consideration of the premises and the sum of \$10.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

1. Seller hereby sells, transfers, assigns, and conveys to Purchaser all of the following:

A. All fixtures and personal property attached or appurtenant to or used in connection with the Property which is located at the Property and is owned by Seller, and all plumbing, heating and lighting fixtures, mail boxes, office equipment and maintenance equipment and supplies located at the Property and owned by Seller.

B. All of Seller's right, title and interest, if any, in and to the name "_____."

C. To the extent the same may be sold and transferred by Seller, all operating and occupational permits and all other licenses, permits and certificates issued by any governmental agency in connection with Seller's ownership of the Property (the "Permits").

D. All of Seller's right, title and interest as Landlord under all existing leases and tenancies on the Project which are listed on the Certified Rent Roll attached as **EXHIBIT B** hereto (the "Leases"), and all security payments and prepaid rentals with respect to such Leases. All

sums paid or payable under the Leases for any period prior to the date of this instrument shall be and remain the sole property of Seller.

E. All of Seller's right, title and interest in any and all assignable warranties and guarantees, if any, in effect for any improvements at the Property.

F. All of Seller's right, title and interest in and to the service, maintenance and similar contracts relating to the operation of the Project listed on **EXHIBIT C** hereto (the "Service Contracts").

2. This conveyance is subject, however, to the liens, encumbrances and conditions to which the Conveyance is made subject, including the prior liens assumed by Purchaser, if any, as fully and for all purposes as if the tangible and intangible personal property described in and covered by this instrument (the "Personalty") were included and described in the Conveyance. No claim shall be asserted against Seller based upon any defect in title to the Personalty unless such defect was created by Seller.

3. The Purchaser assumes all obligations and liabilities of the Seller arising on or after the date of this instrument (a) under the Leases, including, without limitation, the obligation to refund all security deposits held in respect of the Leases pursuant to the terms of the Leases to the extent that such security deposits have been delivered to Purchaser, (b) under the Service Contracts, and (c) in respect of the Permits.

4. The Purchaser covenants and agrees to indemnify and hold the Seller harmless of and from all liability, loss, damages, costs and expenses including, without limitation, court costs and reasonable attorneys' fees which the Seller may suffer or incur by reason of any act or cause of action occurring or accruing after the date of this instrument relating to the Project, Leases (including, without limitation, the Purchaser's obligations to refund tenant deposits under the Leases), Service Contracts or Permits assigned hereby.

5. The Seller covenants and agrees to indemnify and hold the Purchaser harmless of and from all liability, loss, damages, costs and expenses including, without limitation, court costs and reasonable attorneys' fees which the Purchaser may suffer or incur by reason of any act or cause of action occurring or accruing on or before the date of this instrument relating to the Project, Leases, Service Contracts or Permits assigned hereby.

6. This Agreement and the provisions herein contained shall be binding upon and inure to the benefit of the Seller and the Purchaser and their respective successors, legal representatives and assigns.

IN WITNESS WHEREOF, each of the undersigned have caused this Agreement to be executed by its duly authorized representatives effective as of the date and year first above written.

SELLER: _____

By: _____

PURCHASER: _____

By: _____

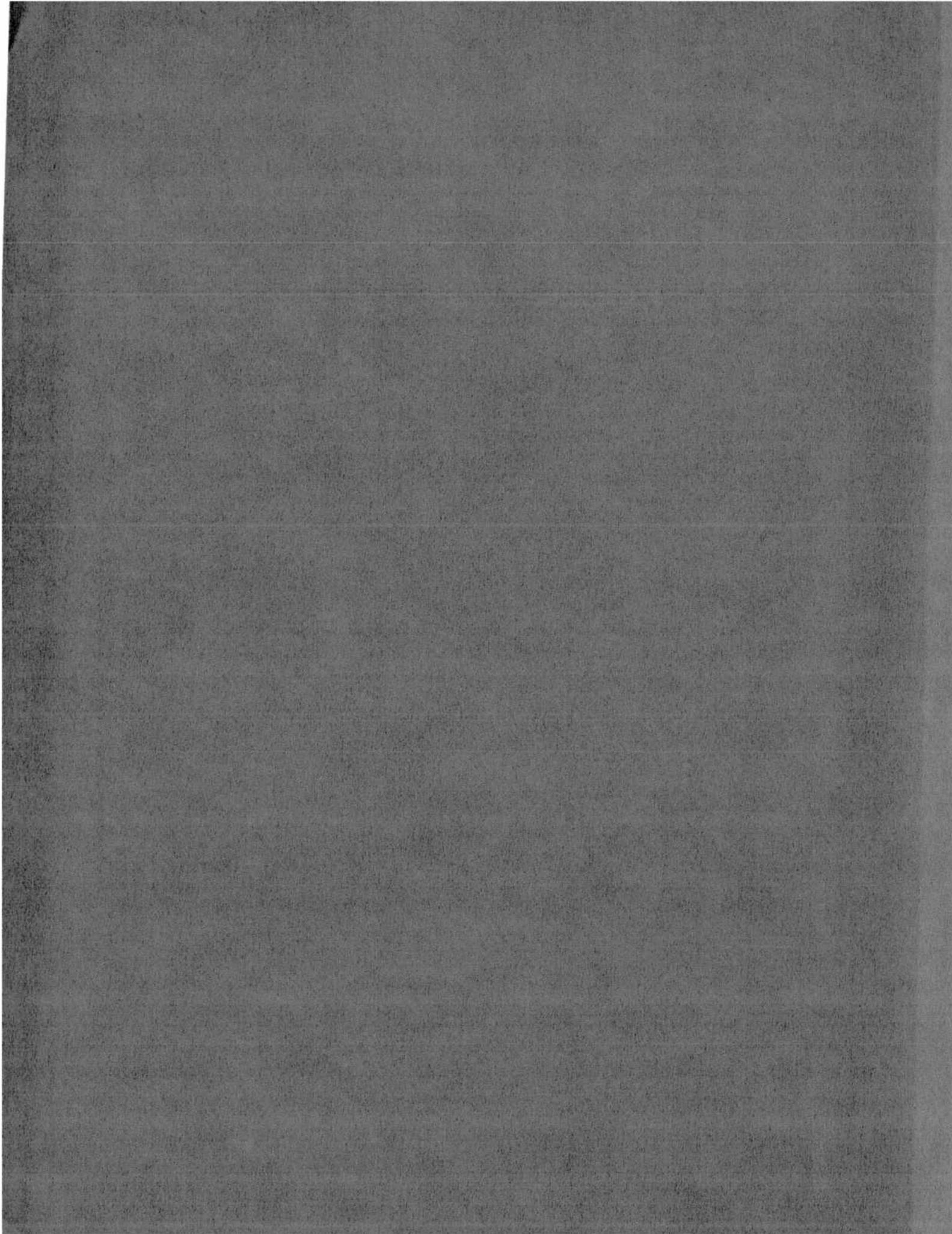


Exhibit 4

TaxNetUSA: Travis County

Property ID Number: 307027 Ref ID2 Number: 04050002090000

Owner's Name **SUNNYMEADE PROPERTIES LTD**

Mailing Address 501 E OLTORF ST
AUSTIN, TX 78704-5685

Location 501 E OLTORF ST

Legal TRT 2 BRYANT D M SUBD

Property Details

Deed Date 11012001
Deed Volume 00000
Deed Page 00000
Exemptions
Freeze Exempt F
ARB Protest F
Agent Code 2009
Land Acres 4.0000
Block
Tract or Lot 2
Docket No.
Abstract Code S01955
Neighborhood Code 08SC1

Value Information

2007 Certified

Land Value 792,792.00
Improvement Value 2,599,608.00
AG Value 0.00
AG Productivity Value 0.00
Timber Value 0.00
Timber Productivity Value 0.00
Assessed Value 3,392,400.00
10% Cap Value 0.00
Total Value 3,392,400.00

Data up to date as of 2008-02-01

Value By Jurisdiction

Entity Code	Entity Name	2007 Tax Rate	Assessed Value	Taxable Value	Market Value	Appraised Value
0A	TRAVIS CENTRAL APP DIST		3,392,400.00	3,392,400.00	3,392,400.00	3,392,400.00
01	AUSTIN ISD	1.163000	3,392,400.00	3,392,400.00	3,392,400.00	3,392,400.00
02	CITY OF AUSTIN	0.403400	3,392,400.00	3,392,400.00	3,392,400.00	3,392,400.00
03	TRAVIS COUNTY	0.421600	3,392,400.00	3,392,400.00	3,392,400.00	3,392,400.00
2J	TRAVIS CO HEALTHCARE DIST	0.069300	3,392,400.00	3,392,400.00	3,392,400.00	3,392,400.00
68	AUSTIN COMM COLL DIST	0.098500	3,392,400.00	3,392,400.00	3,392,400.00	3,392,400.00

Improvement Information

Improvement ID	State Category	Description
255325	B1	APARTMENT 100+
255326	B1	SPECIAL (NODEPR)
255327	B1	SPECIAL (NODEPR)
255328	B1	SPECIAL (NODEPR)
255329	B1	SPECIAL (NODEPR)
255330	B1	SPECIAL (NODEPR)
255331	B1	SPECIAL (NODEPR)
255332	B1	SPECIAL (NODEPR)
255333	B1	SPECIAL (NODEPR)
255334	B1	SPECIAL (NODEPR)
255335	B1	SPECIAL (NODEPR)
255336	B1	SPECIAL (NODEPR)
255337	B1	SPECIAL (NODEPR)

Segment Information

Ime ID	Seq ID	Type Code	Description	Class	Effective Year Built	Area
255325	298122	1ST	1st Floor	WW	1967	50,139
255325	298123	2ND	2nd Floor	WW	1967	52,661
255325	1351834	011	PORCH OPEN 1ST F	*	1967	99
255325	1351835	011	PORCH OPEN 1ST F	*	1967	800
255325	1351836	012	PORCH OPEN 2ND F	*	1967	6,853
255325	1351837	012	PORCH OPEN 2ND F	*	1967	99
255325	1351838	132	PLBG 5-FIXT AVG	AVG	1967	1
255325	1351839	142	BATHTUB AVG	AVG	1967	1
255325	1351840	152	COMMODE AVG	AVG	1967	1
255325	1351841	162	LAVATORY AVG	AVG	1967	1
255325	1351842	303	STAIRWAYS FV	F-V	1967	1
255325	1351843	551	PAVED AREA	AA	1967	62,580
255325	1351844	571	STORAGE DET	WW	1967	1,600
255325	1351845	571	STORAGE DET	WW	1967	360
255325	1351846	571	STORAGE DET	WW	1967	360
255325	1919335	571	STORAGE DET	WW	1967	240
255325	1919336	601	POOL COMM'L	CA	1967	1,200
255325	2604123	011	PORCH OPEN 1ST F	*	1967	6,853
255325	3172998	SO	Sketch Only	SO	0	7,913
255325	3172999	SO	Sketch Only	SO	0	7,913
255325	3173000	SO	Sketch Only	SO	0	4,547
255325	3173001	SO	Sketch Only	SO	0	4,247
255325	3173002	SO	Sketch Only	SO	0	5,945
255325	3173003	SO	Sketch Only	SO	0	5,945
255325	3173004	SO	Sketch Only	SO	0	3,977
255325	3173005	SO	Sketch Only	SO	0	3,977
255325	3173006	SO	Sketch Only	SO	0	3,977
255325	3173007	SO	Sketch Only	SO	0	3,977
255325	3173008	SO	Sketch Only	SO	0	3,977
255325	3173009	SO	Sketch Only	SO	0	3,977
255325	3173010	SO	Sketch Only	SO	0	3,977
255325	3173011	SO	Sketch Only	SO	0	3,977
255325	3173012	SO	Sketch Only	SO	0	6,888
255325	3173013	SO	Sketch Only	SO	0	6,888
255325	3173014	SO	Sketch Only	SO	0	6,929
255325	3173015	SO	Sketch Only	SO	0	6,929
255325	3173016	SO	Sketch Only	SO	0	2,009
255325	3173017	SO	Sketch Only	SO	0	2,009
255326	298124	MISC	Miscellaneous	*	1967	1
255326	3173018	SO	Sketch Only	SO	0	7,913
255326	3173019	SO	Sketch Only	SO	0	7,913
255326	3173020	SO	Sketch Only	SO	0	1,030
255326	3173021	SO	Sketch Only	SO	0	1,030
255327	298125	MISC	Miscellaneous	*	1967	1
255327	3173022	SO	Sketch Only	SO	0	4,547
255327	3173023	SO	Sketch Only	SO	0	4,247
255327	3173024	SO	Sketch Only	SO	0	99
255327	3173025	SO	Sketch Only	SO	0	99
255327	3173026	SO	Sketch Only	SO	0	565

255327	3173027	SO	Sketch Only	SO	0	565
255328	298126	MISC	Miscellaneous	*	1967	1
255328	3172986	SO	Sketch Only	SO	0	5,945
255328	3172987	SO	Sketch Only	SO	0	5,945
255328	3172988	SO	Sketch Only	SO	0	830
255328	3172989	SO	Sketch Only	SO	0	830
255329	298127	MISC	Miscellaneous	*	1967	1
255329	3172990	SO	Sketch Only	SO	0	3,977
255329	3172991	SO	Sketch Only	SO	0	3,977
255329	3172992	SO	Sketch Only	SO	0	565
255329	3172993	SO	Sketch Only	SO	0	565
255330	298128	MISC	Miscellaneous	*	1967	1
255330	3172994	SO	Sketch Only	SO	0	3,977
255330	3172995	SO	Sketch Only	SO	0	3,977
255330	3172996	SO	Sketch Only	SO	0	565
255330	3172997	SO	Sketch Only	SO	0	565
255331	298129	MISC	Miscellaneous	*	1967	1
255331	3172968	SO	Sketch Only	SO	0	6,888
255331	3172969	SO	Sketch Only	SO	0	6,888
255331	3172970	SO	Sketch Only	SO	0	930
255331	3172971	SO	Sketch Only	SO	0	930
255332	298130	MISC	Miscellaneous	*	1967	1
255332	3172972	SO	Sketch Only	SO	0	6,929
255332	3172973	SO	Sketch Only	SO	0	6,929
255332	3172974	SO	Sketch Only	SO	0	925
255332	3172975	SO	Sketch Only	SO	0	925
255333	298131	MISC	Miscellaneous	*	1967	1
255333	3172976	SO	Sketch Only	SO	0	2,009
255333	3172977	SO	Sketch Only	SO	0	2,009
255333	3172978	SO	Sketch Only	SO	0	325
255333	3172979	SO	Sketch Only	SO	0	325
255334	298132	MISC	Miscellaneous	*	1967	1
255334	3172963	SO	Sketch Only	SO	0	1,600
255335	298133	MISC	Miscellaneous	*	1967	1
255335	3172964	SO	Sketch Only	SO	0	360
255335	3172965	SO	Sketch Only	SO	0	800
255335	3172966	SO	Sketch Only	SO	0	360
255336	298134	MISC	Miscellaneous	*	1967	1
255336	3172967	SO	Sketch Only	SO	0	240
255337	298135	MISC	Miscellaneous	*	1967	1
255337	3172962	SO	Sketch Only	SO	0	1,200

Total Living Area **102,800****Land Information**

Land ID	Type Code	SPTS Code	Zone/Use	Size-Acres	Front	Depth	Size-Sqft
298586	LAND	B1	F	4.000	0	0	174,240

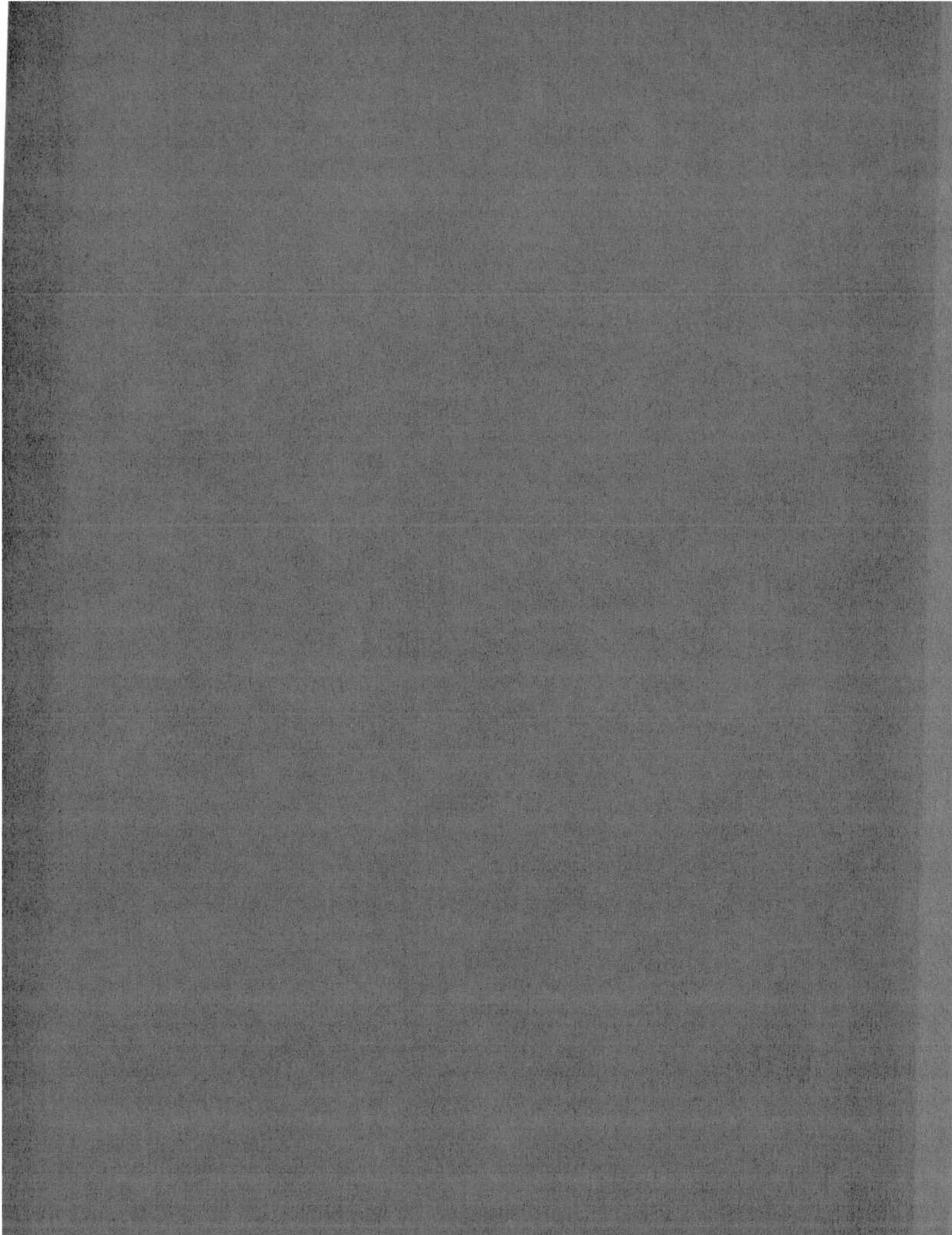


Exhibit 5



City of Austin

One Texas Center, 505 Barton Springs Rd. Austin, Texas 78704

ZONING VERIFICATION LETTER

Date: December 14, 2006

Party Requesting

PAT BRIAN
1621 CONFEDERATE AVE.
AUSTIN, TX
78703
(512) 517-1278

Property Owner

PAT BRIAN
1621 CONFEDERATE AVE.
AUSTIN, TX
78703
(512) 517-1278

Address Of Property

501 E OLTORF ST
AUSTIN, TX
78704

Legal Description

TRT 2 BRYANT D M SUBD

Zoning Map Numbers

H19

Tax Parcel Identification Number

0405000209

*Current Zoning

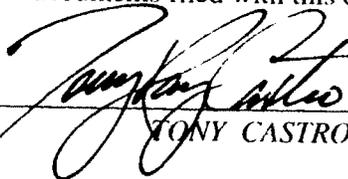
MF-4-CO-NP: MULTI-FAMILY RESIDENCE-MODERATE
HIGH DENSITY-CONDITIONAL OVERLAY COMBINING
DISTRICT-NEIGHBORHOOD PLAN

Case Number

C14-05-0138 & ORD. NO. 20050929-Z002

For questions concerning Zoning Compliance or any Development criteria, Parking, Permitted uses, Zoning violations, Conditional uses, Variances, Destruction and Rebuilding, etc. contact the Development Assistance Center of the City of Austin at (512)974-6370 for Land Use Planner correspondence session. The City of Austin website can be accessed for more information at www.ci.austin.tx.us.

I, *TONY CASTRO*, Communications and Technology Management Office, City of Austin, Texas, do hereby certify that the information above is true and correct to the best of my ability, according to documents filed with this office.


TONY CASTRO



City of Austin
Communications and Technology Management

Overlays & Neighborhood Plans relative to parcel number 04-0500-0209 (501 E. Oltorf St.)

Overlays

Residential Design Standards

Referenced in the Land Development Code of the City of Austin Chapter 25-2-Subchapter F

Neighborhood Plans

St. Edwards-Neighborhood Planning Area

Referenced in City of Austin Ordinance Number 20050929-Z002

Attached is information regarding the City of Austin Neighborhood Plans and their status to date. For information concerning these Neighborhood Plans and their current status and relativity to development, please contact the necessary personnel on the form attached with the City of Austin Neighborhood Planning Areas map.

***Zoning Subcategory: None**

*For information concerning Zoning Subcategories and their relativity to development, contact the Development Assistance Center at (512) 974-6370 and ask to speak to a Land Use Planner.

505 Barton Springs Rd.
Austin, Texas
78704

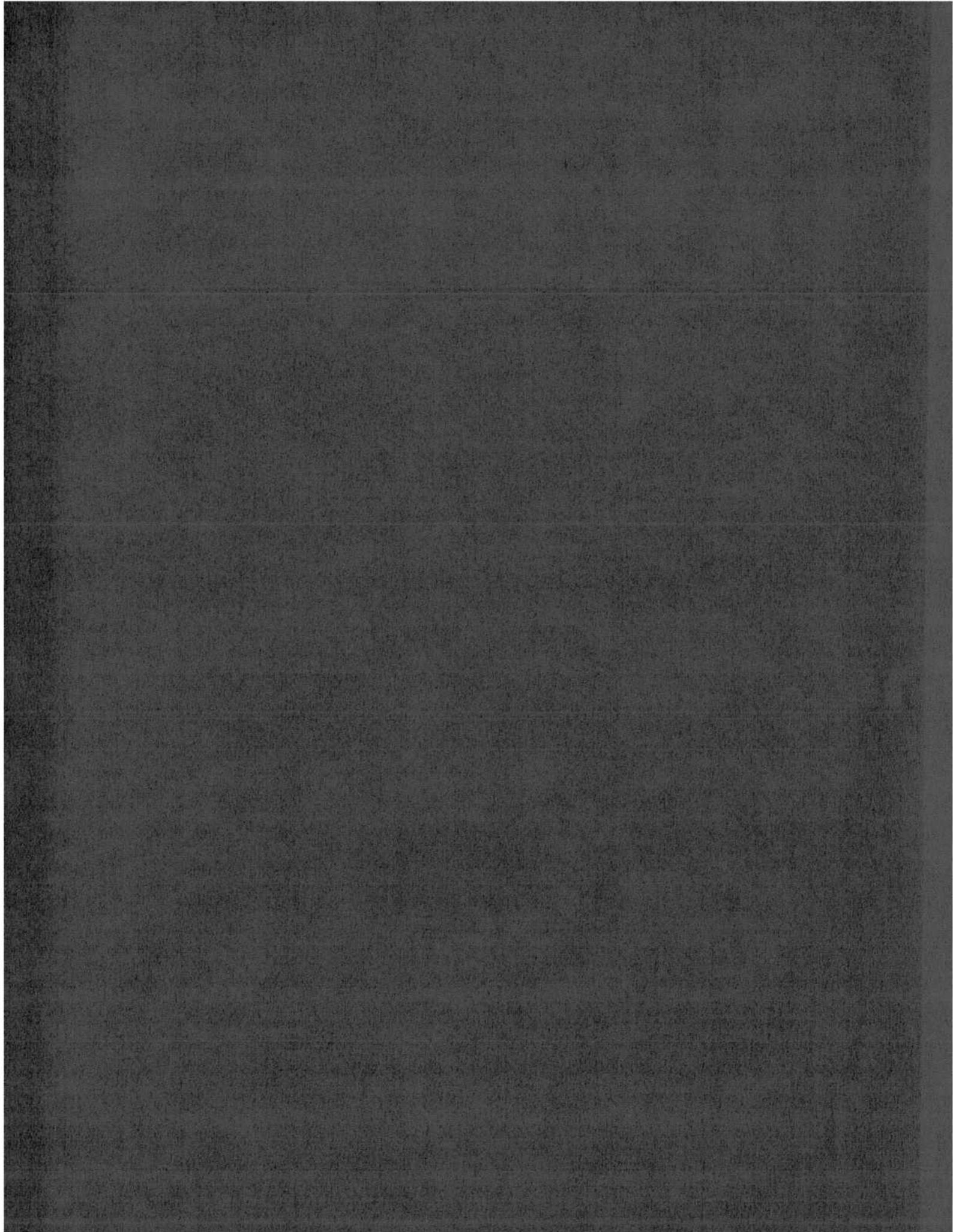


Exhibit 6

The M. Kaplan Companies, L.L.C.



Kaplan Acquisitions, L.L.C.
Kaplan Management Co., Inc.

Table of Contents

- I. Overview of The M. Kaplan Companies, L.L.C.
- II. Company Executives Profiles
- III. Kaplan Partners
- IV. Current Portfolio Summary
- V. Recent and Current Developments
- VI. Properties Developed
- VII. Properties Renovated



I. Overview of The M. Kaplan Companies, L.L.C.

The M. Kaplan Companies, LLC and its operating companies: Kaplan Management (multi-family property management) and Kaplan Acquisitions (multi-family property acquisitions and development) are owners, operators and developers of multi-family properties. We are a 29-year-old business, and have current holdings in Rogers (AR), Orlando (FL), Santa Fe (NM), Dallas (TX), Fort Worth (TX), Houston (TX), and Sugar Land (TX). Historically, we have owned, operated, renovated and developed projects in Arkansas, Florida, Louisiana, Mississippi, Nevada, New Mexico, Ohio, South Carolina, and Texas. We have developed or renovated 14,000 units.

Acquisitions are opportunistic in nature and focused on a viable exit strategy. Our holding time is 3 to 5 years. We look for value added opportunities that include the creation of new income streams, through washer/dryer rentals, carport rentals, change-over to tenant-paid water, sewer, and trash services, telephone and high-speed internet services, and rental rate growth. Properties needing renovation and/or repositioning in its local market are specifically targeted. Under managed, multi-family properties are also sought.

Kaplan Management Co., Inc. was formed in 1978 to offer fee management services for owners of multi-family properties, shopping centers, office buildings and mobile home parks. In 1984, the KMC management portfolio began to grow dramatically. By 1986, the company was fee managing 8,500 multi-family units and 2,500,000 square feet of office and commercial space. Clients included John Hancock Properties, Inc., numerous savings and loans, commercial banks, and several large and small independent owners. Both management and construction services were offered to clients and commercial leasing was out-sourced to local brokers.

To take advantage of the real estate owned opportunities, KMC decided to specialize in fee management of multi-family properties and became more aggressive in development, construction of multi-family projects as well as acquisitions of existing multi-family projects.

As both our new fee management assignments, development of new multi-family properties and acquisition of existing multi-family properties increases so will KMC. Having been among the 25th largest management companies in Houston, Texas, our excellent reputation with both clients and employees affords us the ability to attract the best experienced and knowledgeable people in our industry.

We work with brokers from coast-to-coast. Our brokers know that each deal they submit is registered with us, and they are fully protected. Our reputation for successful closings provides us with special attention from brokers. We often see projects early: before they hit the open market. We believe this gives us an advantage over our



competition. Every closing is announced to our brokers via e-mail as well as other updated data. Demographics are prepared in-house by our staff.

We plan to continue to grow our fee management, development, acquisition of new properties year over year. Typical maturation of owned properties occurs within 3 to 5 years of acquisition. Sales of our existing portfolio with high yields to our investors along with new development and acquisition are expected.



II. Company Executives Profiles

Property sales are achieved through our network of real estate brokers. Institutions and individuals are our targeted buyers. Our properties are usually sold on a "Cap Rate" basis.

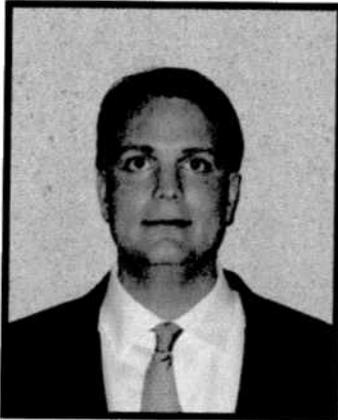
The M. Kaplan Companies, LLC and Kaplan Management Co., Inc. team is a cohesive group of seasoned professionals who have a successful formula for property development, acquisition and fee management adding value through rehab, creation of new income streams, controlling operating expenses and increasing rents. Our organization continues to grow in a controlled and structured manner.

Operating controls include annual/monthly preparation of budgets which detail income, expense and capital items for each property. Extensive construction experience allows us to make quick and knowledgeable cost-saving decisions.



Michael Kaplan, CEO. Has over 32 years experience in multi-family acquisition, development, management and construction. Mr. Kaplan began his career in a supervisory role with The Finger Companies of Houston, where he was responsible for managing 6,000 multi-family units. As an owner and operator during the past 23 years, Mr. Kaplan oversees all activities including acquisition, market analysis, site selection, financing, construction, disposition, advertising, public relations and coordination of property management. He is a member of the NAA, HAA, NMAA, and IREM and has served as Chairman of the Westchase Advisory Committee and a Director of Champions Bank in Houston.





Geoff Simpson, CFO. Mr. Simpson joined Kaplan in early 2002. Since that time he has been integrally involved in \$120 million of dispositions, \$250 million of acquisitions, and \$135 million of new development. Mr. Simpson's responsibilities include being the primary contact for investors and lenders, all financial reporting, due diligence for acquisitions and developments, all coordination of employee benefits (401(k), etc.), all financing for acquisitions, developments and the existing portfolio, the study of existing and potential apartment market economics and new acquisition & development site selection. Mr. Simpson came to Kaplan with seven years of investment banking experience where he raised over \$4.8

billion of capital and advised senior management regarding several mergers and acquisitions. Mr. Simpson has extensive experience in deal structuring including high yield and investment grade debt, public and private equity offerings, bridge loans and other senior credit facilities, mezzanine financing, and various interest rate and commodity derivative transactions.



Donna Kaplan, Director of Marketing. Mrs. Kaplan attended the University of Oklahoma's College of Business. She has six years of national sales and marketing experience in the hotel industry. Mrs. Kaplan has 20 years of experience in the apartment industry being involved in development, managing, and marketing. As Director of Marketing, Mrs. Kaplan develops marketing strategies which include advertising campaigns and leasing analysis. She holds a Texas Real Estate License and is currently a member of the Houston Apartment Association.



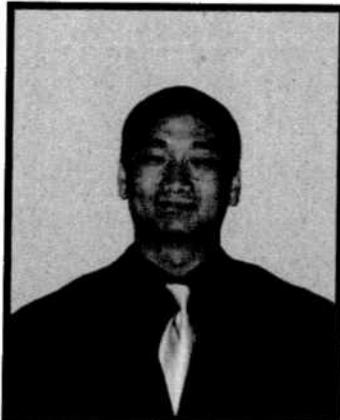
Richard Zigler, President of Kaplan Acquisitions. Mr. Zigler was a Managing Director at O'Connor & Associates, overseeing their Research and Consulting function. Richard is a graduate of Rice University and holds a Juris Doctor Degree from Emory University. He is frequently consulted by local and national media sources for commentary on Houston's real estate performance and forecasts, including the *Wall Street Journal*, the *Houston Chronicle*, the *Houston Business Journal*, the *Dallas Morning News*, the *National Real Estate Investor*, *GlobeStreet*, *ABODE*, and *BOMA Office & Commercial Real Estate Magazine*. He has consulted on



projects for commercial and multifamily real estate throughout the Southwestern U.S. totaling in excess of \$1 billion.



Travis Kaplan, Development Officer. With six years of multi-family management and acquisition experience, Travis Kaplan began his career as an Assistant Maintenance Technician. He progressed rapidly to the position of Leasing Agent and then Manager. His current position is Property Supervisor and New Development Project Manager.



Khoi D. Luu, Development Officer. Mr. Luu graduated from the University of Houston in 2003 with a Bachelor of Business Administration degree in Finance. He joined The M. Kaplan Companies as an Analyst in 2004 and was involved in many aspects of the company including underwriting and due diligence for acquisitions, market research and site selection for new developments, and financial analysis and budgeting for its current portfolio. Currently as a Development Officer, Mr. Luu is involved in the project management of Kaplan Acquisitions' development pipeline.



III. Kaplan Partners



GE Commercial Finance
Real Estate

GE Real Estate, a unit of GE Commercial Finance, is one of the world's leading resources for commercial real estate capital. Headquartered in Stamford, Connecticut, GE Real Estate boasts assets of nearly \$28 billion and has more than 30 offices throughout North America, Europe, and Asia/Pacific. North America Equity provides a wide range of equity solutions, from joint venture structures to direct investments in corporate real estate and debt portfolios.

Bank of America  **Higher Standards**

South Charles Investment Corporation provides equity capital in the form of participatory financing to fund entrepreneurial commercial real estate ventures. As a wholly owned subsidiary of Bank of America Corporation, South Charles provides the funds necessary to facilitate short-term investments in existing properties and, on a limited basis, new construction projects meeting strict criteria.



Torreón Capital LP provides Joint Venture Equity for development and repositioning projects in the retail, industrial, office and apartment markets. Torreón Capital can provide equity funding for development projects located anywhere in the United States. Depending on the structure and credit of the tenants, they invest in projects that cost between \$10 million to \$50 million or more. Typically, they serve as a limited partner and depending on pre-leasing, provide up to 100% of the required equity for development projects. They can also provide equity funding on quality existing properties with upside for two to five year terms.

CYPRESS
REAL ESTATE ADVISORS

Cypress Real Estate Advisors is a real estate investment and development company active in a variety of product types, primarily in the southwestern and southeastern United States. Cypress's mission is to acquire and develop real estate assets that provide superior returns to its partners and investors; maintain high standards of service, integrity, and accountability to its investors, customers, and employees; and enhance the communities in which they are active.



IV. Current Portfolio Summary



Ranch at Pinnacle Point

Location: Rogers, Arkansas **Units:** 392 **Completed:** January 2007



Villas of Timberglen Vail

Location: Dallas, Texas **Units:** 338 **Acquired:** March 2004



Constellation Ranch

Location: Fort Worth, Texas **Units:** 324 **Completed:** February 2006



The Breakers at Windmill Lakes I

Location: Houston, Texas **Units:** 174 **Acquired:** March 2003



The Breakers at Windmill Lakes II

Location: Houston, Texas **Units:** 150 **Acquired:** March 2003



Stone Mist Apartments

Location: Houston, Texas **Units:** 192 **Acquired:** March 2003





Westcreek at River Oaks

Location: Houston, Texas **Units:** 574 **Acquired:** May 2002
Renovated: 2002 - 2003



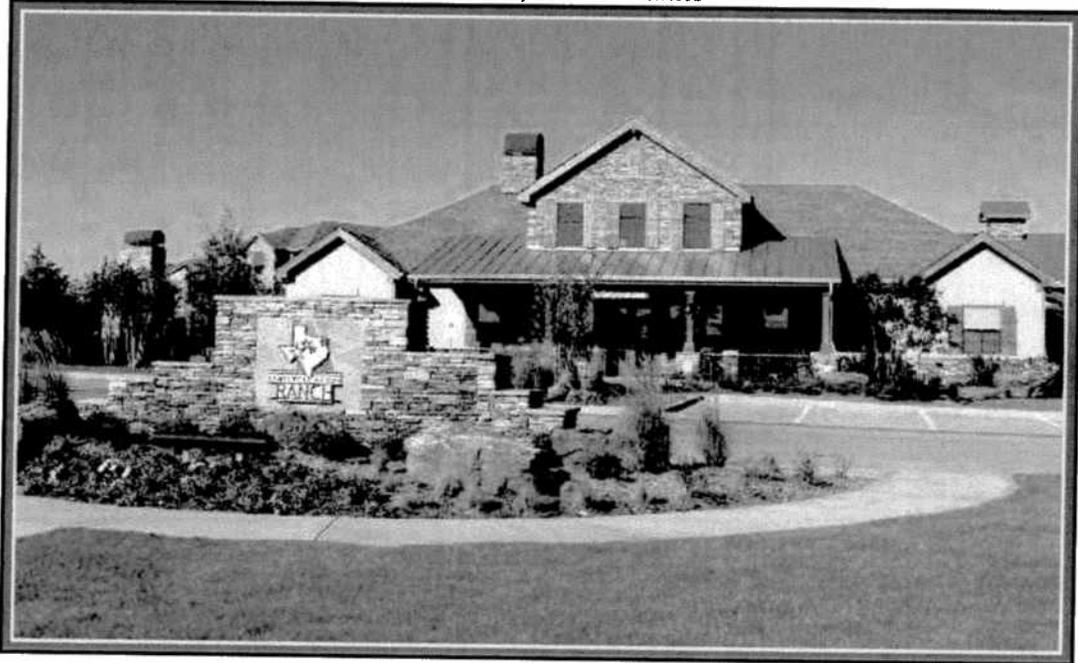
Parkside Apartments

Location: Sugar Land, Texas **Units:** 240 **Acquired:** July 2001

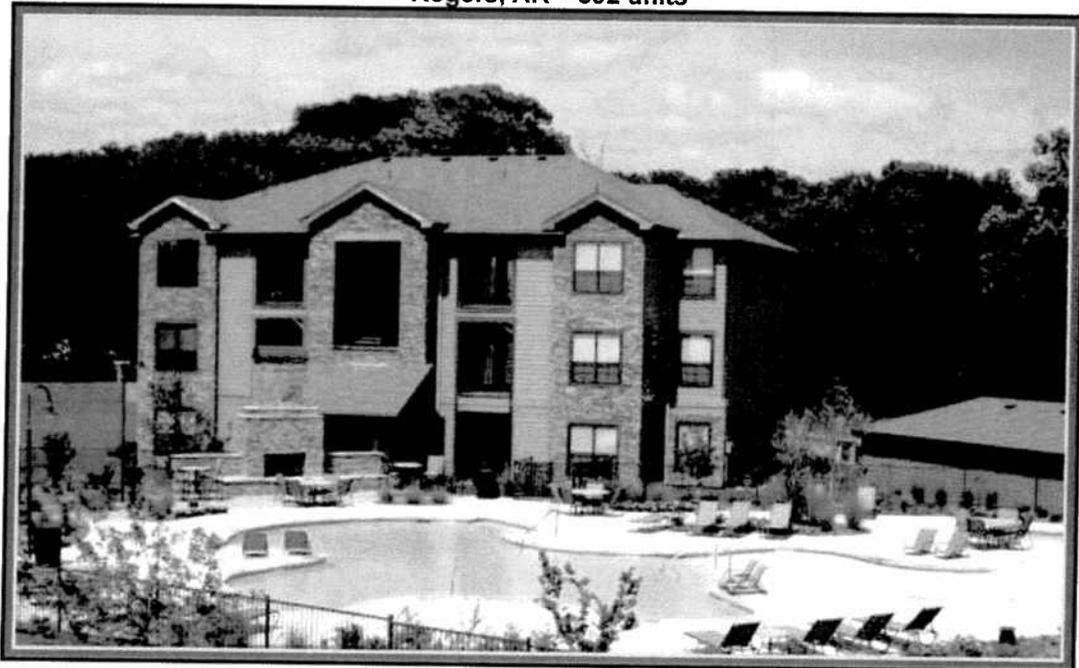


V. Recent and Current Developments

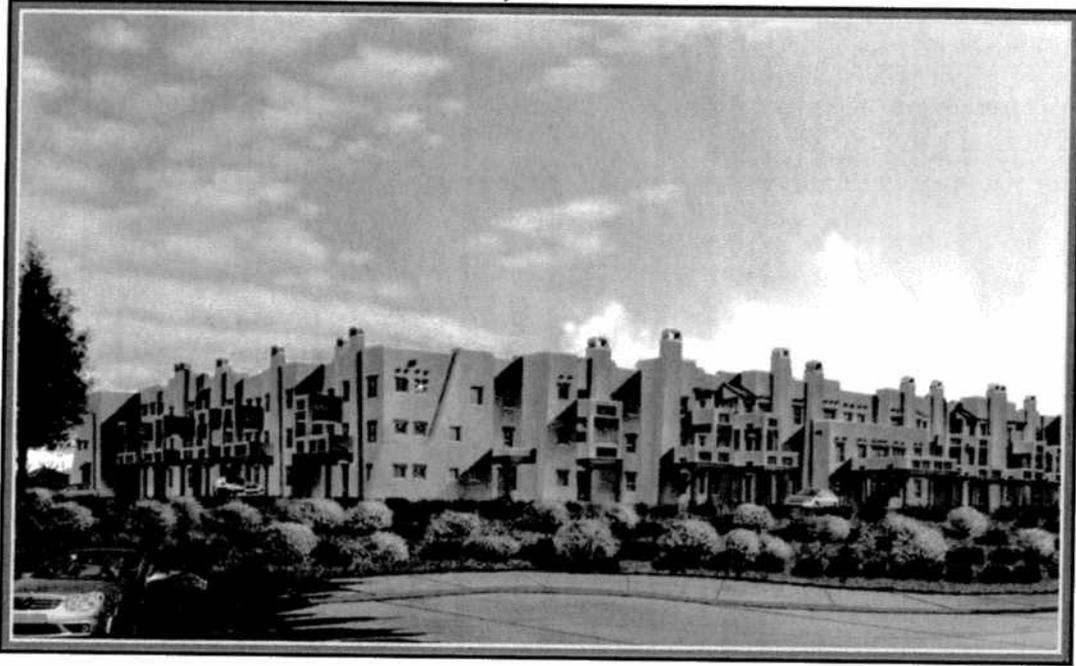
Constellation Ranch
Fort Worth, TX – 324 units



Ranch at Pinnacle Point
Rogers, AR – 392 units



The Alameda Condominiums
Santa Fe, NM – 145 units



The Reserve at Beachline
Orlando, FL – 348 units



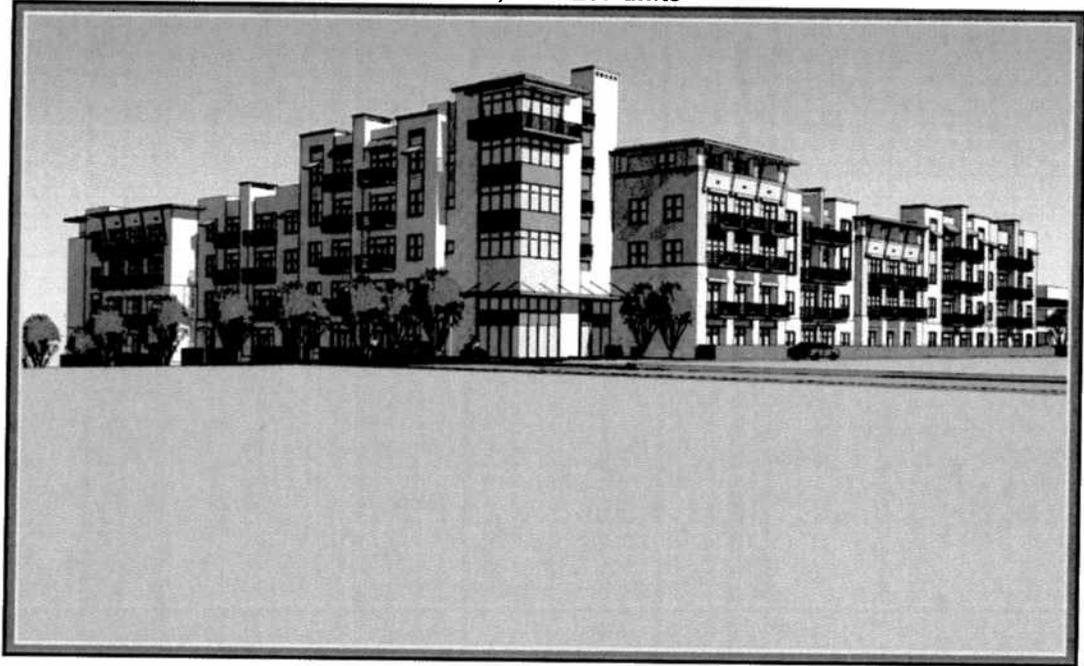
Mountain Vista
Mesa, AZ – 384 units



The District on Greenville
Dallas, TX – 350 units



Kaplan SoCo
Austin, TX – 207 units



VI. Properties Developed

Property	City	State	Units	Developed
Mountain Vista	Mesa	AZ	384	2009
The Reserve at Beachline	Orlando	FL	348	2007
The Alameda	Santa Fe	NM	145	2007
Ranch at Pinnacle Point	Rogers	AR	392	2007
Constellation Ranch	Fort Worth	TX	324	2006
The Vinings II	Stafford	TX	192	1998
The Vinings	Stafford	TX	240	1996
Lexington Apartments	Biloxi	MS	192	1996
Summerfield Place	Gulfport	MS	240	1996
The Missions Apartments	Santa Fe	NM	190	1994
Clarewood	San Marcos	TX	240	1987
Wildflower Apartments	Austin	TX	260	1985
Woodmark Apartments	Austin	TX	220	1985
Solarium Apartments	Greenville	TX	160	1985
Sunset Apartments	Rosenberg	TX	160	1985
Green Oaks Apartments	Webster	TX	272	1985
The Rutland Place Apartments	Austin	TX	160	1984
Pineloch Apartments	Webster	TX	440	1984
Lakeview Apartments	Texas City	TX	304	1983
Fondren Crossing	Houston	TX	155	1981
The Oaks Apartments	Houston	TX	160	1979
Belamonte Townhomes	Houston	TX	34	1976



VII. Properties Renovated

Property	City	State	Units Renovated	
<u>Florida</u>				
Terrace at Kings Meadow Apartments	Miami	FL	416	1997
Grand Oaks Apartments	Riverview	FL	202	1998
<u>Texas</u>				
Country Club Villas	Abilene	TX	260	1989
Concordia Place	Austin	TX	74	1991
Waterdance Apartments	Austin	TX	320	1988
Villa Marina Apartments	Baytown	TX	284	1989
Apple Creek Apartments	Georgetown	TX	176	1999
Indian Creek Apartments	Georgetown	TX	240	1999
Sierra Vista Apartments	Georgetown	TX	104	1999
Westwood Town Homes	Georgetown	TX	110	1999
English Village Apartments	Houston	TX	205	1979
Fairwind Corporate Lodging	Houston	TX	144	2000
The Greens Apartments	Houston	TX	201	1990
Oakshire Apartments	Houston	TX	74	1991
Registry Apartments	Houston	TX	105	1990
The Roads Apartments	Houston	TX	248	1990
Spring Brook Village Apartments	Houston	TX	412	1989
Spring Pine Apartments	Houston	TX	136	1999
Villa De Jon Apartments	Houston	TX	150	1991
Westcreek at River Oaks	Houston	TX	1,259	2002
Westwood Park Apartments	Houston	TX	182	1991
Chateau Vista Apartments	Pasadena	TX	170	1981
Hancock House Apartments	Pasadena	TX	112	1989
Southmore Apartments	Pasadena	TX	81	1983
Copper Mill Apartments	San Antonio	TX	344	1991
The Cedars of San Marcos	San Marcos	TX	168	1991
Highcrest Apartments	San Marcos	TX	112	1991
Lakeview Apartments	Texas City	TX	304	1990
Green Oaks Apartments	Webster	TX	272	1991



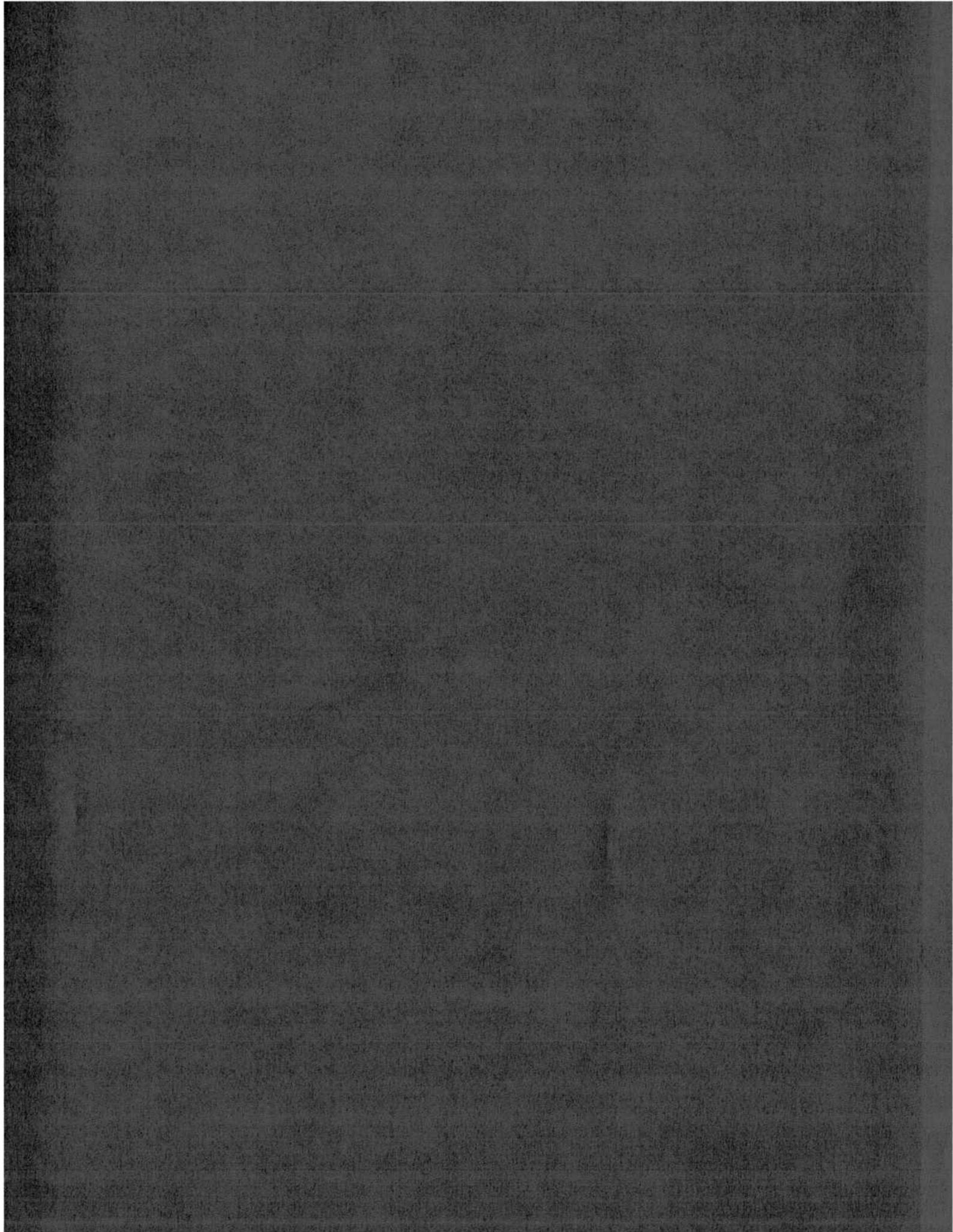


Exhibit 7

Geoff Simpson

From: Michele M. Rogerson [mrogerson@drennergolden.com]
Sent: Wednesday, February 13, 2008 7:01 PM
To: Laurie A. Dienno
Subject: Fw: Sunnymead

Save under SRCC tab

Michele M. Rogerson
Senior Development Planner
Drenner & Golden Stuart Wolff, LLP
301 Congress, Suite 1200
Austin, Texas 78701
(512) 404-2251
(512) 404-2244 fax
mrogerson@drennergolden.com

*Letter of Approval
w/ Conditions.
From this the
following document
was generated:
'Developer of
CCP 1511'*

-----Original Message-----

From: JMather531@aol.com <JMather531@aol.com>
To: Michele M. Rogerson
Sent: Wed Jan 09 10:07:52 2008
Subject: Sunnymead

Dear Michele,

Hear are both versions:

motion: to support the sunnymead project with the stipulation that everything outlined at the Jan 7 SRCC meeting (e.g. relocation plan for existing residents) be recorded so as to be legally binding including giving the city 1) the option to buy down an additional 5% of units for affordable housing at 60%MFI and 2) the option to buy down some or all of the affordable units to 50%MFI. In addition they would agree to take section 8 vouchers if appropriate for the affordable units. A sunnymead resident will be appointed as a representative to work with the developer through this process.

Last night SRCC members voted to support the Sunnymead project application for a variance for increased height to 60' AS PER AGENT'S ILLUSTRATION, with the following conditions:

- All conditions per presentation by Applicant (eg: relocation assistance, drainage plans, impervious cover, parking garage)
- Property owner to pursue buy-down by City to 50% MFI the existing 10% at 60% already promised as well as funding for an additional 5% of the units to be set aside as affordable to accomodate current residents
- Requirement of accepting Section 8 residents as well as any current residents in good standing as future tenants of the affordable units
- Appointment of Emily Rogers, a Sunnymead resident, as a representative in all phases of the process

Emily Rogers' phone number:440-0830, e-mail: mrogers6@hotmail.com

Jean

2/21/2008

**DECLARATION OF COVENANTS, CONDITIONS,
AND RESTRICTIONS**

This Declaration of Covenants, Conditions, and Restrictions (this "Declaration") is made as of the _____ day of _____, 2008, by Kaplan Acquisitions, _____, a Texas _____ ("Declarant").

RECITALS

WHEREAS, Declarant has the contractual right to purchase the approximately 4-acre tract of land described as Tract 2, DM Bryant Subdivision, a subdivision in the City of Austin, according to the map or plat thereof recorded in Book 9, Page 58, Plat Records, Travis County, Texas, and located at 501 E. Oltorf Street, Austin, Texas, and more particularly described on Exhibit "A" attached hereto (the "Property");

WHEREAS, the Property is zoned MF-4-CO-NP;

WHEREAS, Declarant currently intends to purchase the Property and develop a new multifamily project (the "Project") thereon, and is seeking MF-6-CO-NP zoning from the City of Austin for such development pursuant to City of Austin Zoning Case No. C C14-2007-0202 (the "Zoning Case");

WHEREAS, Declarant is seeking certain compatibility variances for the Project pursuant to Board of Adjustment Case No. C-15-2007-0127 (the "Variance Case") (collectively, with the Zoning Case, the "City Applications");

WHEREAS, in consideration of support for the Zoning Case by the South River City Citizens Neighborhood Association ("SRCC"), and subject to all of the terms and conditions of this Declaration, Declarant has agreed to establish certain restrictive covenants, which are described herein, in connection with the development of the Property.

NOW, THEREFORE, for and in consideration of SRCC's support before the City of Austin's boards, commissions, and the City Council of the City Applications, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and subject to all of the terms and conditions of this Declaration, the undersigned agrees to hold, sell and convey the Property subject to the following covenants, conditions, and restrictions, which are impressed upon the Property by this Declaration.

DECLARATION

I. Covenants, Conditions, and Restrictions

1.1 Rooftop Elements. The Project shall be constructed using green-colored rooftops similar to those used as of the date of this Declaration at the Gardner Betts

Juvenile Detention Center buildings, located at 2512 South Congress Avenue, Austin, Texas.

1.2 Affordable Housing.

(a) Affordable Units. Subject to adjustment as provided in subpart (b) below, if Declarant constructs the Project, Declarant will negotiate restrictive covenants with the City providing that for a period of forty (40) years the owner of the Property shall make ten percent (10%) of the total units in the Project available to persons whose income is no more than sixty percent (60%) of the median family income ("MFI") for the City of Austin, as adjusted for family size, as MFI is published from time to time by the US Secretary of Housing and Urban Development.

(b) Additional Affordable Units. Declarant will use reasonable and affirmative steps to work with the City of Austin to provide city funding to allow for setting aside up to fifteen percent (15%) of the units in the Project as affordable units and/or to set units in the Project aside for households earning no more than fifty percent (50%) of the MFI.

(c) Letter to Residents. Declarant will honor the terms of the Agreement, dated _____, 2008, with Sunnymeade residents, a copy of which letter is attached hereto as Exhibit "A".

(d) Housing Vouchers. Declarant agrees that it will participate in the Section 8 housing voucher program with respect to the affordable units to be constructed in the Project.

1.3 Stormwater Detention. If allowed by the City of Austin, Declarant shall design the stormwater detention facilities for the Property as follows:

(a) Flood Detention. The flood detention facilities for the Project will detain all design storm runoff (2-100 year events) to pre-developed conditions or to the capacity of the existing downstream drainage system, whichever is less. To estimate site runoff, the pre-developed hydrologic conditions are defined as follows:

1. zero impervious cover,
2. undeveloped open space, fully vegetated and in good condition,
3. flow paths used to estimate time of concentration include 300 ft of sheet flow conditions, and
4. site slopes and grades consistent with the surrounding tracts.

(b) Proposed Site Discharges. The stormwater discharges under each simulated design storm event will not exceed the flows estimated for the pre-developed site as defined above. In addition, the proposed site discharges will not exceed the existing capacity of the City of Austin's storm drain system at any point between the proposed site outfall and Blunn Creek, without providing necessary system upgrades, if any, pursuant to the requirements outlined in the City of Austin's Drainage Criteria Manual.

(c) Verify No Adverse Downstream Impacts. The proposed on site and off site stormwater controls will be modeled to simulate proposed condition discharges and their impacts on the City of Austin's storm drain system, including the receiving waters of Blunn Creek. Declarant will use the City of Austin's hydrologic and hydraulic watershed model of Blunn Creek. Declarant will deliver a copy of its stormwater control analysis results to the City of Austin's Watershed Protection and Development Review Department, Watershed Engineering Division (WED), for WED's review.

(d) Water Quality and Erosion Control. Development of the Project shall satisfy the stormwater control requirements of the City of Austin's Land Development Code as they relate to both erosion and water quality as of the date of this Declaration.

II. Conditions on Effect; Amendment of Existing Declarations; Notice of C.O.

2.1 Approval of the City Applications. Notwithstanding any other provision of this Declaration to the contrary, the agreements of Declarant reflected herein are conditioned upon (a) final approval (i) (i.e., third reading) of the Zoning Case by the City of Austin City Council, and (ii) of the Variance Case by the Board of Adjustment, in both cases with no subsequent appeal and in a form reasonably acceptable to Declarant, and (b) Declarant's or its successors or assigns acquisition of fee simple title to the Property.

2.2 Notification Date. When Declarant receives a final certificate of occupancy for the Project, Declarant shall promptly notify SRCC thereof in writing (the date that such notice is delivered to SRCC is the "Notification Date" herein).

III. Default and Remedies

3.1 Remedies. In the event of a breach or threatened breach of this Declaration, only Declarant, including its successors and assigns, and SRCC shall be entitled to institute proceedings for full and adequate relief from the consequences of said breach or threatened breach. If any party (a "Defaulting Party") shall fail to comply with any term, provision or covenant of this Declaration and shall not cure such failure within thirty (30) days after receipt of written notice (or if the default is of such character as to require more than thirty [30] days to cure and the Defaulting Party shall fail to commence to cure the same within such period or shall fail to use reasonable diligence in curing such default thereafter) from an entity with the right hereunder to seek relief for such breach (a "Non-Defaulting Party") to the Defaulting Party of such failure, the Non-Defaulting Party shall have the option of pursuing any remedy it may have at law or in equity, including without limitation specific performance or injunctive relief from a court of competent jurisdiction.

3.2 Security Deposit. As security for the performance of its obligations under this Declaration, Declarant, on the effective date of this Declaration, has placed a \$50,000.00 Letter of Credit (the "Security Deposit") in an escrow account held by _____ (the "Escrow Agent"). If, on or before the date that is eighteen (18) months after the Notification Date, as the result of a breach by Declarant hereunder,

subject to applicable notice and cure periods, SRCC institutes legal proceedings to enforce its claim that Declarant is in breach hereunder and provides the Escrow Agent written notice thereof, then SRCC may draw on the Security Deposit from time to time thereafter to pay invoices for the actual out-of-pocket expenses it has incurred (but not required to be paid) as a direct result of instituting and pursuing such legal proceedings, including reasonable attorneys' and other consultants' fees and court costs by submitting a written request for reimbursement to the Escrow Agent along with copies of such invoices for such expenses (the amounts paid by the Escrow Agent to SRCC hereunder, the "Paid Costs"); provided, however, that if SRCC's claim that Declarant is in breach hereunder is not successful in such legal proceedings, then SRCC must immediately upon demand reimburse Declarant for twenty-five percent (25%) of the amount of the Paid Costs plus statutory interest calculated from the date or dates such Paid Costs were paid to SRCC by the Escrow Agent. If SRCC has not instituted legal proceedings and given the Escrow Agent written notice thereof on or before the date that is eighteen (18) months after the Notification Date, then the provisions of this Section 3.2 shall automatically lapse and terminate, and the Security Deposit shall be returned to Declarant by the Escrow Agent.

IV. General Provisions

4.1 No Third-Party Beneficiary. The provisions of this Declaration are for the exclusive benefit of the parties hereto and their successors and assigns, and not for the benefit of any third person, nor shall this Declaration be deemed to have conferred any rights, express or implied, upon any third person or the public. It is expressly understood and agreed that the terms of this Declaration shall not be binding upon the current owner of the Property, it being the intention of the parties that the terms of this Declaration are conditioned upon the occurrence of the events described in Section 2.1 above.

4.2 No Dedication. No provision of this Declaration shall ever be construed to grant or create any rights whatsoever in or to any portion of the Property other than the covenants, conditions, and restrictions specifically set forth herein. Nothing in this Declaration shall ever constitute or be construed as a dedication of any interest herein described to the public or give any member of the public any right whatsoever.

4.3 Notice. All notices required or permitted to be given hereunder, or given in regard to this Declaration shall be in writing and the same shall be given and be deemed to have been served, given and received (a) one (1) business day after being placed in a prepaid package with a national, reputable overnight courier addressed to the other party at the address hereinafter specified; or (b) if mailed, three (3) business days following the date placed in the United States mail, postage prepaid, by certified mail, return receipt requested, addressed to the party at the address hereinafter specified. Declarant and SRCC may change their respective addresses for notices by giving five (5) days' advance written notice to the other in the manner provided for herein. Until changed in the manner provided herein, the Declarant's address for notice is as follows, and SRCC's is as set out by its signature below:

Declarant:

_____, Texas 7_____

Attn: _____

Telecopy: (____) ____ - _____

Telephone: (____) ____ - _____

with a copy to:

Drenner & Golden Stuart Wolff, LLP
301 Congress Avenue, Suite 1200
Austin, Texas 78701
Attn: Steven C. Metcalfe
Telecopy: (512) 404-2244
Telephone: (512) 404-2200

4.4 Attorneys' Fees. Each party shall pay its own attorneys' fees, subject to SRCC's rights under Section 3.2 hereof.

4.5 Entire Declaration. This Declaration constitutes the entire agreement between the parties hereto regarding the matters set forth herein. The parties do not rely upon any statement, promise or representation with respect to the matters set forth herein that is not herein expressed, and this Declaration once executed and delivered shall not be modified or altered in any respect except by a writing executed and delivered in the same manner as required by this document.

4.6 Severability. If any provision of this Declaration shall be declared invalid, illegal or unenforceable in any respect under any applicable law by a court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired thereby. It is the further intention of the parties that in lieu of each covenant, provision, or agreement of this instrument that is held invalid, illegal or unenforceable, that be added as a part hereof a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may possible and be legal, valid, and enforceable.

4.7 Rights of Successors. The restrictions, benefits and obligations hereunder shall create benefits and servitudes running with the land. Subject to the other provisions hereto, this Declaration shall bind and inure to the benefit of the parties and their respective heirs, representatives, lessees, successors and assigns. Reference to "Declarant" includes the future owners of their respective portions of the Property, including any portions of the Property that may in the future be created as separate tracts pursuant to a resubdivision of any portion of the Property. The singular number includes the plural and the masculine gender includes the feminine and neuter.

4.8 No Merger. It is expressly understood and agreed that the parties hereto do not intend that there be, and there shall in no event be, a merger of the dominant and servient tenements in the Property by virtue of the present or future ownership of any portion of said tenements being vested in the same person(s) or entity, but instead intend that the easement servitudes shall not be extinguished thereby and that said dominant and servient tenements be kept separate.

4.9 Counterparts; Multiple Originals. This Declaration may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

4.10 Modification and Cancellation. Any changes to the standards and requirements of this Declaration must be approved in writing and executed by Declarant and a minimum of two (2) officers in SRCC.

4.11 Exculpation. Any person or entity subsequently acquiring fee or leasehold title to any portion of the Property shall be bound by this Declaration only during the period such person or entity is the fee or leasehold owner of such portion, except as to obligations, liabilities or responsibilities that accrue during said period. Although persons or entities may be released under this Section 4.11, the covenants, conditions, and restrictions in this Declaration shall continue to be benefits and servitudes upon the Property running with the land.

DECLARANT

Kaplan Acquisitions,
a Texas _____

By: _____
Name: _____
Title: _____
Date: _____

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me this ____ day of _____, 2008, by _____, the _____ of _____, a _____, on behalf of the _____.

Notary Public, State of Texas

AGREED TO AND ACCEPTED:

SOUTH RIVER CITY CITIZENS NEIGHBORHOOD ASSOCIATION

By: _____

Name: _____

Title: _____

Date: _____

STATE OF TEXAS §

§

COUNTY OF TRAVIS §

§

This instrument was acknowledged before me on this the _____ day of _____, 2008, by _____, as _____ of the South River City Citizens Neighborhood Association, a Texas nonprofit corporation, on behalf of said corporation.

Notary Public, State of Texas

AGREEMENT BETWEEN SUNNYMEADE RESIDENTS AND KAPLAN

This is an agreement between the Sunnymead Tenants Association and Kaplan. This Agreement by Kaplan is in consideration of the support by the Sunnymead Tenants Association of the variance requested by Kaplan in zoning case No. C14-2007-0202 and Board of Adjustment Case No. C-15-2007-0127 and will be in effect only if zoning case No. C14-2007-0202 is approved by the city council and Kaplan or its assigns redevelop the property. The Agreement is as follows:

- Kaplan will provide tenants with at least 6 months notice (“Vacate Notice”) to the tenants before the “Vacate Date.” Those tenants whose current lease extends beyond the Vacate Date may remain until their lease ends. Those tenants whose current lease ends before the Vacate Date may continue to lease from month to month at the monthly rent that they are currently paying until that date unless they are in default under their lease. The term “default” as used in this letter means failing to pay rent or committing a violation of a material term of the lease, such as engaging in illegal drug activity on the property. All tenants who stay until the final month of 6-month period after the Vacate Notice will not have to pay rent for the last month of their tenancy.
- Security deposits in the amount paid by the tenant will be returned to all residents who are not in default and move out after receiving the Vacate Notice, less any sums the tenant owes for unpaid rent. Kaplan will not deduct any amounts from the security deposits for damages to the unit.
- While Kaplan cannot guarantee that it can find new apartments meeting all requirements of each current resident, Kaplan will take reasonable and affirmative steps to help relocate each current resident to affordable residences that meet their needs: including residences that are accessible to persons with disabilities; within existing school boundaries; within walking distance of grocery stores, pharmacies, and bus stops; easily accessible to public schools, the Veteran’s Administration, and the School for the Deaf; and in a safe, low-crime and low-noise environment. Kaplan recognizes that many of the residents, some of whom are both elderly and infirm, cannot successfully live truly functional lives unless sufficient effort is directed toward securing appropriate affordable replacement housing. Kaplan also recognizes that it would be desirable for families with children to find affordable housing within the same school boundaries so as not to disrupt their children’s education.
- These reasonable and affirmative steps include the following. Kaplan will readily provide landlord references to aid the tenants in acquiring new, affordable, decent and safe housing. Kaplan will provide a regularly updated current list of available nearby apartment complexes that include some or all of the attributes listed above that will be available in the management office for review and copying. Kaplan will also provide a regularly updated chart of apartment complexes that shows the complex’s prices for units with corresponding size and number of bedrooms and baths; projection of utility costs at the complex; distance from grocery stores, pharmacies, public schools, the Veteran’s Administration, the School for the Deaf, and bus stops; the public schools that serve the complex; whether the complex accepts Section 8 voucher holders; and whether the apartments are accessible to persons with disabilities. Kaplan will also host several open houses at Sunnymead Apartments to facilitate the tenants’ search for replacement housing. Kaplan will use commercial

reasonable, efforts to have at least one open house that will host leasing representatives from prospective landlords. At least one open house will host APD police officers that may inform the tenants of the safety of various neighborhoods in Austin. Kaplan will also make reasonable arrangements for the transportation of tenants to other residences to view them during their housing search. Kaplan will also use commercially reasonable efforts to work with landlords and property managers at other complexes to reduce any security deposit required and secure more affordable rents, but can not promise such commercially reasonable efforts will be successful. All of these steps will be taken no later than thirty days after the tenants receive their Vacate Notice.

- If two or more current tenants want to move to the same complex, Kaplan will take commercially reasonable and affirmative steps to help find locations with groups of vacancies to help keep the tenants together.
- For all residents not in default who move out after the Vacate Notice, Kaplan will provide free moving to another location in Austin.
- Kaplan will sign and record in the Travis County Real Property Records, a Declaration of Land Use Restrictive Covenants (on a form to be negotiated with the City of Austin) that will provide that for a period of forty years ten percent of the apartments in the redeveloped property will be maintained as rent-restricted for individuals whose income is 60% or less of area median family income for the City of Austin, as adjusted for family size, as published from time to time by the Secretary of Housing and Urban Development.
- Kaplan agrees that it will participate in the Section 8 housing voucher program with respect to the affordable units to be constructed in the New Project.
- In addition, Kaplan will take reasonable and affirmative steps to work with the City to provide city funding to allow for setting aside more than 10% of the units as affordable units and/or to set units aside for households at 50% of the MFI.
- If a current tenant sends Kaplan a notice (and a forwarding address) after the Vacate Notice expressing an interest in renting a unit in the redeveloped property, then at least ninety (90) days before the new project begins leasing, Kaplan will send the tenant information regarding the availability date, size, location, and rents of the available units (including the affordable units). Kaplan will keep a unit available for each tenant for 30 days after Kaplan sends the leasing information while tenants decide whether or not to return. Any tenant wishing to return will be required to send Kaplan a return notice indicating what kind of unit it would like to rent (affordable/regular/size/etc.) within such 30-day period and will be required to enter into a lease within thirty (30) days after the end of the 30-day period.
- If more current Sunnymeade residents want affordable units than are available in the new complex, or in the case of any other aspect of a new unit for which there are more people interested than units available, units will be rented giving priority to those current residents with the longest tenure at the existing Sunnymeade project (i.e., priority will be based on the length of time the tenant has rented at Sunnymeade -- the longer the tenant has been in Sunnymeade the higher the tenant's priority will be for units in the new project).
- Kaplan will provide free moving services for residents returning to the new complex. Security deposits will be waived for returning residents.
- Returning tenants may choose either to receive (i) first 3 months rent free, or (ii) the right to cancel without penalty an initial 12-month lease on 30 days' notice to the landlord.
- Kaplan will pay for the professional translation of the final agreement between Kaplan and the Sunnymeade residents into Spanish so that all residents will be aware of the relocation assistance and the right to return being offered by Kaplan.
- This final agreement is enforceable by the residents in a court of law or equity.

Dated: _____

Kaplan, by its Designated
Representative

Sunnymeade Tenants Association
By its Designated Representative