



CITY OF HOUSTON
HCD Purchasing Unit 3200

SRO NUMBER MUST APPEAR ON ALL PAYMENT AND
DELIVERY CORRESPONDENCE

**POSSIBLE DUPLICATE COPY DO NOT DUPLICATE SHIPMENT
OR SERVICE**

SERVICE RELEASE ORDER

Vendor Address
Vendor Address Number 117183
THE VILLAGE LEARNING CENTER INC
ATT: KIM BRUSATORI
23910 EASTEX FREEWAY
KINGWOOD TX 77339

Mail Invoice to
COH HOUSING & COMMUNITY DEV
FINANCIAL SERVICES SEC, ACCT PAY
PO Box 1562
HOUSTON TX 77251-1562

Information
SRO Number/Date 4500325412-1 / 05/28/2020
CoH Vendor Number 117183
Page 1 of 2
Buyer's Name Arva Dearborne 458
Buyer's Telephone Number 832-394-6328
Buyer's Fax Number
Buyer's E-mail Address Arva.dearborne@houstontx.gov

**CONFIRM RECEIPT AND ACCEPTANCE OF PURCHASE ORDER
TO BUYER'S E-MAIL ADDRESS**

Shipping Address HOUSING & COMMUNITY DEVELOPMENT
PROCUREMENT SERVICES
2100 TRAVIS, 9TH FLOOR
HOUSTON TX 77002
USA

Terms of payment : Pay net 30 w/o deduction Currency USD

Shipping Terms FOB(Free on board) /Destination

Our reference: 2020-0510

Your person responsible: DERON ALEXANDER

Your reference: 2020-0510

THE VILLAGE LEARNING CENTER, INC DBA VILLAGE LEARNING & ACHIEVEMENT CENTER
SUBRECIPIENT GRANT AGMTS. TP PROVIDE \$504,837.50 IN HARVEY COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY
FUNDS FOR THE ADMINISTRATION AND OPERATION OF HURRICANE HARVEY PUBLIC SERVICES
TERM EFFEC CS DATE
CONTRACT AMT. \$504,837.50
CS 7/7/2020

Grant for The Village Learning & Achievement Center Inc. (The Village Learning Center) for Vocational Training and Supportive Employment Services
to 164 low-to-moderate income Houstonians with ntellectual and/or Developmental Disabilities (I/DD)

Item	Quantity	UM	Material # / Description	Unit Cost	Extended Cost
10	1.00	AU	96102 ADMINISTRATIVE SVCS, The Village Learning Center_Admin Release Order against contract 4600016112 Item 00010 05/28/2020 AYD The Village Learning & Achievement Center Administrative Costs: \$ 22,750.00 Direct Program Services Costs: \$482,087.50	49,023.13 / AU	49,023.13



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SERVICE RELEASE ORDER

PO number/date 4500325412 -1 / 05/28/2020 Page 2 of 2

Item	Quantity	UM	Material # / Description	Unit Cost	Extended Cost
			Total Project Costs: \$504,837.50		
	Gross Price		49,023.13 USD	1 AU	49,023.13
			*** Item partially delivered ***		
			Expected value of unplanned services: 49,023.13		
			Delivery Date: 11/30/2020		
20	1.00	AU	96156 PROGRAM/PROJECT DEVE The Village Learning Center_Prog Svcs Release Order against contract 4600016112 Item 00020 05/28/2020 AYD The Village Learning & Achievement Center Administrative Costs: \$ 22,750.00 Direct Program Services Costs: \$482,087.50 Total Project Costs: \$504,837.50	455,814.37 / AU	455,814.37
	Gross Price		455,814.37 USD	1 AU	455,814.37
			*** Item partially delivered ***		
			Expected value of unplanned services: 455,814.37		
			Delivery Date: 11/30/2020		

Total **** **USD 504,837.50**

2020-0510 ORD PASSED 7/17/2020
EXECUTED BY MAYOR 7/2/2020 CS 7/7/2020

NOTICE -- This is a contract release order against the contract referenced herein. The terms and conditions in the referenced contract are hereby incorporated into this contract release order as if set forth in full text. All work performed pursuant to this contract release order shall be performed in strict accordance with the referenced contract's statement of work/scope of services.

<p>I hereby certify a certificate of the necessity of this expenditure is on file in this department.</p> <p><i>[Signature]</i> Mayor</p>	<p>I hereby certify that the expenditure for the above goods has been duly authorized and appropriated and that sufficient funds are available to liquidate same.</p> <p><i>[Signature]</i> Chief Procurement Officer</p>	<p>I hereby certify that the expenditure for the above goods has been duly authorized and appropriated and that sufficient funds are available to liquidate same.</p> <p><i>[Signature]</i> Controller</p>
---	---	--

4600016110
2022-0478

AMENDED AND RESTATED LOAN AGREEMENT

Dated June 30, 2022

By and among

CITY OF HOUSTON, TEXAS,
a home-rule city organized under the laws of the State of Texas

and

**FIFTH WARD COMMUNITY REDEVELOPMENT
CORPORATION,**
a Texas non-profit corporation

and

ST. ELIZABETH PLACE LP,
a Texas limited partnership

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AMENDED AND RESTATED LOAN AGREEMENT

(CDBG-DR 2 and 17 Transaction)

The parties to this Amended and Restated Loan Agreement (this “Agreement”) are the **CITY OF HOUSTON, TEXAS**, a home-rule city organized under the laws of the State of Texas (“City”), and **FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION**, a Texas non-profit corporation (“Borrower”), and is joined herein by **ST. ELIZABETH PLACE LP**, a Texas limited partnership (“Owner”).

Unless the context otherwise requires, the initial capitalized words shall have the meanings ascribed to them in **Schedule A** attached to this Agreement if they are not otherwise defined in the main body of this Agreement.

Borrower, City and Owner hereby agree as follows:

SECTION ONE
BACKGROUND

A. Borrower has requested and this Agreement provides for (i) a loan (“Original City Loan”) to be made from the City to the Borrower in the maximum principal amount of FOURTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$14,874,622.00), (“Original Loan Amount”); and (ii) a loan (“Tranche 3 Loan” and collectively with the Original City Loan, the “City Loan” or the “City’s Loan”) to be made from the City to the Borrower in the maximum principal amount of ONE MILLION FIVE HUNDRED SEVENTY SEVEN THOUSAND SEVEN HUNDRED SEVENTY FOUR AND 40/100 DOLLARS (\$1,577,774.40), (“Tranche 3 Loan Amount” and collectively with the Original Loan Amount, the “Loan Amount”). The City’s Loan will provide for the rehabilitation, reconstruction, acquisition and/or construction of replacement affordable

housing that was damaged or destroyed by Hurricane Harvey, and will serve a Low and Moderate Income (“LMI”) benefit by providing or improving residential structures to be occupied by households qualifying for LMI (“LMI Persons” or “City’s LMI Persons”). The City Loan will be advanced in three tranches. The first tranche (“Tranche 1”) in the amount of FOUR MILLION SEVEN HUNDRED THOUSAND AND NO/100 DOLLARS (\$4,700,000.00) will be advanced for acquisition and soft costs for the Project from the Original City Loan, the second tranche (“Tranche 2”) in the amount of TEN MILLION ONE HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$10,174,622.00) will be advanced from the Original City Loan and the third tranche (“Tranche 3”) in the amount of the Tranche 3 Loan Amount will be advanced for costs associated with the renovation and rehabilitation of the Project. Tranche 1, Tranche 2 and Tranche 3 shall be advanced in accordance with and subject to the requirements herein set forth.

B. Funding for the City Loan is being provided to the City pursuant to:

(1) Tranche 1 and Tranche 3. Tranche 1 and Tranche 3 of the City Loan will be funded by a Federal Community Block Grant Disaster Relief Program - Rental Housing Projects Round 2 (“CDBG-DR 2 Program”) awarded by the United States Department of Housing and Urban Development (“HUD”) through the Texas General Land Office (“GLO”) under the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act (Public Law 110-329) and is subject to the terms and conditions of a Contract No. 13-181-000-7294 (“GLO Contract DR 2”) between GLO and the City. Pursuant to the GLO Contract DR 2, the provisions of the State of Texas Action Plan for Disaster Recovery, as posted on the GLO website (<http://www.glo.texas.gov/GLO/disaster-recovery/action-plans.html>), Federal CDBG regulations, as published in 24 CFR Part 570 (“CDBG Regulations”), the State of Texas CDBG Housing Rules,

(“CDBG Rules”), the City’s CDBG-DR Disaster Recovery Program – Rental Program Guidelines for Hurricane Ike Round 2, Phase 2 and other related administrative rules and regulations issued by the Federal Government or State of Texas that are applicable to rental activities funded under the CDBG-DR 2 Program are hereby included or incorporated in this Agreement and subagreements, as applicable. Furthermore, Borrower and Owner have been notified that the information related to the development, its operations and its residents are covered under Chapter 552, Texas Government Code, the Texas Public Information Act, unless a valid exception exists, and Chapter 2306 of the Texas Government Code.

(2) Tranche 2. Tranche 2 of the City Loan will be funded by a 2017 Community Development Block Grant Disaster Recovery program funds (“CDBG-DR17 Program”) awarded by HUD through the GLO under the Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017 (Public Law 115-56) and the Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018 (Public Law 115-23), and the requirements published by HUD under 83 Fed. Reg. 5844 and 83 Fed. Reg. 40314, and is subject to the terms and conditions of that certain Contract Numbered 19-147-001-B489 (“2019 Subrecipient Agreement”) and 21-134-000-C788 (“2021 Subrecipient Agreement”), as may be amended from time to time, as may be amended from time to time (“GLO Contract DR 17”) between GLO and the City. Pursuant to the GLO Contract DR 17, the provisions of that certain City of Houston Local Action Plan – Hurricane Harvey Housing Recovery passed and approved by City Council of the City of Houston (“City Council”) by Ordinance No. 2018-518 on June 27, 2018, as amended by that certain State of Texas Plan for Disaster Recovery: Hurricane Harvey Round 1, as amended from time to time, CDBG Regulations, CDBG Rules, the City’s Harvey Multifamily Program Guidelines, as amended from time to time, and other related administrative rules and

regulations issued by the Federal Government or State of Texas that are applicable to rental activities funded under the CDBG-DR17 Program are hereby included or incorporated in this Agreement and sub-agreements, as applicable. Furthermore, Borrower and Owner have been notified that the information related to the development, its operations and its residents are covered under Chapter 552, Texas Government Code, the Texas Public Information Act, unless a valid exception exists, and Chapter 2306 of the Texas Government Code. Borrower acknowledges that on the date HUD approves the eighth amendment to the Action Plan, the City's 2019 Subrecipient Agreement shall automatically terminate and the 2021 Subrecipient Agreement will become effective to govern this Agreement from that date forward.

In the event of a conflict between the application of the requirements for Tranche 1, Tranche 2 and Tranche 3 of the City Loan as set forth above, the stricter of the requirements shall control.

C. The term of the Original City Loan shall commence on the Closing Date for Tranche 1 and shall mature on the last day of the Affordability Period, as same may be extended, ("Original Term"). The term of the Tranche 3 Loan ("Tranche 3 Term") shall commence on the Closing Date for Tranche 3 and shall mature on the last day of the Affordability Period (as same may be extended). The term "Term" as used in this Agreement shall mean the term of the City Loan commencing as to the Original City Loan and as to the Tranche 3 Loan on their applicable Closing Dates and ending concurrently upon the last day of the Affordability Period (as same may be extended). Until the expiration of the Approved Construction Period (as defined in Section 6, Paragraph 6.2.1), Borrower shall have no obligation to make payments on the City Loan. Following Project Completion, the outstanding principal balance of the note evidencing the Original City Loan ("Original City Note") and the note evidencing the Tranche 3 Loan ("Tranche 3 Note" and collectively with the Original City Note, the "Note") shall accrue interest at the rate

of one percent (1%) per annum. From Available Cash Flow, Borrower shall pay an annual installment equal to the lesser of (i) one percent (1%) annually on the outstanding balance of the City Loan plus accrued unpaid interest, if any, or (ii) fifty percent (50%) of net cash flow. If the payments are based on fifty percent (50%) of net cash flow, the sum owed shall be divided pro rata between the Original City Note and the Tranche 3 Note based on the percentage that the then outstanding balances of each note bears to the total balance of the City Loan. The annual interest payment or non-payment of such interest shall be accompanied by evidence acceptable to the Director documenting cash flow or lack of sufficient cash flow. Unpaid interest will accrue and will be payable from future Available Cash Flow. The first payment of accrued interest under the Original City Note and the Tranche 3 Note shall be due and payable on the first (1st) anniversary of Project Completion and subsequent annual payments of accrued interest shall be due and payable on the same day of each year thereafter during the Term of the City Loan. For purposes of this provision Available Cash Flow shall mean 50% of Net Cash Flow, defined as follows:

Net Cash Flow shall mean all income and revenues actually received by Owner (and/or the Master Tenant as applicable) from the lease of the Project Units and other improvements, and all other income and revenues actually received by Owner (and/or the Master Tenant as applicable) in connection with the Project, excluding and deducting therefrom all (1) Operating Expenses; (2) security, pet or cleaning deposits, if any; (3) payments from the Replacement Reserve or from Operating Reserves; (4) payments or reimbursements from insurers or other third parties and used or to be used for restoration, repair or remodeling of any of the Project Units or other improvements; (5) capital contributions, grants, proceeds of any permitted sale, transfer, exchange, refinancing or other disposition or encumbrance of all or a portion of the Project or the disposition of any state tax credits received in connection with the Project ; (6) condemnation proceeds and

awards in place of them; (7) tax reduction or abatement proceeds (8) City Loan proceeds; (9) deposits made to operating reserves and to the replacement operating reserves; and (10) payments of the deferred developer fee.

Provided that no Default then exists and subject to the Director's consent and the conditions of this Section, Borrower may, at its option, extend the Term of this City Loan for a maximum of three (3) successive renewal periods of five (5) years each (the "Renewal Periods") by written notice to the City of Borrower's desire to renew the City Loan (the "Renewal Notice") which Renewal Notice shall be given no earlier than ninety (90) days prior to the expiration of the then current Term and no later than thirty (30) days prior to the expiration of the then current Term (as it may have previously been extended). For each Renewal Period, Borrower will pay the City a fee equal to one percent (1.0%) of the then outstanding balance of the City Loan which is a good faith estimate of the additional legal fees, monitoring costs and other expenses to be incurred by the City as a result of such extension and which sum must be paid simultaneously with the giving of the Renewal Notice. The extension option may only be exercised as to one Renewal Period at a time. (For clarity purposes, the second extension option may be exercised no earlier than ninety (90) days prior to the expiration of the first Renewal Period and will not be available if the first extension option is not exercised and the third extension option may be exercised no earlier than ninety (90) days prior to the expiration of the second Renewal Period and will not be available if the first and second extension options are not exercised.) As a condition to each such extension, the Affordability Period must be extended to cover the applicable Renewal Period, and the parties shall execute a written extension agreement and any other documentation which may be required to extend the City Loan, the Affordability Period and the Restrictive Covenants for the Renewal Period in form and substance reasonably acceptable to the City and Owner. In addition, as a further

condition to the renewal, (i) Borrower shall provide the City with a title company endorsement to the City's loan policy of title insurance for such extension under Texas Title Insurance Procedural Rule P.9.b.3 (or the equivalent), and (ii) the Project must pass the inspection of the City to ensure compliance with the Minimum Property Standards as the same are revised from time to time and if necessary, the Borrower shall cause Owner and Owner shall additionally make all necessary repairs to bring the Project into compliance. If Borrower requests an extension, the City may also, as a condition of renewal, require that the Replacement Reserve Account(s) be collaterally assigned to the City.

D. No payment of principal shall be payable under the City Loan except (and subject to the next sentence) in the event of Borrower's or Owner's Default of its obligations or representations and warranties under (a) this Agreement, (b) the terms of the Original City Note, the Tranche 3 Note, the Original Owner Note, the Tranche 3 Owner Note or any security or other Loan Documents securing or evidencing the City Loan, and/or (c) the City's Restrictive Covenants, provided, however, the Director, in his or her sole discretion, may waive in full or in part any requirement of this sentence. Upon the Maturity Date, if no Default has occurred which remains uncured, the amount of the City's Loan which remains unpaid, if any, shall be deemed paid. In the event the Director elects to accelerate payment of the Original City Note and/or the Tranche 3 Note and declare that all sums under the Original City Note and/or the Tranche 3 Note are immediately due and payable upon the declaration by the Director of a Default under (a) this Agreement, (b) the terms of the Original City Note and/or the Tranche 3 Note or other documents securing or evidencing the City Loan, (c) the City's Restrictive Covenants, (d) the terms of the Owner Loan Agreement or the terms of any of the Owner Loan Documents, or (e) the Original Collateral Assignment (Owner Loan) and/or the Tranche 3 Collateral Assignment (Owner Loan)

after giving the notice and cure period set forth under Section Ten, Paragraph 10.1, the principal balance of the Original City Note/or and the Tranche 3 Note (as applicable), together with accrued but unpaid interest thereon shall become immediately due and payable.

E. Borrower's obligations to the City under this Agreement, including, but not limited to repayment of the Original City Loan as evidenced by the Original City Note, will be secured by, among other things, the Original Collateral Assignment (Owner Loan) in favor of the City and the Original Owner Loan Documents. Borrower's obligations to the City under this Agreement, including, but not limited to repayment of the Tranche 3 Loan as evidenced by the Tranche 3 Note, will be secured by, among other things, the Tranche 3 Collateral Assignment (Owner Loan) in favor of the City and the Tranche 3 Owner Loan Documents. In furtherance of the foregoing, Borrower and Owner shall execute and deliver any instruments, documents and/or agreements necessary to create or perfect the security interests referenced hereunder.

F. Borrower shall loan the proceeds of the Original City Loan and the Tranche 3 Loan to Owner pursuant to the Owner Loan Agreement which has been or will be approved by the Director, for the Owner Loan from Borrower to Owner. Owner shall use the proceeds of the Original Owner Loan and the Tranche 3 Owner Loan for the payment of the costs to acquire and rehabilitate, reconstruct, construct or replace rental housing to be known as St. Elizabeth Place, located in Houston, Harris County, Texas. The Land on which the Project is located is described in Exhibit A attached to this Agreement. The purpose of the Project is to house the City's LMI Persons in compliance with the affordability agreements set forth in this Agreement and in the Restrictive Covenants.

G. Guarantor will sign an Amended and Restated Construction Completion Guaranty in the form set forth in the Attachments to this Agreement (“Construction Completion Guaranty”) of Borrower’s and Owner’s requirements under this Agreement and the Construction Contract.

H. To secure the City Loan, Borrower will collaterally assign (i) the Original Owner Loan and the Original Owner Loan Documents pursuant to the Original Collateral Assignment (Owner Loan) by Borrower in favor of the City covering the Original Owner Loan, the Deed of Trust Security Agreement and Financing Statement executed by Owner covering the Project which secures the Original Owner Loan (“Original Deed of Trust”) and the other Original Owner Loan Documents; and (ii) the Tranche 3 Owner Loan and the Tranche 3 Owner Loan Documents pursuant to the Tranche 3 Collateral Assignment (Owner Loan) by Borrower in favor of the City covering the Tranche 3 Owner Loan, the Deed of Trust Security Agreement and Financing Statement securing the Tranche 3 Loan (“Tranche 3 Deed of Trust” and collectively with the Original Deed of Trust, the “Deed of Trust”) executed by Owner covering the Project and the other Tranche 3 Owner Loan Documents.

I. The City is obligated to comply with certain requirements with respect to reporting to GLO about the use of the Loan Proceeds and the operations and maintenance of the Project, among other matters, and this Agreement contains provisions for the Borrower and Owner to submit information to the Director on various aspects of the Project. Borrower shall, and shall cause Owner to submit, and Owner shall submit this information to the Director on the forms from time to time provided and required by the Director to be used by the Borrower and/or Owner (“Monitoring Forms”), the initial form of which is attached as **APPENDIX 5** hereto.

J. The City Loan is issued subject to the conditions and terms of this Agreement.

K. Borrower and Owner shall comply and shall cause their contractors to comply with the City's Minority, Women and Small Business Enterprise ("MWSBE") programs as set out in Chapter 15, Article V of the City's Code of Ordinances. Borrower and Owner shall make Good Faith Efforts as described by the City's Office of Business Opportunity ("OBO") policy attached hereto as **APPENDIX 9**, to award subcontracts or supply agreements in at least 34% of the Loan Amount to MWSBEs. Borrower and Owner acknowledge that they have reviewed the requirements for Good Faith Efforts on file with the OBO and shall comply with them.

Borrower and Owner shall ensure and shall cause their contractors to ensure that all subcontracts with MWSBE subcontractors and suppliers contain the following terms:

1. "MWSBE subcontractor shall not delegate or subcontract more than 50% of the work under this Subcontract to any other subcontractor or supplier without the express written consent of the City of Houston's OBO Director.

2. MWSBE subcontractor shall permit representatives of the City of Houston (including, without limitation, the Director and City Controller), at all reasonable times, to perform (a) inspections of all places where work is to be undertaken in connection with this Subcontract, and (b) audits of the books and records of MWSBE subcontractor. MWSBE subcontractor shall keep such books and records available for such purpose for at least four (4) years after the completion of its performance under this Subcontract. Nothing in this provision shall affect the time for bringing a cause of action nor the applicable statute of limitations.

3. Within five (5) business days of execution of this Subcontract, the prime contractor and MWSBE Subcontractor shall designate in writing to the Director an agent for receiving any notice required or permitted to be given pursuant to Chapter 15 of the City's Code of Ordinances, together with the mailing address and telephone number of such agent.

4. Any controversy between the parties involving the construction or application of any terms, covenants, or conditions of this Subcontract may be submitted to the OBO Director. The OBO Director may prescribe procedures to provide dispute resolution by neutrals, in accordance with the requirements of Chapter 15 of the City's Code of Ordinances.

L. Borrower and Owner agree to comply with the following provisions required by HUD, if applicable, or the GLO as a condition of the GLO approval of the Project for fair housing and affirmatively further fair housing purposes:

1. Borrower and Owner shall implement all noise and flood hazard and other mitigation action required or at the City's sole discretion, recommended as a result of the environmental review conducted pursuant to 24 C.F.R. Part 58 (the "Environmental Review"), including any required conformance with HUD elevation requirements (e.g., elevating or otherwise protecting ground level parking and storage areas) or flood-control measures (collectively, "Environmental Mitigation"). Borrower and Owner shall also comply with all applicable insurance and survey requirements as set forth in Section Three, Paragraph 3.13 and Section Six, Paragraph 6.25 and Appendix 2.

M. Borrower and Owner agree to abide by the conflicts of interest provisions at 24 C.F.R. §570.611, 2 C.F.R. §200.317 and 2 C.F.R. §200.318 and furnish conflict of interest disclosure forms if so required by the Director.

N. If the Loan Proceeds do not cover all of the costs of the Project, Owner shall have obtained at the time of the Closing of Tranche 2 of the Original City Loan a firm commitment for the funding of the remaining acquisition costs (if applicable) and the construction costs to repair, renovate, construct and/or reconstruct the Project (collectively, together with the Senior Loan the "Other Financings"), all of which combined with the Loan Proceeds, total at least the

amount required by the Approved Final Project Budget (“Final Project Budget”) in form and content approved by the Director and attached hereto in the Exhibits to this Agreement. In any case, Owner shall be responsible for funding or obtaining funding for any costs or expenses of the Work, other Project cost under the Final Project Budget or otherwise payable under this Agreement to the extent not covered by the Loan Proceeds. The sources of the Other Financings may be adjusted from time to time with the consent of the Director.

O. It is the policy of the City to ensure that construction work it finances protects workers on those projects by making sure they are safe, are compensated in accordance with applicable law, and have access to pathways for sustainable careers in the construction industry. All contractors who work on the Project are required to implement the workforce protection measures at Appendix 15.

P. The replacement reserve (“Replacement Reserve”) shall be no less than \$300.00 per unit annually, increasing by 3% annually, pursuant to the terms of the Senior Loan Documents, to the extent that such Replacement Reserve is required pursuant to such Senior Loan documents, or, to the extent not so required, pursuant to Section 6.24 of this Agreement. The City shall have a subordinate security interest in the Replacement Reserve, and Borrower and Owner shall execute any instruments or other documents necessary to create or perfect such interest.

Q. Any property management fee, asset management fee or other similar fee (but excluding fees payable to Master Tenant’s tax credit investor member) (“Property Management Fee”) is limited to no more than five percent (5.0%) in the aggregate of the Project’s gross annual income.

R. Borrower and Owner have submitted to the Director a signed Certificate regarding lobbying (“Lobbying Certificate”) in the form set forth in the Appendices to this Agreement (or in the form in effect at the time the Lobbying Certificate was submitted to the Director).

S. In addition to the provisions of the main text of this Agreement, this Agreement consists of “Schedules”, “Appendices”, “Exhibits” and “Attachments”, as follows

1. Schedule (“Schedule”) setting forth definitions.
2. Appendices (“Appendices”), setting forth the specifics of requirements described in this Agreement or other City standard forms, policies and requirements, which specifics and forms may be modified by the City from time to time or which may change as a result of change in or to Applicable Law, relating to:

- (a) the City’s MWSBE programs to which the Owner’s contractors and subcontractors are subject;
- (b) insurance to be maintained by the Owner and also to be contained in the Approved Construction Contract and other Construction and Supply Contracts
- (c) Release and Indemnity provisions to be to be contained in the Approved Construction Contract and other Construction and Supply Contracts;
- (d) Construction Contract Requirements including bidding requirements (if applicable);
- (e) the Monitoring Forms to be used by Owner and Borrower;
- (f) Applicable Law;
- (g) the Lobbying Certificate;

- (h) the Debarment Form;
- (i) the Survey Requirements;
- (j) Property Condition Assessment requirements, if applicable;
- (k) Multifamily Relocation Requirements, including related forms;
- (l) Appraisal Requirements including sample Agreement for Appraisal Services;
- (m) GLO Lien Waiver;
- (n) Minimum Property Standards; and
- (o) City of Houston Workforce Protection Requirements.

2. Exhibits ("Exhibits"), setting forth:

- (a) the metes and bounds or legal description of the Land;
- (b) commitments evidencing "Other Financings", if any; and
- (c) the Preliminary Project Budget.
- (d) Scope of Work; and
- (e) Construction Schedule.

3. Attachments ("Attachments"), as per the list of Attachments on the Attachments title page, describing and setting forth the information and the various specific documents and contents of specific documents particular to the City's Loan to be provided by or on behalf of the Borrower or Owner as conditions precedent to the Closing of the City's Loan or to be executed by Borrower, Owner and the City at the Closing of the City's Loan.

T. The City Loan is a community development activity undertaken by the City and authorized under Chapter 373 or Chapter 374 of the Texas Local Government Code.

U. The recitals and statements contained in this Section One shall be incorporated into this Agreement, and Borrower and Owner confirm, agree and acknowledge that the information

contained in this Section One is true and correct in all material respects and, to the extent that any of the subsections contained in this Section One contain covenants or agreements of Borrower and/or Owner, Borrower and Owner hereby covenant and agree to comply with the terms therewith. Borrower and Owner further agree to comply with all Applicable Laws and other requirements contained in the Appendices.

SECTION TWO **REPRESENTATIONS AND WARRANTIES**

Borrower and Owner hereby represent and warrant, and such representations and warranties shall be deemed to be continuing representations and warranties during the entire Term of this Agreement, and so long as the City shall have any commitment or obligation to make any disbursements of the Loan Proceeds hereunder, and so long as all of or any part of the City's Loan remains unpaid and outstanding under any Loan Document, as follows:

2.1. Ownership and Use of Land. Owner holds or will hold either at the time of Closing of Tranche 1 or as a result thereof fee simple title in and to the Land located in Houston, Harris County, Texas, having an address of 4514 Lyons Avenue, Houston, Harris County, Texas 77020, and more particularly described on **EXHIBIT "A"**, subject however, to the Permitted Encumbrances (as defined in the Deed of Trust). Borrower and Owner have disclosed to the City that Owner purchased or will purchase the Land from 4514 Lyons, LLC, a Texas limited liability company that is an affiliate of Borrower and Owner.

2.2. Information Submitted True and Correct. The information contained in or submitted in connection with Borrower's application to the City for the City Loan, as amended by further information provided and disclosed to the City, is true and correct.

2.3. Taxes and Assessments. There are no delinquent taxes, assessments, or other impositions on the Land or Project, or if there are any delinquent taxes, assessments, or other

impositions on the Land or Project, same will be paid prior to or simultaneously with Closing Date of Tranche 1. The Land or Project has not been subject to any special (reduced) real estate appraisal, or abatement, exemption or deferral of ad valorem taxes in the five (5) years preceding the Effective Date of this Agreement, unless Owner has an effective agreement providing that another party is liable for all liability, accruing prior to Owner's acquisition of the Land or Project, for ad valorem taxes owing as a result of an change or revocation of such special (reduced) real estate appraisal, or abatement, exemption or deferral of ad valorem taxes.

2.4. Financial Capacity.

2.4.1. The financial representations made to the City by Borrower (and by Owner to Borrower or City) concerning Borrower's and Owner's financial condition are true and correct and, upon the Closing Date of each tranche of the City Loan, Owner and Borrower have the financial capacity to carry out their obligations under this Agreement and the Loan Documents as well as under the Owner Loan and the Owner Loan Documents. If any material negative change in either Borrower's or Owner's financial condition occurs, Borrower and Owner shall report such change to the City within five (5) business days.

2.4.2. The financial representations made to the City by Borrower and by Guarantor to Borrower and/or the City concerning Guarantor's financial condition are true and correct and, upon the Closing Date of each tranche of the City Loan, Guarantor has the financial capacity to carry out its obligations under the Construction Completion Guaranty. If any material negative change in Guarantor's financial condition occurs, Borrower shall report such change to the City within five (5) business days.

2.4.3. The Borrower, Owner and Guarantor are in good standing on all outstanding loans and loan commitments with no defaults or negative collection actions on any

current or previous loans that City reasonably determines would adversely impact the ability of Borrower, Owner or Guarantor to perform hereunder. Borrower and Owner have provided the City with a true and correct listing with addresses of all multifamily properties owned or managed by Borrower and/or Owner.

2.5. Authorization. All action on the part of Borrower and Owner necessary to authorize the transactions contemplated by this Agreement have been taken, and upon execution of this Agreement, this Agreement shall constitute the binding and enforceable obligation of Borrower and Owner.

2.6. Liens. As of the Closing Date for each tranche, there are no existing or threatened liens against the Project (other than the lien securing the Senior Loan and the City Loan), and the Borrower and Owner do not know of any reason such liens may be filed or threatened against the Project. As of the Closing Date, all payables and liabilities to parties providing goods or services to Borrower and Owner have been paid and no payables or liabilities exist that are more than thirty (30) days outstanding.

2.7. Preliminary Project Budget Contents. The Preliminary Project Budget specifies (a) a listing of all costs necessary to (i) acquire the Land (if applicable); (ii) complete the Project; and (iii) reach a 90% occupancy level, and (b) the sources of funding which will be used to complete the Work and reach stabilized occupancy which will be enumerated on AIA documents if required by the City and shall indicate those items to be funded with Owner's equity.

2.8. Expertise. Owner has engaged or will engage prior to Closing competent persons and firms for the purpose of constructing, leasing and managing the Project.

2.9. Legal Existence. Owner is a limited partnership, duly created and validly existing and in good standing under the laws of the State of Texas. Borrower is a non-profit corporation, duly created and validly existing and in good standing under the laws of the State of Texas.

2.10. Insurance Claims. Borrower and Owner have provided the Director with true and correct copies of all insurance claims made or which Borrower and Owner plan to make (together with all supporting documentation) with respect to any damage to the Project within the last six (6) years including, without limitation, damage to the Project resulting from Hurricane Harvey. None of the Loan Proceeds will be used to pay for damages covered by any insurance claim or any insurance policy including delayed or future payments anticipated under insurance policies. No portion of the Loan Proceeds shall be utilized to satisfy any deductible under such insurance policies.

2.11. Access. Access by vehicles to the Land for the full utilization of the improvements for their intended purposes either (a) exists over paved roadways that have been completed, dedicated to the public use and accepted by the appropriate Governmental Authority, or (b) the necessary rights-of-way for such roadways have been acquired by the appropriate Governmental Authority and all necessary steps have been taken by Borrower and/or Owner, and such Governmental Authority to assure the complete construction and installation of such roadways.

2.12. Conflict of Interest. Neither Borrower nor Owner has a conflict of interest as prohibited by 24 C.F.R. § 570.611, 2 C.F.R. § 200.317 and 2 C.F.R. § 200.318. If required by the Director, Borrower and Owner shall furnish to the Director a conflict of interest disclosure form (in effect at the time the form is required to be submitted to the Director), on or before the execution of this Agreement.

SECTION THREE
CONDITIONS PRECEDENT FOR CLOSING THE CITY LOAN

The conditions listed in Paragraphs 3.1-3.16 of this Section must be satisfied by the date of Closing of Tranche 1 of the the City's Loan and the satisfaction of each of such conditions shall be a condition precedent to Closing of Tranche 1 of the City Loan. The conditions listed in Paragraphs 3.17-3.31 of this Section together with the Tranche 1 conditions (which should have previously been satisfied) and such other requirements as may be imposed by the City with respect to the Closing of Tranche 2 and Tranche 3 of the City Loan must be satisfied on or before any advance of Tranche 2 or Tranche 3 of the City Loan. Both Tranche 2 and Tranche 3 must close prior to July 31, 2022. If Tranche 2 and/or Tranche 3 fail to close by July 31, , 2022, the City reserves the right to reallocate the funds dedicated to the applicable Tranche(s) to another Project, and in such case, Borrower shall have no further right to have funding for the applicable Tranche(s) advanced. The parties hereto acknowledge that the Tranche 1 and Tranche 2 closing conditions set forth in Section 3, Paragraphs 3.1-3.31 have been satisfied, except for specific requirements related to Tranche 3. The Tranche 3 closing conditions set forth in Section 3, Paragraphs 3.32 and such other requirements as may be imposed by the City with respect to the Closing of Tranche 3 must be satisfied before the funding of Tranche 3.

TRANCHE 1 REQUIREMENTS

3.1. Funding Commitments. The sum of the City Loan, commitments for the Other Financings (if any), deferred developer fee, Net Operating Income, and any equity contributions for the Project shall be in at least the amount required to acquire the Land (if applicable), complete construction of the Project and allow operation of the Project in accordance with the Approved Final Operating Budget and the Approved Final Project Budget, according to the Approved Final

Plans, Specifications and Drawings and the Approved Construction Contract. Borrower and Owner shall disclose any changes in the commitments for Other Financings and/or any changes in any equity contributions to the Project to the City as soon as practical, but in any event no later than five (5) business days after knowledge of such changes. The City's funding shall be subject to funding of all Other Financing (including without limitation, the Senior Lender Loan) in the order specified in the Approved Construction Schedule or in the Intercreditor Agreement.

3.2. Approval of Owner Loan Documents. The Director shall have approved the documents evidencing the Owner Loan Documents.

3.3. Priority of City's Restrictive Covenants. The City's Restrictive Covenants, once recorded in the Official Public Records of Real Property of Harris County, Texas shall have priority over any and all liens proposed to evidence or secure the Senior Loan and any Other Financings (including without limitation, any refinancings or refundings thereof subsequent to the Closing Date).

3.4. Lobbying. On or before the Closing of the Original City Loan, Borrower, Owner and Contractor shall each submit to the Director a signed Certificate Regarding Lobbying in the form set forth in the Attachments (or in the form in effect at the time the Certificate is required to be submitted to the Director).

3.5. Appraisal. The Owner, at Owner's sole cost and expense, shall obtain an appraisal of the value of the fee interest in the Project, which appraisal shall meet the definition of an appraisal under the URA at 49 C.F.R. § 24.2(a) (3), which shall be done in accordance with the requirements of the URA at 49 C.F.R. § 24.103, and which shall comply with the Appraisal Requirements ("Appraisal Requirements") in the Appendices. The appraisal shall be acceptable

to the Director, shall be prepared by a qualified appraiser approved by the City and certified to the City.

3.6. Survey. The Director shall have approved a current survey (“Survey”) of the Land complying with the “Survey Requirements” (“Survey Requirements”) in the Appendices and showing, among other things detailed in the Survey Requirements, that none of the improvements located within the Project are within an identified (shaded) special flood hazard area (including without limitation, the 100-year flood hazard area). An updated Survey will be provided prior to the closing of Tranche 3 which must meet the Survey Requirements and approved by the City.

3.7. Title Commitments; Insured Closing Service Letters.

3.7.1. City’s Owner’s Title Policy. The Title Company shall issue at Borrower’s or Owner’s expense, in substance approved by the City Attorney, a Commitment to issue to the City an Owner’s Policy of Title Insurance (“City’s Owner’s Title Policy”) naming the City as Insured, which will provide in Schedule A of the City’s Owner’s Title Policy that the estate or interest that is to be insured under the Owner’s Policy is “the Restrictive Covenants dated _____, 20__ and recorded under Harris County Clerk’s File No. # _____” with the only Schedule B Exceptions of the City’s Owner’s Title Policy, which will be allowed to be shown in the City’s Owner’s Title Policy being those which are acceptable to the Director, in his or her sole discretion. The City will accept an opinion from Borrower and Owner’s legal counsel indication that the Restrictive Covenants have priority over all deed of trust liens against the Project in lieu of the City’s Owner’s Title Policy, provided the opinion is in form and substance acceptable to the City and such opinion must be given at the Closing of each Tranche.

3.7.2. City’s Loan Title Policy. The Title Company shall issue at Borrower’s or Owner’s expense, in substance approved by the Director, one or more Commitments to issue to

the City Loan Policy(ies) of Title Insurance (“City’s Loan Title Policy”) in the amount of the City's Loan naming the City as Insured, insuring the second and thirdt lien priority of the liens securing the City’s Loan:

- (1) the City’s Restrictive Covenants; and
- (2) Schedule B Exceptions approved by the Director, in his or her sole discretion.

3.7.3. Deletion of the Arbitration Provisions. The arbitration provisions of the City's Loan Title Policy and the City's Owner’s Title Policy shall be endorsed as deleted.

3.7.4. Insured Closing Service Letter. The Title Insurer (as defined in Section 4.4) shall have issued the City an “insured closing service letter” relating to the closing of the City’s Loan and such insured closing service letter shall be in effect as of the time of the closing of the City’s Loan.

3.8. Environmental.

3.8.1. Director’s Approval. The Director shall have approved a “Phase I” (or “Phase 2”, if the Director has required) environmental site assessment (and any updates thereto) (the “Environmental Site Assessment”) and the Environmental Review (as defined herein). The Environmental Site Assessment shall be performed by a qualified environmental services firm, furnished to the Director by the Borrower or Owner, at the Borrower’s or Owner’s expense, in compliance with and prepared in accordance with standards adopted and promulgated by the American Society of Testing and Materials (ASTM), accompanied by a reliance letter submitted by the issuer of such Environmental Site Assessment for the benefit of the City. The required Environmental Site Assessment must show, among other things that the Project is not in a

“Coastal Barrier Resource System unit,” as such term is defined in the Coastal Barrier Resources Act (CBRA) of 1982, as amended by the Coastal Barrier Improvement Act of 1990 (16 U.S.C. § 3501), as amended, or in a runway clear zone, any lead-based paint and asbestos containing materials within the Project and identify any “Special Flood Hazard Area”, as such term is defined and designated by the Federal Emergency Management Agency (“FEMA”). The Environmental Site Assessment must be dated within six (6) months of Closing of Tranche 1 or if this timeframe is exceeded, an assessment which is less than twelve (12) months old may be updated by the original issuer if the update report is issued within six (6) months prior to the Closing of Tranche 1 and an update is acceptable to the City’s in-house environmental risk manager.

3.8.2. Environmental Indemnity Agreement. Borrower and Owner shall have executed and delivered an “Environmental Indemnity Agreement” in favor of the City (the “Environmental Indemnity Agreement”) in the form set forth in the Attachments or on another form approved by the City Attorney.

3.8.3. Flood Plains. The Project may not be located in a Special Flood Hazard Area (including, without limitation, the 100 year flood hazard area) unless such location is approved by HUD, which approval may be obtained through and included in the written “release of funds” authorization from HUD, as further described in Section Five, Paragraph 5.4.

3.9 Reserved.

3.10 Reserved.

3.11 UCC Search. Owner shall provide the City with a UCC search dated no sooner than thirty (30) days prior to the Closing of Tranche 1, Tranche 2 and Tranche 3 indicating that the Project is free and clear from any security interests and other liens (other than the Senior Lien and liens in favor of the City).

3.12 Purchase Agreement. Owner shall provide City with a copy of the Purchase Agreement for the Project.

3.13 Entity Documentation. Borrower and Owner shall provide City with copies of (i) Owner's executed Partnership Agreement, together with all notes, guarantees and other instruments and agreements issued pursuant thereto; (ii) all corporate and company documents for Borrower, Owner's general partner or managing member, as applicable, and any Guarantor; and (iii) evidence of Borrower's, Owner's, Owner's general partner or managing member, as applicable, and each Guarantor's due formation, organization, good standing, existence and authorization to enter into this Agreement and the related Loan Documents (collectively, the "Entity Documentation"). Upon the Closing for Tranche 3, all resolutions of Borrower, Owner and Guarantor shall be updated to cover the Tranche 3 Loan.

3.14 Utility Letters. Borrower shall or shall cause Owner to provide the City with utility letters ("Utility Letters") from the appropriate utility providers evidencing that the Project has access to public water, sanitary and storm sewer, electricity, gas and other required utilities in quantities sufficient for the successful operation of the Project and which utilities shall enter the Project.

3.15 Final Budgets.

3.15.1 Approved Final Operating Budget. The Director shall have approved a detailed operating budget ("Approved Final Operating Budget") for the Project. The Approved Final Operating Budget shall include a cash flow projection of all Project related income, expenses, debt service on all debt encumbering the Project, reserves for replacements of capital items, and any other costs associated with the operation of the Project for the period commencing with the initial leasing of the units within the Project and on an annual basis thereafter through the entire

Affordability Period in a form as the Director may require. A proforma projection (and rent roll for existing, operational properties) specifying the unit type (e.g., 1 bedroom/1 bath, 2 bedroom/2 bath), the square footage of the units, and projected monthly rental rate shall also be provided to the Director prior to Closing.

3.15.2 Approved Final Project Budget and Approved Final Construction Budget.

The Director shall have approved a detailed budget (“Approved Final Project Budget”) for the Project which shall not vary from the Preliminary Project Budget unless such variance is approved in writing by the Director which approval shall not be unreasonably withheld. The Approved Final Project Budget shall include the acquisition costs (if applicable), the architectural and design costs, the approved final Construction Budget which shall include all costs to construct the Work and any other construction costs for the Project (“Approved Final Construction Budget”) and all other costs necessary to complete the Project per the Approved Plans, Specifications, and Drawings and Approved Construction Contract. The Approved Final Project Budget and the Approved Final Construction Budget shall be in such forms as the Director may require, and shall be in sufficient detail to permit the City to effectively and adequately monitor the use of the Loan Proceeds for the payment of costs pursuant to the Approved Construction Schedule to ensure that Loan Proceeds are expended only for costs eligible under applicable GLO, CDBG and other applicable federal regulations. A hard cost contingency of 5% on new construction, 10% contingency on rehabilitation and a soft cost contingency of 5% of soft costs are required in the Approved Final Construction Budget, and the City reserves the right to require additional reasonable contingencies. Subsequent to the Closing, any changes to the Approved Final Project Budget or the Approved Final Construction Budget must be approved in writing by the Director, such approval not to be unreasonably withheld. If required by the City, the Owner, at the Owner’s expense, shall engage

appropriate third party inspectors acceptable to the Director, in his or her sole discretion, or alternatively, the City, may utilize its own internal or external inspectors (collectively, the approved third party, internal and external inspectors are referenced as “Approved Inspectors”) to verify the budgets submitted to the Director for approval under this Section, to report to the Director on the adequacy and reasonableness of the amounts set forth in such budgets to complete the Project and the Work according to the Plans, Specifications and Drawings and to verify that all draws under the Approved Final Construction Budget conform with such budget, that all labor and material for which disbursement is requested have gone into the Project in accordance with the Plans, Specifications and Drawings and that the remaining undisbursed portion of the City Loan and Other Financings (if any) are adequate to complete the Work and the Project. The Owner’s agreement with any Approved Inspectors engaged by Owner shall provide that the City is entitled to rely on the Approved Inspector’s Reports and that the reports shall be addressed to the City. The City may charge and Borrower or Owner shall, commencing with the advancement of any portion of Tranche 2, pay \$1,000.00 per month for construction inspections or review by the Approved Inspectors throughout the construction period.

3.16 Execution and Approval of Architect’s Contract. The Owner and the Architect (if any) shall have executed the Architect’s Contract which shall have been approved by the Director; the Architect’s Contract will be collaterally assigned to the City (subordinate, however, to the assignment to Senior Lender) as additional security for the repayment and performance of the City Loan pursuant to an “Assignment of Architect’s Contract, Plans and Specifications, and Consent” instrument in the form set forth in the Attachments or in a form otherwise approved by the City Attorney (“Assignment of Architect’s Contract, Plans and Specifications, and Consent”).

TRANCHE 2 AND TRANCHE 3 CONDITIONS

3.17 Execution and Approval of Property Management Agreement. The Owner and the Property Manager shall have executed the Property Management Agreement which shall have been approved by the Director. The Property Management Agreement will be collaterally assigned to the City (subordinate, however, to the assignment to Senior Lender) as additional security for the repayment and performance of the City Loan pursuant to an “Assignment of Property Management Agreement” instrument in the form set forth in the Attachments or in a form otherwise approved by the City Attorney. The Property Management Agreement may be amended from time to time with the Director’s consent, and shall provide that the Property Manager may be terminated by Owner if required by the Director.

3.18 Approval of Plans, Specifications, and Drawings. The Director shall have approved the scope of the Work, any site plans, Environmental Mitigation plans, floor plans, wall sections, architectural, structural, civil, HVAC, mechanical, electrical, plumbing, and landscaping plans, and any other applicable drawings (collectively, the “Approved Plans, Specifications, and Drawings”) required for the construction of the Project according to the Approved Construction Contract, which Approved Plans, Specifications, and Drawings will also be collaterally assigned to the City as additional security for the repayment and performance of the City Loan pursuant to the Assignment of Architect’s Contract, Plans, Specifications, and Consent. The Borrower or Owner shall pay the City \$5,000.00 for review of the Approved Plans, Specifications and Drawings and cost review.

3.19 Execution and Approval of Construction Project Management Agreement. If the Director requires the Owner to retain the services of a Construction Project Manager, the Owner and the Construction Project Manager shall have executed the Construction Project Management

Agreement which shall have been approved by the Director; the Construction Project Management Agreement will be collaterally assigned to the City as additional security for the repayment and performance of the City Loan pursuant to an “Assignment of Construction Project Manager’s Agreement” instrument in the form set forth in the Attachments or in a form otherwise approved by the City Attorney (“Assignment of Construction Project Management Agreement”).

3.20 Approval of Construction Schedule and Drawdown Schedule. The Director shall have approved the construction schedule and drawdown schedule for the Project (collectively referred to as the “Approved Construction Schedule”).

3.21 Construction Contract and Related Matters

3.21.1 Approved Construction Contract. Owner and Contractor (and Contractor and its prime subcontractor) shall have executed the Construction Contract approved by the Director (“Approved Construction Contract”), which Approved Construction Contract will be collaterally assigned to the City (subordinate, however, to the assignment to Senior Lender) as additional security for the City Loan pursuant to an “Assignment of Construction Contract” instrument in the form set forth in the Attachments or in a form otherwise approved by the City Attorney (“Assignment of Construction Contract”). The Approved Construction Contract shall be a fixed price/stipulated sum or guaranteed maximum price contract which shall be consistent with the Approved Final Construction Budget. Fees, overhead and general conditions of the Contractor shall be indicated as a fixed dollar amount which shall be determined in a manner that does not exceed amounts that are commercially customary and reasonable for similar affordable multifamily development projects.

3.21.2 Bonds. Owner or Contractor shall furnish (a) a performance bond, with dual obligee rider naming the City as an additional beneficiary, for the full amount of the

construction or rehabilitation price (“Performance Bond”); (b) a maintenance bond to secure the Defects Warranty (“Maintenance Bond”); and (c) a statutory payment bond (“Payment Bond”). The surety upon any required bond must be on the current list, published by the United States Treasury Department, of acceptable sureties for federal bonds and must have an AM best rating of “A” or better. The form of the Performance Bond, Maintenance Bond, and Payment Bond shall be as set forth in the Attachments or in other forms approved by the City Attorney. The Performance Bond, Maintenance Bonds and Payment Bond must be approved by the City attorney in its sole discretion.

3.21.3 “Defects Warranty”. Owner will cause Contractor to expressly and unconditionally agree to warrant and guarantee (“Defects Warranty”) for a period of one (1) year any and all work performed or materials supplied to be free of defects, omissions, unsoundness or flaws, by executing the Maintenance Bond in the form set forth in the Attachments or in other form approved by the Director. The one (1) year period shall commence on the date of issuance of the Certificate of Completion. The Defects Warranty shall include any condition which may impair or tend to impair the safe and normal use, functioning or enjoyment of the Project and which results in any manner from any and all labor and/or materials used or supplied under the Approved Construction Contract whether or not the materials or equipment are guaranteed by the manufacturer or supplier. The Defects Warranty shall not be construed to limit or in any way modify any warranties or guarantees placed upon any materials, appliances, fixtures or devices by their manufacturers, or any components for which a longer period of warranty is required in the Approved Construction Contract. The Maintenance Bond shall provide that the Owner, or Contractor for the benefit of Owner, shall obtain all manufacturers’ and suppliers’ written guarantees, warranties and operating instructions covering materials and equipment furnished

under the Approved Construction Contract together with any documentation required for validation of such guarantees and warranties.

3.22 Tenant Selection Policy. With respect to the Designated Units, Borrower shall have caused Owner to adopt, and Owner shall have adopted, written tenant selection policies and criteria reasonably acceptable to the Director (“Tenant Selection Policy”). Owner’s written tenant selection policy together with the form of lease for tenants must be submitted and approved by the Director prior to advancement of Tranche 2 of the City Loan.

3.23 Affirmative Marketing Plan. The City will use affirmative marketing efforts, which will include development of an “Affirmative Marketing and Outreach Plan” based on HUD regulations to ensure the Project is affirmatively marketed to the public at large. The Affirmative Marketing and Outreach Plan shall ensure that outreach and communication efforts reach eligible LMI Persons from all racial, ethnic, national origin, religious, familial status, disability, and gender groups.

3.24 Cost Reasonableness Analysis; Property Condition Assessment. Borrower and/or Owner shall have provided the Director with a Cost Reasonableness Analysis, and if rehabilitation or reconstruction of the Project is contemplated, a Property Condition Assessment, which shall both (if applicable) be in form and content acceptable to the Director, prepared by an architect or engineer acceptable to the Director at Borrower’s or Owner’s expense, in compliance with and prepared in accordance with standards set forth in **APPENDIX 10** and those other standards which may be required by the Director. The Director may rely on the Cost Reasonableness Analysis and the Property Condition Assessment (if applicable) provided to the Senior Lender if the City is a named recipient of such reports.

3.25 **Approval of Financing Documents.** The Director shall have approved the documents evidencing the Other Financings, including without limitation closing documents for the Senior Loan and historic tax credits

3.26 **Declaration of Subordination.** The City's Restrictive Covenants, once recorded in the Official Public Records of Real Property of Harris County, Texas shall have priority over any and all liens proposed to evidence or secure the Senior Loan and any Other Financings (including without limitation, any refinancings or refundings thereof subsequent to the Closing Date). Such priority shall be evidenced pursuant to the Declaration of Subordination executed by the Original Senior Lender, the City, Borrower and Owner and filed for record in the Official Public Records of Real Property, Harris County, Texas, at the closing of the Original Senior Loan and Other Financings, in the form set forth in the Attachment "H" (the "Declaration of Subordination"). At the closing of Tranche 3, an Amendment to the Declaration of Subordination shall be executed by Borrower, Owner, Bridge Lender and the City.

3.27 **HUD Subordination Agreement.** The lenders under any Other Financings (if any) and the Original Senior Loan as well as Borrower, Owner and the City shall have executed an intercreditor agreement (the "Intercreditor Agreement") in the form set forth in the Attachments. At the Closing of Tranche 3 and the Senior Loan, a new subordination agreement ("HUD Subordination Agreement") shall be signed by the Borrower, Owner, City and the Senior Lender which will replace the Intercreditor Agreement. The form of the HUD Subordination Agreement is set forth in Attachment X hereto..

3.28 **Contracts.** Borrower shall or shall cause Owner to provide the City with all operating agreements, franchise agreements, or other contractual arrangements affecting the

operation of the Project which the City, at its discretion, may require be assigned to the City together with an acknowledgement of the assignment by the counterparties thereto.

3.29 Closing of Other Financing. The closing of the Other Financing (excluding the new Senior Loan) must occur no later than August 31, 2021. No Tranche 2 funds may be advanced prior to the closing of the Other Financing. The closing of the new Senior Loan must occur by July 31, 2022.

3.30 Master Lease. Borrower shall cause Owner and Owner as Master Landlord shall enter into the Master Lease Agreement covering the Project with Master Tenant.

3.30.1 Master Lease Content. The Master Lease Agreement shall be in form and substance acceptable to the City, in its sole discretion, and may not be amended without the Owner obtaining the City's prior written consent. The Master Lease shall contain such provisions as may be necessary to satisfy the Master Lease requirements set forth in Appendix 16. Except as otherwise herein provided, neither the Master Lease nor any interest in Master Landlord or Master Tenant may be assigned without Owner as Master Landlord obtaining the City's consent which shall not be unreasonably withheld.

3.30.2 Collateral Assignment of Master Lease. Owner shall collaterally assign the Master Landlord's interest in the Master Lease to City to secure payment and performance of the City Loan and this Agreement. The Collateral Assignment of Master Lease shall be in the form and substance acceptable to the City.

3.30.3 Master Tenant Performance as Performance of Borrower and Owner. On the commencement date of the Master Lease or such earlier time as Master Tenant takes possession of the Project, Borrower shall cause Owner and Owner as Master Landlord shall cause the Master Tenant to comply with all Affordability Requirements and operational covenants

contained in this Agreement relating to the Project including, without limitation, Section Three, Paragraphs 3.22, 3.23 and 3.28 and Section Six, Paragraphs 6.6, 6.8-6.11, 6.13-6.28 and such requirements shall be set forth in the Master Lease. Borrower and Owner may achieve compliance with the Affordability Requirements and the operational covenants set forth in Sections Three, Paragraphs 3.22, 3.23 and 3.28 and Section Six, Paragraphs 6.6, 6.8-6.11, 6.13-6.28 hereof through full and timely performance thereof by Master Tenant; provided, however that a default by Master Tenant in such performance shall be a default by Borrower and Owner hereunder. The requirement for compliance with all Applicable Laws under Section Six, Paragraph 6.23 shall include, without limitation, those laws set forth under Appendix 1 of this Agreement. In connection with any Affordability Requirements and operational covenants of this Agreement to be performed by Master Tenant, any consent or approval required of the Master Landlord shall be contingent on Owner as Master Landlord obtaining the Director's consent or approval prior to granting any such consent or approval.

3.30.4 Amended and Restated Subordination, Nondisturbance and Attornment Agreement. Borrower, Owner, Master Tenant, Tax Credit Investor and City shall enter into the Amended and Restated Subordination, Nondisturbance and Attornment Agreement in the form set forth in Attachment Q hereto pursuant to which the Master Lease shall be subordinated to the Restrictive Covenants and the liens held by the City on the Project which amends and restates the Subordination, Nondisturbance and Attornment Agreement dated August 5, 2021 between the parties in the form set forth in Attachment V hereto.

3.31 Master Tenant's Partnership Agreement. The Master Tenant's Partnership Agreement or Operating Agreement must be in form and substance acceptable to the City in its sole discretion. No distributions shall be made to any partner or member of Master Tenant (other

than fees payable or other amounts to the Tax Credit Investor which are include in the Approved Final Operating Budget) prior to payment of sums then owing to the City or which may be in violation of the distribution covenants of the Master Lease as required by Appendix 16. Operating expenses, debt service and other expenses allowed by the Approved Final Operating Budget may be paid at the Master Tenant level, provided that they do not result in a violation of the Distributions Covenant or any other provisions of this Agreement.

TRANCHE 3 CONDITIONS

3.32 Tranche 3 Loan Documents. Borrower and Owner (as well as the City, Tax Credit Investor and Bridge Lender where applicable) shall execute and deliver to the City the Tranche 3 Loan Documents, the Amendment to the Restrictive Covenants, the Amended and Restated Subordination, Nondisturbance and Attornment Agreement, the Amendment to the Declaration of Subordination, the Amended and Restated Revised Subordination and Intercreditor Agreement, the HUD Amendment to the Restrictive Covenants and the HUD Subordination Agreement as a condition to the advancement of the Tranche 3 .

SECTION 4 **CLOSING**

In addition to all of the conditions listed in Section Three being satisfied as conditions precedent to closing of the City Loan (except as otherwise provided in Section Three for Tranche 2 items), the City shall not be obligated to close the City Loan unless the following requirements are satisfied:

4.1 Delivery and Execution of Documents. Borrower, Owner and Guarantor as the case may be, must, concurrently with closing of the City's Loan, execute, or cause to be executed as applicable, and deliver to the City, together with any other documents, certificates, affidavits,

policies and other deliverables required hereunder or under any of the Appendices hereto or otherwise reasonably required by the City including, but not limited to, the following, *provided however*, (i) Items 7, 9-10, 14, 15, 21, 23-24, 26-28, 34, 39, 45-46 and 49-51 may be delivered at any time prior to the earlier of (i) the advancement of Tranche 2 of the City Loan or (2) the closing of the Original Senior Loan, and Items 53-65 plus the documents under Item 24 relating to the Senior Loan_ must be delivered at the Closing of Tranche 3 to the City and prior to the advancement of any portion of the Tranche 3 Loan:

1. the Original City Note;
2. Original Owner Note, endorsed to the City;
3. the Original Deed of Trust;
4. the Financing Statements;
5. the City's Restrictive Covenants;
6. Original Collateral Assignment (Owner Loan);
7. the Assignment of Construction Contract and Subcontract;
8. the Assignment of Architect's Contract, Plans and Specifications, and Consent;
9. the Assignment of Construction Project Management Agreement if required;
10. the Assignment of Property Management Agreement
11. this Agreement;
12. Owner Loan Agreement;
13. the Environmental Indemnity Agreement;
14. the Declaration of Subordination;
15. the Intercreditor Agreement;
16. the Construction Completion Guaranty executed by Guarantor;
17. the Certification regarding Lobbying;

18. the Affidavit of Use of Funds on the form required by the Director stating that the Loan Proceeds will be used by Borrower and Owner only for the purposes set forth in the Loan Agreement;
19. the Affidavit of No Commissions on the form required by the Director stating that as of Closing no commissions, fees or other payments of any kind have been made to Borrower, any general or limited partner of Borrower, or employee of Borrower, or any company or individual related to or affiliated with Borrower;
20. the Certification Regarding Debarment, Suspension and Other Responsibility Matters;
21. a copy of the fully executed Approved Construction Contract;
22. a copy of the fully executed Architect's Contract;
23. a copy of the fully executed Property Management Agreement;
24. a copy of the fully executed documents evidencing, guaranteeing, securing or otherwise pertaining to any of the Other Financings;
25. a copy of the fully executed Owner Loan Documents;
26. a copy of the fully executed Construction Project Management Agreement (if any);
27. a copy of the Approved Plans, Specifications and Drawings for the Project;
28. a copy of the Approved Construction Schedule;
29. a copy of the Approved Final Operating Budget including a rent roll or proforma projection;
30. a copy of the Approved Final Project Budget (including the Approved Final Construction Budget)
31. an Appraisal of the Project meeting the Appraisal Requirements;
32. a Survey and updated Survey of the Land meeting the Survey Requirements;
33. certificates or policies of the Borrower's and Owner's insurance required by this Agreement or by the Deed of Trust, including flood insurance when required pursuant to all applicable federal, state, and local laws, rules, regulations and ordinances including, without limitation the National Flood Insurance Act of 1968, as amended, the Flood Disaster Protection Act of 1973, as amended, and the National Flood Insurance Reform Act of 1994, as amended, Chapter 19 (Floodplain) of the City of Houston, Texas, Code

- of Ordinances or as otherwise required by HUD, City ordinance or the Director;
34. the (i) Payment, (ii) Performance, and (iii) Maintenance Bonds;
 35. the City's Loan Title Policy, a Proforma Loan Title Policy, or a Commitment to issue the same, dated as of the Closing Date, in conformity with the requirements of this Agreement and the Insured Closing Letter together with UCC Search;
 36. the City's Owner's Title Policy, a Proforma Owner's Title Policy, or a Commitment to issue the same, dated as of the Closing Date, in conformity with the requirements of this Agreement and the Insured Closing Letter;
 37. evidence that all premiums in respect of such Title Insurance Policies have been paid;
 38. Proof of compliance with Multifamily Relocation requirements, if applicable;
 39. Cost Reasonableness Analysis;
 40. Property Condition Assessment (if applicable);
 41. Resolutions of Borrower authorizing the City Loan (together with resolutions for Tranche 3) or other evidence satisfactory to the Director that Borrower has authority to enter into the transactions contemplated by this Agreement in a form acceptable to the City Attorney ("Borrower's Resolutions");
 42. Resolutions of Owner authorizing the Owner Loan (together with resolutions for Tranche 3) or other evidence satisfactory to the Director that Owner has authority to enter into the transactions contemplated by this Agreement in a form acceptable to the City Attorney ("Owner's Resolutions");
 43. Resolutions of Guarantor authorizing the Guaranty (together with resolutions for the Amended and Restated Guaranty Agreement) or other evidence satisfactory to the Director that Guarantor has authority to enter into the Guaranty in a form acceptable to the City Attorney ("Guarantor's Resolutions");
 44. legal opinion(s) of counsel for Borrower, Owner and Guarantors addressing, without limitation the authority of the parties signing this agreement and the closing documents on behalf of the Borrower, Owner and the Guarantors and as to the enforceability of such documents in a form acceptable to the City Attorney as well as the ability of the City to forbear under CDBG rules enforcement of the Master Lease following foreclosure

during the first five (5) years that the Project is in service ("Borrower's Counsel's Opinion") which shall be required for the Tranche 1, Tranche 2 and the Tranche 3 Closings;

45. the Owner's Affirmative Fair Housing Marketing Plan;
46. the Tenant Selection Policy;
47. the Entity Documentation and Owner's Partnership Agreement;
48. Utility Letters;
49. Master Lease executed by Master Landlord and Master Tenant and Master Tenant Partnership Agreement;
50. Collateral Assignment of Master Lease;
51. Subordination, Nondisturbance and Attornment Agreement executed by Master Landlord, Master Tenant and City;
52. all other financing and recordable documents required by other lenders and the City's Housing and Community Development Department, as applicable;
53. the Tranche 3 Note;
54. the Tranche 3 Owner Note;
55. the Tranche 3 Deed of Trust;
56. Tranche 3 Collateral Assignment (Owner Loan);
57. UCC-1 and UCC-3 for Tranche 3;
58. Amended and Restated Subordination, Nondisturbance and Attornment Agreement;
59. Amendment to Declaration of Subordination;
60. Amendment to Restrictive Covenants;
61. Amended and Restated Revised Subordination and Intercreditor Agreement;
62. HUD Subordination Agreement;
63. Amended and Restated Guaranty Agreement;
64. Amended and Restated Owner Loan Agreement;

65. HUD Amendment to Restrictive Covenants;
66. Such other information and documentation which may be required by the Director to evidence Borrower's satisfaction of the conditions required by the City to close the City Loan.

Items 1-20, 24-25, 34-36, 41-44, 47 and 49-65 listed above must be in form and substance acceptable to the Director and the City Attorney, in their reasonable discretion. Items 21-23, 26-33, 37-40 and 45-46, 48, and 66 must be in form and substance acceptable to the Director, in his or her reasonable discretion. In addition, as a condition of Closing, the City must have obtained environmental clearance and release of funds as further described in Section Five, Paragraph 5.4 hereof from GLO. The City has the right to also require the assignment of any contracts with respect to the operation of the Project and the acknowledgement of such assignment by the counterparties thereto.

4.2 Waiver of Conditions; Additional Conditions. The Director may, by written instrument, waive any of the conditions or requirements set forth in this Agreement as a condition precedent to or a requirement of closing of the City's Loan, provided that waiver of any condition or requirement shall not operate as a waiver of the City's right to enforce any other condition or requirement set forth in this Agreement. In addition, the written consent of the City Attorney shall be required for the waiver of any legal requirement of the Loan Documents. The Director may impose such additional conditions to, or requirements of, Closing of the City Loan as are necessary under the circumstances or are otherwise customary in connection with the CDBG-DR2 Program and/or the CDBG-DR17 Program (as applicable) or other Federal guidelines or regulations.

4.3 Escrow at Title Company. All or any part of the sums to be funded by the City pursuant to this Agreement may be disbursed to a title company or mortgage servicer approved by the Director, to be held in escrow for subsequent disbursement to Borrower and other authorized

payees or for return to the City pursuant to the terms and conditions of this Agreement. Upon receipt of a payment or disbursement request from the City's Housing and Community Development Department, the Controller of the City is authorized to issue a check or warrant made payable to the order of the designated title company or mortgage servicer pursuant to this paragraph and to fund the obligations of the City under this Agreement.

4.4 Closing of City's Loan At Title Company. The closing of the City's Loan shall occur at a title company approved by the Director ("Title Company"). In no event will the City's Loan be closed by a "fee attorney" or escrow officer who is not a full-time employee of the Title Company or Title Insurer who will "close the transaction". The Director reserves the right to require a representative of the Borrower with authority to execute the Loan Documents will personally attend Closing at the office of the Title Company in Houston, Texas.

4.5 Closing Deadline. Notwithstanding anything contained in this Agreement to the contrary, Borrower shall cause all conditions precedent to Closing Tranche 1, Tranche 2 and Tranche 3 to be satisfied on or before July 31, 2022 (the "Outside Closing Date"). Unless all conditions precedent to Closing all Tranches are satisfied on or before the Outside Closing Date (unless the Director, in his sole and absolute discretion, consents to an extension of the Outside Closing Date), the Director may, without providing prior notice, terminate this agreement by written notice to Borrower and Owner, in which event the City's obligations hereunder shall automatically cease and be of no further effect or alternatively, reallocate the funds allocated to any unadvanced Tranche(s) or portion thereof to another Project in which case, the City shall have no further obligation to advance the reallocated Tranche(s) hereunder.

4.6 **City Expenses.** Borrower shall pay or cause Owner to pay all third party expenses incurred by the City whether or whether not the City Loan closes including, without limitation, any expenses incurred by the City for outside counsel..

SECTION FIVE
CITY AND FEDERAL FUNDING LIMITATIONS

5.1 **Dependency Upon Federal Funding.** Borrower understands that the availability of the Loan Proceeds is dependent upon federal and state funding. Unless and until the City receives adequate funds from GLO, the City shall have no obligation to Borrower under this Agreement. In the event that the funds received by the City under the CDBG-DR2 Program or the CDBG-DR17 Program are insufficient to meet the City's prior commitments, the Director may reallocate all or a portion of the funds that are budgeted for this Agreement.

5.2 **No Liability for Interruption of Funding.** In the event that GLO or other applicable governmental agency (for whatever reason) instructs the City to cease funding of the City Loan , the City may do so without obligation to Borrower or Owner and without being liable to Borrower or Owner for any damages Borrower or Owner may incur as a result of such cessation in funding. The City shall give Borrower and Owner written notice of such instructions promptly upon receiving such instruction, at which time, any and all of the City's obligations under this Agreement or any of the Loan Documents shall cease. In furtherance of the foregoing, in the event that the City provides Borrower and Owner with notice of interruption as contemplated in this Section Five, Borrower and Owner shall execute any releases or other documents or agreements that the City determines necessary to enable the City to reallocate all or a portion of funds that are available pursuant to this Agreement that have not been funded to Borrower.

5.3 **Original Allocation.** In order to comply with Article II, Sections 19 and 19a of the City's Charter and Article XI, Section 5 of the Texas Constitution, the City has (in addition to prior

appropriations and allocations) appropriated and allocated the Loan Amount to be used, in part or in whole, to discharge its duties, if any, to provide money under this Agreement.

5.4 Environmental Clearance and Release of Funds. Notwithstanding any provision of this Agreement, the parties hereto agree and acknowledge that this Agreement does not constitute the City's commitment of funds or site approval, and that such commitment of funds and site approval may occur only upon satisfactory completion of environmental review and receipt by the City of a written "release of funds" authorization from HUD (Authority to Use Grant Funds, form HUD-7015.16 or successor form) in accordance with 24 C.F.R., Part 58 and Executive Order 11988 and any Environmental Mitigation required therein. The parties further agree that if the City is to provide any funds to the Borrower or the Owner in connection with the Project, such disbursement is conditioned on the City's determination to proceed with, modify, or cancel the City's Loan based on the results of a subsequent environmental review of the Land and the improvements thereon.

5.5 City Council Approval Required. This Agreement is subject to the approval of the City Council.

SECTION SIX **COVENANTS OF BORROWER AND OWNER**

Borrower and Owner agree as follows:

6.1 Use of Proceeds; Order of Funding and Disbursement; Reimbursement of Funds.

6.1.1 Use of Proceeds. Borrower shall cause Owner to, and Owner shall use the proceeds of the Owner Loan and the Other Financing only for items included in the Approved Final Project Budget. Further, proceeds of the City Loan (as distributed pursuant to the Owner Loan) shall only be used for hard construction or other allowable costs, acquisition costs, relocation expenses and work performed that is eligible for payment under the regulations

applicable to the City Loan. No portion of the City Loan or the Owner Loan will be used to pay for damages to the extent covered and paid for by any FEMA reimbursement, SBA assistance, or any insurance policy including delayed or future payments anticipated under any insurance policy. Borrower covenants that the City Loan does not constitute a duplication of benefits to Owner within the meaning of Section 312 of the Stafford Act and the requirements of 76 Fed. Reg. 71060 as updated by 84 Fed. Reg. 28836 and 84 Fed. Reg. 28848.

6.1.2 *Reserved.*

6.1.3 Reimbursement to City. Borrower agrees that it and Owner will reimburse the City in a sum equivalent to the amount of disallowed expenditures in the event that GLO or other applicable state or federal agency, through audit exception or other action, determines that Borrower's or Owner's expenditure of funds loaned to it (or for the benefit of Owner) under this Agreement for the Project was not made in compliance with this Agreement (including without limitation, for the purposes set forth in Section Six, Paragraph 6.1.1 hereof) or Applicable Law. Notwithstanding anything to the contrary, this provision shall survive the end of the term of this Agreement.

6.2 Construction Matters.

6.2.1 Commencement and Completion of Work; Change Orders. No Work shall commence on the Project prior to the Closing of the Original City Loan. Borrower shall cause Owner to, and Owner shall begin the Work within 30 days after the Closing of Tranche 2 but no later than October 1, 2021, but the City shall have no obligation to fund any portion of the Loan Proceeds (other than acquisition costs) until the issuance of all City authorizations and required permits, including without limitation the Notice to Proceed to be issued by the City. Borrower shall cause Owner to, and Owner shall complete the Work in accordance with the Approved Construction Schedule but in no case later than the earlier of (i) twenty-four (24) months after the Closing of the Tranche 2 Loan (August 31, 2021), subject to Force Majeure extensions

not to exceed sixty (60) days or (ii) the expiration date of the GLO Contract DR-17, time being of the essence (the “Approved Construction Period”). Any changes to the Approved Construction Schedule, Approved Construction Contract, Approved Construction Period, or the Approved Plans, Specifications, and Drawings must be submitted and approved in writing by the Director. Subject to waiver by the Director, neither Borrower nor Owner shall be entitled to receive any disbursements of the City Loan after the expiration of the Approved Construction Period.

6.2.2 Good and Workmanlike Manner; Engagement of Experts. Borrower shall cause Owner to, and Owner shall perform or cause to be performed, the Work in a good and workmanlike manner and in accordance with the Approved Plans, Specifications and Drawings, the Approved Construction Schedule, the Approved Final Construction Budget and the Approved Construction Contract. Borrower shall cause Owner to, and Owner shall engage competent persons and firms for the purpose of constructing, leasing and managing the Project.

6.2.3 Compliance with Approved Construction Contract and Approved Construction Project Management Agreement. Borrower shall cause Owner to, and Owner shall fully and timely perform Owner’s obligations under the Approved Construction Contract and/or the Approved Construction Project Management Agreement.

6.2.4 Written Agreements With Subcontractors. Borrower shall cause Owner to, and Owner shall cause Contractor to enter into written agreements with each Subcontractor who does work on or delivers materials to the Project. These subcontracts shall be subject to review and approval by the Director; to the extent that the Director requires, subcontractors shall be required to execute assignment and subordination of liens in favor of the City.

6.2.5 Construction Contract Requirements. The Approved Construction Contract and any other written agreements with contractors, subcontractors, or suppliers

(collectively, for "Construction Contracts") shall contain the requirements set forth in the Appendices attached hereto under the title "Construction Contract Requirements" (collectively, the "Construction Contract Requirements") and Borrower (if the Borrower acts as the "contractor" of the Work) shall comply with the Construction and Supply Contract Requirements. Each Construction and Supply Contract must comply with the federal labor standards provisions of the Davis-Bacon Act, as amended (40 U.S.C. §§ 276a, et seq.); compliance with the Davis-Bacon Act may be verified through on-site inspections by representatives of the City or at the City's option, the Approved Inspectors. In addition, each Construction Contract must require compliance with labor standards under CDBG Regulations at 24 C.F.R. § 570.603 and Department of Labor regulations at 29 C.F.R. Parts 1, 3, 5, 6 and 7.

6.2.6 Owner's Insurance Requirements. Borrower shall cause Owner to, and Owner shall and shall cause its contractors to maintain insurance with waiver of subrogation against the City, its predecessors, successors, assigns, legal representatives, and its former, present and future agents, employees and officers (the foregoing are collectively referred to herein as "City") and, except with respect to workmen's compensation, shall name the City as an additional insured party. The amounts, types, and other specifications of such insurance are described in the "Insurance Requirements" pages of the Appendices (although the Appendices contain the Insurance Requirements as of the Effective Date of this Agreement, the version of Insurance Requirements in effect for the City's General Conditions of Construction Contract at the date of Closing of the City's Loan shall supersede the requirements set forth in the Appendices during the Approved Construction Period). Borrower shall cause Owner to, and Owner shall also comply with all insurance requirements of any Senior Loan Documents. In the event of a conflict between the insurance requirements of the Senior Loan Documents and this Agreement, the stricter of the

two requirements for each type of insurance shall control. Notwithstanding the foregoing, during any period of time when construction is ongoing, Borrower shall cause Owner to, and Owner shall cause builder's risk insurance to be maintained by Contractor for those buildings at the Project undergoing construction in coverage amounts not less than the total respective amount of City provided funds and the Senior Loan that will be allocated to Work on those buildings.

6.2.7 Debarment, etc. No contractor or subcontractor shall be employed who is debarred or suspended by the City's Housing and Community Development Department, GLO, HUD, or any other federal, state or local governmental agency or program. The Debarment form included in the Appendices (or the Debarment form in effect at the time the form is required to be submitted to the Director) shall be furnished to the Director on or before the execution of this Agreement

6.3 Reserved.

6.4 Reserved.

6.5 Reserved.

6.6 Inspections; Corrective Action.

6.6.1 During construction, the Work shall be subject to inspection by the City, GLO or at the City's option, any Approved Inspectors. Until Project Completion, in connection with every requested draw on the City Loan, Borrower shall cause Owner to, and Owner shall provide the Director with an inspection report in form and substance acceptable to Director from the Approved Inspectors meeting the requirements of Section Three, Paragraph 3.15.2.

6.6.2 Borrower agrees to promptly cause Owner and Owner shall promptly make any corrections or modifications to the Work as reasonably requested by the Director to cause the Work to comply with the terms of this Agreement, the inspection reports from the Approved

Inspectors, the Approved Plans, Specifications and Drawings, the Approved Construction Schedule, and any applicable GLO requirements.

6.6.3 After the Certificate of Completion is issued and throughout the entirety of the Affordability Period, the City and/or GLO shall have the right to inspect or have the Project inspected by Approved Inspectors to ensure compliance with Applicable Law, this Agreement, the Restrictive Covenants and the other Loan Documents.

6.6.4 With respect to all of the City's and GLO's inspection rights (1) the City, GLO, Approved Inspectors and the City's authorized agents and independent contractors, and others acting on its behalf, shall have access to the Project at reasonable times for purpose of monthly inspections; (2) each new or renewal lease of a unit within the Project shall include a clause that permits the City's Approved Inspectors and GLO access to inspect units at reasonable times (except in an emergency, when the inspection may be at any time); (3) neither the City nor GLO shall incur any liability to Borrower, Owner or any tenants as a result of such inspections; (4) the City does not guarantee the Work of the Contractor or any Subcontractor and the City shall not be liable in the event of the Contractor's or any Subcontractors' default, or for any damages caused by the Contractor, any Subcontractors, or their employees or agents.

6.6.5 Unless otherwise agreed or limited by the Director, Borrower shall cause Owner to, and Owner shall provide the Director with copies of any and all reports (of any nature) provided to or prepared by (or for) the Senior Lender.

6.7 *Reserved.*

6.8 *Designated Units; Compliance With Affordability Requirements.*

6.8.1 The Director has determined that the number of Designated Units for the Project covered by this Agreement shall consist of forty-four (44) units, being at least fifty-one

percent (51.0%) of the eighty-five (85) total residential units in the Project, the location of which may float during the Affordability Period.

6.8.2 Reserved.

6.8.3 With respect to the Designated Units, Borrower shall cause Owner to, and Owner shall comply with the following rent and income requirements determined in accordance with the Restrictive Covenants (collectively, the “Affordability Requirements”):

- (a) Each of the Designated Units shall be rented or be available for rent only to the City’s LMI Persons, being those households whose gross income does not exceed eighty percent (80%) of the Area Median Income (“AMI”), as determined by HUD.
- (b) Designated Units shall be rent restricted based upon the following criteria:
 - (1) ten percent (10%) or five (5) of the Designated Units shall be restricted to households at rents that do not exceed thirty percent (30%) of AMI.
 - (2) twenty percent (20%) or nine (9) of the Designated Units shall be restricted to households at rents that do not exceed fifty percent (50%) of AMI.
 - (3) forty percent (40%) or eighteen (18) of the Designated Units shall be restricted to households at rents that do not exceed sixty percent (60%) of AMI.
 - (4) thirty percent (30%) or twelve (12) of the Designated Units shall be restricted to households at rents that do not exceed eighty percent (80%) of AMI.
- (c) The rental amount for each Designated Unit shall not exceed the applicable maximum rental limitations published annually by HUD for the low-income housing tax credit program, adjusted for unit size and applicable to the City, as such rental limitation is further described at 26 U.S.C. §§ 42(g)(2)(A) and (B).

6.8.4 The location of the Designated Units shall “float” within the Project. No later than ninety (90) days prior to the initiation of rental activities at the Project, Borrower shall cause Owner to, and Owner shall contact the Director to establish a procedure for identifying the

initial Designated Units to be occupied by qualified tenants and a procedure for identifying the floating Designated Units on a periodic basis thereafter. Floating Designated Units shall conform with the requirements of this Section and the Restrictive Covenants.

6.8.5 Reserved.

6.8.6 If the income of the tenant family occupying a Designated Unit increases above the threshold eligible AMI level as provided for in this Agreement and in the Restrictive Covenants, then the next available non-Designated Unit at the Project must be set aside for an eligible family, and that new unit then becomes a Designated Unit.

6.9 Annual Reevaluation of Rents. For purposes of monitoring compliance with the Affordability Requirements, Borrower shall cause Owner to, and Owner shall, prior to the occupancy of any tenant in a Designated Unit and thereafter annually, submit to the Director for his approval, the rents proposed to be charged by Owner for the coming year for Designated Units and the monthly allowances proposed by Owner for the coming year for utilities and services to be paid by the tenant. In connection with Owner's annual submission of proposed rents, Borrower shall cause Owner to, and Owner shall reexamine the income of each tenant family living in a Designated Unit. Borrower shall cause Owner to, and Owner shall calculate the maximum monthly rent in accordance with the Affordability Requirements, and such maximum monthly rent shall be reviewed and approved by the Director prior to the date that such rent becomes effective ("Approved Rents"). Any increase in the Approved Rents for Designated Units is subject to the provisions of the leases, in any event, and Borrower shall cause Owner to, and Owner shall provide tenants not less than thirty (30) days prior written notice before implementing any increase in Approved Rents.

6.10 Compliance With Property Standards. Borrower shall cause Owner to, and Owner shall, throughout the Affordability Period, maintain the Project in good condition and repair, ordinary wear and tear excepted, in accordance with the Minimum Property Standards. City shall have the right to inspect the Project from time to time to ensure compliance with such requirements, and may require Owner to make any necessary repairs to comply with such requirements in a reasonable period of time; provided, however, any repairs to correct a dangerous condition or imminent hazard shall be commenced immediately upon notice of such dangerous condition or imminent hazard and prosecuted diligently to completion.

6.11 Tenant Lease Requirements. Prior to the date that Owner enters into any new or renewal leases for Designated Units, the Director shall approve a form lease that shall be used for occupancy of the Designated Units. Owner shall not make any modifications to such form lease without the Director's prior written approval. Borrower shall cause Owner to, and Owner shall enter into leases in such approved form with each tenant of a Designated Unit. The term of each lease of a Designated Unit shall not be less than one year unless Owner and the tenant mutually agree otherwise.

6.12 Reserved.

6.13 Tenant Selection Policy; Marketing. Borrower shall cause Owner to, and Owner shall comply at all times with the approved Tenant Selection Policy and shall not amend the Tenant Selection Policy without the prior written approval of the Director, which approval shall not be unreasonably withheld.

6.13.1 Reserved.

6.13.2 Borrower shall cause Owner not to, and Owner shall not refuse to lease a Designated Unit to a prospective tenant because of the status of the prospective tenant as a holder

of a certificate of family participation, rental voucher, or comparable tenant-based assistance document under any federal or state assistance program (unless such rental is in conflict with other applicable federal or state requirements).

6.14 Use of Project. During the term of the Affordability Period, the Designated Units shall be used solely for the purpose of providing housing for the City's LMI Persons in accordance with the provisions of this Agreement, and for no other purpose. Owner shall list the Project on the Houston Housing Authority's ("HHA") landlords list and shall notify HHA that the Designated Units are available for affordable housing.

6.15 Maintenance of Records; Financial and Operating Reports; Monitoring.

6.15.1 Borrower shall cause Owner to, and Owner shall follow the recordkeeping requirements set forth in this Agreement or required by the Director, including to establish and maintain such records as may be necessary to facilitate review and audit by City representatives (including, without limitation, the Director and City Controller) (collectively, the "City Representatives"), GLO or HUD of the City Loan and any documentation required in connection with the CDBG Regulations under 24 C.F.R. § 570.492 and 24 C.F.R. § 570.493. The City Representatives, GLO and/or HUD or any of their authorized representatives shall have the right to audit Borrower's and Owner's books and records and compliance with this Agreement upon reasonable notice to Borrower and Owner, as applicable. If such books and records are located outside of Harris County, Texas, Borrower and Owner agree to make them available in Harris County, Texas.

6.15.2 Borrower and Owner shall provide to the Director: (a) quarterly balance sheets and operating statements not later than the 30th day of the month following the calendar quarter to which the statements relate; (b) monthly rent rolls for the Project not later than the 10th

day of the following month which contain at a minimum the following information (or other information as the Director may from time to time require) which correctly reflects, as of the first of each month, for each Designated Unit: the unit number, the number of bedrooms, the tenant name, the effective lease date, the monthly rent and the unit status (i.e., AMI); (c) financial statements (balance sheet and operating statements) of Owner and Borrower, in a form acceptable to the Director, within 120 days (for unaudited statements) and six months (for audited statements) following the close of Owner's and Borrower's respective fiscal years; and (d) prior to the termination of the Construction Completion Guaranty, annual financial statement (balance sheet and income/operating statement) within 120 days (for unaudited statements) and six months (for audited statements) following the close of Guarantors' fiscal year. The annual financial statements of Owner, Borrower and Guarantor shall be audited by an independent certified public accountant upon the request of the Director. If the Director requires, Borrower shall and shall cause Owner to, and Owner shall provide such reports at different intervals.

6.15.3 Using the Monitoring Forms or other forms from time to time established for use by the Director for monitoring purposes of the Loan Proceeds or to document Owner's compliance with the requirements of this Agreement, Borrower shall cause Owner to and Owner shall provide the Director with all monthly, quarterly or annual compliance reports as the Director requests.

6.15.4 The City shall have ownership of all information, including reports and data, prepared or assembled by Borrower or Owner for purposes of meeting CDBG-DR2 Program and CDBG-DR17 Program requirements and the contractual requirements of this Agreement; provided, however, Borrower and Owner may provide copies of such information to third parties.

6.15.5 Borrower shall cause Owner to and Owner shall, upon the request of the Director, make available to the City at the location of the Project (or at another agreed location in Houston, Texas) all records, reports and other information and data maintained by Borrower or Owner relating to the Project, and shall cooperate with the City in connection with the City's review of such records and monitoring of the Project.

6.15.6 Borrower and Owner shall maintain all records and other information relating to the Project for a period of not less than five (5) years following the expiration of the Affordability Period.

6.15.7 Borrower shall pay or cause Owner to pay an annual monitoring compliance fee to the City in the amount of \$30.00 per Unit restricted herein.

6.16 Notice of Claims or Suits. Borrower shall cause Owner to and Owner shall, give the Director prompt written notice of any causes of action, suits, or other proceedings filed or any claims made against the Project, Borrower, Owner, or Guarantor, or, to the extent that it would have a material adverse effect on the Project, and Borrower and/or Owner have notice thereof, any other persons involved in the implementation or administration of the transactions contemplated by this Agreement.

6.17 Minority, Women and Small Business Enterprises. For purposes of this Paragraph 6.17, the term "Owner" shall mean and include, collectively, Owner, its Construction Project Manager(s) and its general contractor(s). In order to monitor Owner's good faith efforts to adhere to the City's MWSBE's programs, Borrower shall cause Owner to and Owner shall maintain or cause its contractors to maintain records and submit periodic reports of its good faith efforts to the Director in the form and at the times prescribed by the City's designated OBO official and the APPENDIX 9 requirements.

6.18 Transactions with Affiliates. Except as otherwise provided in this Agreement and/or in any of the other Loan Documents, during the Term of this Agreement or any of the Loan Documents, neither Borrower nor Owner shall enter into any transaction in connection with this Agreement with any director, officer, employee, partner, or affiliate of either Borrower or Owner without the prior written approval of the Director. If the Land for the Project was acquired by Borrower or Owner from any director, officer, employee, partner, or affiliate of Borrower or Owner, the sales price for the Land may not have been any greater than most recent assessed value for ad valorem tax purposes, or the value set out in an independent appraisal report.

6.19 Taxes and Insurance. Borrower shall cause Owner to and Owner shall pay all applicable taxes for the Project before delinquency and all insurance premiums for the Project at least 15 days before the due date to prevent any lapse in coverage. Borrower shall cause Owner and Owner at its option shall either: (1) fund an escrow account with Senior Lender for the payment of taxes and insurance premiums; or (2) provide the Director with written evidence acceptable to the Director that taxes and insurance premiums are paid prior to the date that such taxes and insurance premiums are due. To the extent that Owner escrows funds with Senior Lender, Owner shall provide the City with evidence of the adequacy of such escrows. Further, to the extent that Owner fails to escrow funds with the Senior Lender, the Director reserves the right to require Owner to escrow funds for taxes and insurance premiums with the City.

6.20 HUD Section 3 Requirements. If applicable, Borrower shall cause Owner to and Owner shall comply at all times with Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) as set forth and supplemented in the City's Housing and Community Development Department's Section 3 Plan and associated documents. Borrower shall cause Owner to report Section 3 compliance in accordance with 24 C.F.R. Part 135 and 83 Fed. Reg. 5844.

Section 3 requirements are applicable to Borrower and Owner if the assistance provided for in this Agreement exceeds \$200,000.00, and to contractors and subcontractors for contracts or subcontracts that exceed \$100,000.00.

6.21 Public Relations and Signage. All news releases and other public relations efforts, including advertising (except for advertisements solely for the purpose of obtaining tenants for the Project) and signage, must be approved in advance by the Director, and must properly refer to the City's Loan by the City and the City's Housing and Community Development Department.

6.22 Expertise. Upon request by the City, the City shall have the right to approve Owner's intention to retain any person or firm for the purpose of constructing, leasing and managing the Project and Borrower shall cause Owner to, and Owner shall provide evidence of the expertise and competence of such persons and firms that Owner intends to engage for the purpose of constructing, leasing and managing the Project. In addition, the City may require the retention of third party consultants if the Borrower and Owner fail to demonstrate capacity to handle the Project scope and leasing.

6.23. Compliance with Applicable Law.

6.23.1 Borrower shall cause Owner to, and Owner shall acquire, repair/re-construct, lease, maintain and operate the Project, and conduct all activities under this Agreement in accordance with all applicable federal, state, and local laws, rules, regulations and ordinances including, without limitation, the those included in the Appendices and specifically set forth in this Agreement, as they may be from time to time amended (collectively, the "Applicable Law").

6.23.2 Borrower and Owner will conduct all activities under this Agreement and the Loan Documents in accordance with Applicable Law.

6.23.3 Borrower and Owner acknowledge and agree that all required lead-based paint and asbestos abatement will comply with Applicable Law.

6.23.4 Borrower shall cause Owner, and Owner shall cause the Project and the Work to comply with the requirements of the Americans With Disabilities Act of 1990 (42 U.S.C. § 12101 et seq.), the Architectural Barriers Act (42 U.S.C. §§ 4151-4157), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794 et seq.) (“Section 504”), and regulations and guidelines promulgated thereunder, as all of the same may be amended and supplemented from time to time, the Texas Architectural Barriers Act, Tex. Gov’t. Code Ann. § 469.001 et seq. (1994) and the regulations and guidelines promulgated thereunder, and Chapter 10, subsection 60 of the Texas Administrative Code and the regulations and guidelines promulgated thereunder (“Chapter 10”) as all of the same may be amended and supplemented from time to time (collectively, “Accessibility Requirements”). The Project shall be rehabilitated to standards that meet the Property and Construction Standards outlined in the Multifamily Disaster Recovery Guidelines of the CDBG-DR17 Disaster Recovery Guidelines including, without limitation, the Accessibility Requirements, the Minimum Property Standards, energy efficiency standards (Energy Star, LEED, Enterprise Green ICC-700, and HUD CPD Green Building Checklist), and installation of broadband infrastructure. Five percent (5%) of the total number of units at the Project (i.e. nine (9) units), disbursed throughout the Project, shall be designated accessible in accordance with Section 504 and Chapter 10 using the 2010 ADA Standards for Accessible Design, promulgated by the United States Department of Justice, found at 28 C.F.R. § 35.151 (2013) and 36 C.F.R. Part 1191, App. B and D (2013) (the “2010 ADA Standards”) as modified by HUD. In addition, two percent (2%) of the units at the Project (i.e. four (4) units) shall meet

the standards to accommodate the hearing and visually impaired in accordance with Applicable Laws (as defined herein).

6.23.5 If applicable, Borrower shall cause Owner, and Owner shall comply with CDBG Regulations at 24 C.F.R. Part 570, the Uniform Relocation Assistance and Real Property Policies Act of 1970 (“URA”), as amended, at 49 C.F.R. § 24, and Section 104(d) of the Housing and Community Development Act of 1974, as amended, at 24 C.F.R. § 42. Borrower shall cause Owner, and Owner shall also comply with the tenant protection requirements set forth in the Protecting Tenants at Foreclosure Act of 2009, as amended and extended, (“PTAF”), as well as with any local codes or ordinances with respect to tenants’ rights or tenant protection. If required by applicable law, Borrower shall cause Owner, and Owner shall also comply with the Multifamily Relocation Requirements (“Multifamily Relocation Requirements”) in the Appendices and shall submit to the Director copies of all documentation required by the Multifamily Relocation Requirements or relating to URA, which may include, without limitation, (i) a certification or affidavit, unless waived by the Director, affirming Owner has performed all appropriate due diligence in order to confirm compliance with the tenant protection requirements set forth herein, (ii) a Notice to Real Property Owner/Seller, (iii) Tenant Status Reports, (iv) all Notices with Tenant Acknowledgements as required by the URA and (v) other related forms described in the Multifamily Requirements. If required by Applicable Law, Borrower shall cause Owner, and Owner shall also submit to Director copies of all tenant notices and the Seller’s Occupancy Certification required under PTAF with respect to the tenant protection requirements, to substantiate that such notices, if required by Applicable Law, were provided either by the foreclosing lender or by Borrower or Owner, as applicable.

6.24 Replacement Reserve and Operating Reserve. In accordance with the Senior Loan Documents, but not later than the first (1st) anniversary following Project Completion, Borrower shall cause Owner to, and Owner shall establish with Senior Lender, or to the extent not funded with the Senior Lender, a financial institution acceptable to the Director and Senior Lender in their sole and absolute discretion, and fund as an Operating Expense a “replacement reserve escrow account” (“Replacement Reserve Account”) for the replacement of furniture, fixtures, and equipment used in connection with those units at the Project for which the Work has been completed and for repair of capitalized improvements, in an amount not less than the greater of (i) \$300.00 per unit annually, increased by 3% annually, or (ii) the reserve required by the Senior Lender per Unit per annum. If the Senior Lender requires a Replacement Reserve Account meeting these requirements, no additional reserve shall be required by the City. The reserve shall be deposited in equal monthly installments on an amortized basis. (For example if the Project had 100 Units, the monthly payment would be calculated as follows: $100 \text{ Units} \times \$300 \div 12 = \$2,500$ monthly escrow payment). In the event that the Senior Lender does not require a Replacement Reserve Account pursuant to the immediately preceding sentence, the City shall have the right to cause Owner to fund such Replacement Reserve Account, in an annual amount not less than \$300.00 per unit, increased by 3% annually, in accordance with the terms of this Section 6.24. Unless a Default exists, Owner shall be entitled to utilize amounts in the Replacement Reserve Account as necessary, provided that Owner shall replenish the amount withdrawn by continuing to fund deposits to the Replacement Reserve Account in accordance with the preceding sentence. Any replacement reserve amounts required under the Senior Loan Documents may be applied toward satisfaction of the Replacement Reserve Account requirements in this Agreement. If the Replacement Reserve is not required by the Senior Lender, the Director may require that the

Replacement Reserve Account and all amounts held therein shall be collaterally assigned to the City pursuant to a pledge and account control agreement in form and substance acceptable to the Director in his or her sole and absolute discretion. If the Replacement Reserve is required by the Senior Lender, the City shall have a second lien priority interest in the Replacement Reserve Account and the funds contained therein. On an annual basis, Borrower shall cause Owner to, and Owner shall provide the Director with an accounting of the Replacement Reserve Account. If not required by the Senior Lender or Owner's Partnership Agreement, the Director may require Owner to establish an Operating Reserve for the Project at Project Completion on terms and conditions as approved by the Director.

6.25 Insurance Provisions in the Deed of Trust. Borrower shall cause Owner to, and Owner shall comply with all insurance requirements set out in the Senior Mortgage, the Deed of Trust securing the City Loan and this Agreement.

6.26 Reserved.

6.27 Consulting and Developer's Fees. During the Term, without the prior written approval of the Director, no consulting or developer's fees shall be paid by Borrower or Owner, directly or indirectly out of the proceeds of the City's Loan or out of the revenue of the Project (except as provided in the Approved Final Construction Budget or the Approved Final Operating Budget).

6.28 Distributions Covenant. If the Project exceeds a debt service ratio of 1.5 to 1 on an annual (calendar year) basis, the available cash for distribution for such calendar year shall be limited to the cash available between breakeven (1:1 debt service ratio) and a 1.5 to 1 debt service ratio. Notwithstanding anything to the contrary contained in this Agreement, any distribution in excess of such amount whether to Borrower, Owner, Master Tenant or any of their respective

partners, shareholders, members or affiliates as applicable shall entitle the Director to declare a Default hereunder without prior notice and opportunity to cure. For example: If the debt service on the Project was \$100,000 per year and the available cash before payment of debts was \$200,000, the Project would have a debt service ratio of 2:1. \$100,000 of the cash would be used to pay debt service, \$50,000 (only) would be available for distribution and the remaining \$50,000 would be reserved by Owner and promptly invested in the capital improvement of the Project or deposited in the Replacement Reserve Account. Cash flow in excess of a 1.5 to 1 debt service ratio shall not be available for distribution and shall be invested in the Project or deposited in the Replacement Reserve Account as provided above. Borrower and Owner covenant to notify the City in writing at least ten (10) days in advance of any distribution of Project income (including rent income) to Borrower's, Owner's or Master Tenant's partners, shareholders, members or affiliates as applicable. Cash flow from the Project shall be calculated prior to the payment of any rent under the Master Lease to Owner, and distributions shall include distributions including rent made to the Owner or the partners of Owner and Master Tenant. Payment of the following fees to the Tax Credit Investor shall not constitute distributions: Priority Return, Asset Management Fee, Special Tax Distributions, Tax Credit Adjuster Payments, and the Put Price..

6.29 Modification Fees. In the event that a modification of this Agreement or any change in any City Loan terms is required after Closing which requires the Director's or City Council's approval, Borrower shall be responsible for all costs in connection therewith together a fee of no less than \$25,000.00 with the amount of the fee to be determined at the time of request. The City acknowledges that the closing of the Other Financing including transactions involving the federal and state historic tax credits will not trigger the Modification Fee unless a modification

of this Agreement or the Loan Documents is required as a result thereof which requires City Council approval.

SECTION SEVEN
AMENDMENTS TO
ORIGINAL CITY LOAN DOCUMENTS

7.1 *Amendment to Original City Note and the Original Owner Note.* The Original City Note and the Original Owner Note are amended to make the first installment of interest on the Original City Note and the Original Owner Note due on the first anniversary date of Project Completion. For purposes of the Original City Note and the Original Owner Note, the Approved Construction Period is amended to mean twenty-four months from the Closing of the Second Tranche which was August 31, 2021.

The following Section is added to the end of the Original Owner Note:

“As long as HUD is the insurer or holder of the Senior Loan, the following provisions (“HUD Provisions”) shall be in full force and effect:

(1) any payments due under this Note shall be payable only (i) from permissible distributions from Surplus Cash of the Project as set forth in the Regulatory Agreement for the Senior Loan; but in no event greater than seventy-five percent (75%) of the total amount of Surplus Cash; or (ii) from monies received from Non-Project Sources. In no event may payments due under all subordinate debt of Maker cumulatively exceed 75% of available Surplus Cash. The restriction on payment imposed by this paragraph shall not excuse any default caused by the failure of the Borrower to pay the indebtedness evidenced by this Note. Non-Project Sources means sources other than the Project, any proceeds of the Senior Loan, and any reserve or deposit

made with Senior Lender or any other party as required by HUD in connection with the Senior Indebtedness.;

(2) no prepayment of this Note shall be made until after final endorsement by HUD of the Senior Note, unless such prepayment is made from Non-Project Sources and is approved in writing by HUD.

(3) Except pursuant to a sale under the Collateral Assignment to the City, this Subordinate Note is deemed non-negotiable and may not be further sold, transferred, assigned, or pledged by the Subordinate Lender or the City except with the prior written approval of HUD;

(4) “ Interest on the Note shall not be compounded as long as HUD is the insurer or holder of the Senior Loan”;

(5) Maker hereby waives presentment, demand, protest and notice of demand, protest and nonpayment of this Note;

(6) the terms and provisions of this Section are also for the benefit of and are enforceable by HUD against any party hereto, their successors and assigns. The Note may not be modified or amended without the written consent of HUD; and

(7) in the event of any conflict between the terms of this Note and the HUD Provisions, the terms of the HUD Provisions shall control.

7.2 *Amendment to Various Original City Loan Documents.* References in the (i) Assignment of Property Management Agreement; (ii) Assignment of Architect’s Contract, Plans and Specifications, (iii) Assignment of Construction Contract, Plans Specifications and Consent; (iv) Assignment of Construction Contract, Plans Specifications and Consent (Subcontract); and (v) the Environmental Indemnity Agreement to the following terms are amended to mean as follows:

- (a) "City Loan" shall mean the Original City Loan and Tranche 3 Loan;
- (b) "Owner Loan" or "Fifth Ward Loan" or "Collateral Loan" shall mean the Original Owner Loan and the Tranche 3 Owner Loan.
- (c) "Collateral Note" shall mean the Original Owner Note and the Tranche 3 Owner Note.
- (d) "Collateral Assignment" shall mean the Original Collateral Assignment and the Tranche 3 Collateral Assignment.
- (e) "Deed of Trust" shall mean the Original Deed of Trust and the Tranche 3 Deed of Trust.
- (f) "Loan Agreement" or "City Loan Agreement" shall mean this Agreement.
- (g) "Loan Documents" or "City Loan Documents" shall mean the Original Loan Documents and the Tranche 3 Loan Documents.

The date of the Master Lease is designated to be August 31, 2021.

SECTION EIGHT
RESERVED

SECTION NINE
DISBURSEMENT PROCEDURES

9.1 Disbursement Limitations. The proceeds of the City Loan shall be disbursed only for eligible and approved costs of the Work, relocation costs or acquisition costs that (i) are included in the Approved Final Project Budget, (ii) have been approved by the Director, (iii) if for Work, are for a portion of the Work that has been completed and which portion of the Work has been approved by the Director, and (iv) if for materials, are for materials purchased and incorporated in the Work or that are stored on site and approved by the Director.

9.2 Retainage. Disbursement for the Work or other expenses under the Approved Final Construction Budget as well as acquisition costs shall be subject to a ten percent (10.0%) retainage under Section 53.101, et seq. of the Texas Property Code (as it may be amended from time to time), but notwithstanding the foregoing, in no case shall retainage be released prior to thirty (30)

days following completion of the Work as certified by the Architect or other person acceptable to the City. At the time of the release of the retainage, the Project is or will be as a result of the release of retainage free of all liens relating to the Project, other than liens that are bonded around. At the time of the release of the retainage, Borrower shall cause Owner and Owner shall provide the City with a down-date endorsement (T-3), final lien waivers and/or such other documentation as may be required by the Director.

9.3 Reallocation of Loan Proceeds. Any Loan Proceeds that are allocated for the Project but that are not expended for eligible costs under the Approved Final Project Budget pursuant to the terms of this Agreement shall be returned to the City for reallocation.

9.4 Reallocation of Savings and Contingencies. Borrower or Owner may, with the Director's approval, reallocate savings from one category of the Approved Final Construction Budget or from the contingency category of the Approved Final Construction Budget to another category of the Approved Final Construction Budget for the Project.

9.5 Drawdown Procedure. Borrower shall not request a disbursement of the Loan Proceeds except in accordance with the Approved Construction Schedule and Approved Final Project Budget and in accordance with the provisions of this Paragraph 9.5. Construction funding will be based on percentage of completion for work in place meeting all compliance requirements. When a disbursement of Loan Proceeds is requested, Owner shall provide to Borrower for delivery to the Director (but in no event more often than once a month and for an amount of not less than \$5,000) an application for the disbursement (in a form required by the Director) (the "Disbursement Request") together with supporting documentation required by the Director (which shall include but not be limited to invoices and draw requests submitted by Contractor, interim lien waivers using forms provided by the GLO attached hereto as APPENDIX 14, as they may be

amended from time to time or any replacement form approved by the Director and City Attorney, and monthly construction progress reports on a unit by unit basis for verification by a third party inspector or a representative of the City) and evidence of required permits. In addition to the other information required by the Director, the initial disbursement request shall include a copy of all required permits necessary to commence construction. If the Director objects to an item (or portion thereof) included in any Disbursement Request or if all required information has not been submitted, then the Director shall notify Owner within 10 business days of receipt of the applicable Disbursement Request of the Director's objection and shall thereupon be relieved of any obligation to make a disbursement for that item (or portion thereof) until such time as Owner cures the objection(s) to the reasonable satisfaction of the Director. If the Disbursement Request is otherwise complete (as determined by the Director) and provided no Default exists or event that with the passage of time or giving of notice would constitute a Default has occurred and is continuing, the City shall, within 30 calendar days following approval of Owner's request, fund the requested disbursement from the City Loan less any amounts for items to which the Director has raised an objection and that have not been cured and less any retainage; provided, however, that the City shall not be required to make a disbursement (other than the last disbursement) in an amount less than \$5,000 nor shall the City be required to make more than one disbursement per month. With each draw, the Owner shall provide a down-date endorsement (T-3) to the City Loan Title Policy together with partial lien releases from the Contractor and subcontractors for the Work performed through the date of the draw request.

SECTION TEN
DEFAULT AND REMEDIES

10.1 Default. The Director may declare a default ("Default") under this Agreement or any one or more of the Loan Documents upon the occurrence of any one or more of the following

circumstances (and in all events, subject to the rights of Tax Credit Investor under Section 10.3 hereof):

10.1.1 Failure to Pay.

(a) If Borrower fails to pay, when due, any portion of the indebtedness evidenced by the Original Note and/or this Agreement and/or secured by the Collateral Assignment (Owner Loan) and such failure continues for ten (10) days after written notice thereof from the Director to Borrower.

(b) If Owner fails to pay the Borrower when due any portion of the indebtedness evidenced by the Owner Loan and such failure continues beyond all applicable notice and cure periods contained in the Owner Loan Agreement.

10.1.2 Breach of Affordability Requirements and/or Restrictive Covenants. If

Borrower or Owner breaches (i) the Affordability Requirements in this Agreement or the parallel Affordability Requirements set forth in the Restrictive Covenants and such breach continues for thirty (30) days after written notice thereof from the City to Borrower and Owner or (ii) any other covenant, condition, representation or warranty contained in the Restrictive Covenants, provided, however, that if the Restrictive Covenants do not provide a cure period, Borrower and Owner shall not have cure rights hereunder.

10.1.3 Breach of Other Covenants or Conditions.

(a) Except for the breaches of covenants or conditions covered by Section Ten, Paragraphs 10.1.1 and 10.1.2 above, if Borrower or Owner fails, refuses or neglects to perform fully and timely any obligation, or breaches any covenant or condition (including any condition prior to or subsequent to the issuance of the City Loan) under this Agreement, or under any other Loan Document, and such failure continues for thirty (30) days after written notice from the City

to Borrower and Owner, or, if the failure is not susceptible to cure within said 30-day period, such greater period of time (not to exceed sixty (60) days) as is necessary to cure such failure provided Borrower commences to cure such failure within said 30-day period and diligently works to cure such failure; provided, however that in the event that (i) any such cure periods would cause a violation to occur under Applicable Law or cause a recapture of the tax credits or (ii) any breach or failure of performance of a life safety requirement, such event shall be deemed a Default hereunder without any notice or opportunity to cure;

(b) Except for the breaches of covenants or conditions covered by Section Ten, Paragraphs 10.1.1 and 10.1.2 above, if Owner fails, refuses or neglects to perform fully and timely any obligation, or breaches any covenant or condition under any of the documents evidencing, securing or otherwise pertaining to the Owner Loan, and such failure continues for thirty (30) days after written notice from Borrower or City to Owner; provided, however that in the event that (i) any such cure periods would cause a violation to occur under Applicable Law or cause a recapture of the tax credits or (ii) any breach or failure of performance of a life safety covenant, such event shall be deemed a Default hereunder without any notice or opportunity to cure.

10.1.4 Breach of Representations or Warranties. If any representation or warranty made by Borrower or Owner in its application(s) for the City Loan or in any of the Loan Documents, or this Agreement, or the Restrictive Covenants is false or misleading in any material respect, provided, however, that solely with regard to non-financial misrepresentations or warranties, Borrower and Owner shall have thirty (30) days after written notice to the Borrower and Owner from the City in which to take such action as may be necessary to cause the matter or thing represented to become true or not misleading; provided, however that in the event that any such cure periods would cause a violation to occur under Applicable Law or cause a recapture of

the tax credits, such event shall be deemed a Default hereunder without any notice or opportunity to cure.

10.1.5 Voluntary Actions. If Borrower, Owner or Guarantor (if any) is voluntarily adjudicated bankrupt, seeks, consents or does not contest the appointment of a receiver or trustee for itself or for all or part of its property, makes a general assignment for the benefit of creditors, does not pay its debts as they become due, or files a petition seeking relief under United States Bankruptcy Law.

10.1.6 Involuntary Actions. If a petition is filed against Borrower, Owner or Guarantor (if any) under United States Bankruptcy Law or if a court of competent jurisdiction enters an order appointing a receiver or trustee for Borrower, Owner or Guarantor (if any) for all or any material part of such party's property, and the order or petition is not discharged, dismissed or stayed within a period of ninety (90) days.

10.1.7 Dissolution or Liquidation. If Borrower or Owner is a partnership, limited liability company, corporation or other legal entity and dissolves, liquidates, or merges with or is consolidated into any other entity without the written approval of the Director.

10.1.8 Destruction of the Project. If the Project is demolished, destroyed or substantially damaged, and it is not restored or rebuilt in accordance with the requirements of the Loan Documents.

10.1.9 Cessation of Work. If Work on the Project ceases for ninety (90) or more consecutive days unless such cessation of Work is caused by cessation of funding under the City Loan.

10.1.10 Failure to Obtain. If Borrower or Owner fails to obtain any funding of the Other Financing in the order required under the Intercreditor Agreement (if applicable).

10.1.11 **Liens and Other Encumbrances.** If any mechanics', materialman's or other similar lien or encumbrance is filed against the Project, or the fixtures, materials, machinery and equipment to be used in the Project or other collateral that secures the City Loan, and the same is not discharged (by payment, bonding, which may include payment bond furnished by contractor, or otherwise) within fifteen (15) business days following written notice thereof from the City to Borrower and Owner.

10.1.12 **Change of Ownership or Management.**

(a) If all or any part of Owner's interest (as fee owner or Master Landlord) or the Master Tenant's interest in the Project and/or the Master Lease is directly or indirectly transferred including transfers of membership or partnership interests in Owner or the Master Tenant (excluding transfers of membership or partnership interests in the Master Tenant by the Original Tax Credit Investor (or any entity permitted pursuant to Paragraph 10.1.15) or by its members or partners holding less than forty-nine percent (49%) ownership interest in Master Tenant, unless such interests being transferred are general partner or managing interests or the interests of Borrower or Owner or their affiliates), sold or assigned, voluntarily or involuntarily, or there is a change of management of the Project, at any time within the Affordability Period, such transfer of interest or change of management must first be approved in writing by the Director, which approval may be granted or withheld by the Director. In the case of a transfer of Owner's interest or Master Tenant's interest in the Project and/or the Master Lease, the Director's consent, if any, shall not be effective unless or until the purchaser or transferee assumes in writing all obligations and covenants of Borrower, Owner and Master Tenant under the Loan Documents and/or Master Lease (as applicable) in a form acceptable to the Director and the City Attorney. Notwithstanding the forgoing, it shall not be a default and no consent of the City shall be required

for Cloudbreak Development II, LLC to transfer its interest in the Master Tenant to Owner after the fifth year that the Project is operational and in service, provided that notice of such transfer shall be provided to the City; or

(b) If there is otherwise a change in control of Borrower in violation of this Agreement.

(c) There is a change in the Property Manager without Director's consent.

10.1.13 Failure to Complete. If Owner or Borrower fails to complete the Work in accordance with the Approved Plans, Specifications, and Drawings that are approved by the Director within the Approved Construction Period.

10.1.14 GLO, IRS or other Audit Findings or Exceptions. If the City Representatives, GLO, the Internal Revenue Service, or other federal or state agency makes an audit finding or exception that relates to the Project, the funds provided under this Agreement, or the Other Financing, provided, however, that if the audit finding or exception is curable, there shall be no Default unless the audit finding or exception is not cured within thirty (30) days after written notice to Borrower and Owner of such finding or exception or for such greater period as shall be necessary to cure such finding or exception so long as Borrower or Owner commences to cure such finding or exception within thirty (30) days after written notice thereof to Borrower and Owner and satisfactorily completes such cure.

10.1.15 Removal of Master Tenant's General Partner. Notwithstanding anything to the contrary contained in this Agreement or the Loan Documents, the removal and/or replacement of Master Tenant's general partner for cause in accordance with Master Tenant's Partnership Agreement shall not require the consent of the City or Director, shall not constitute a default under this Agreement or the Loan Documents or accelerate the maturity of the City Loan. The consent of the Director shall be required for the appointment of a new general partner, but if

the Tax Credit Investor exercises its right to remove the Master Tenant's general partner for cause, City will not unreasonably withhold its consent to the substitute general partner; provided however, the consent of neither the City nor the Director shall be required if the substitute general partner is an affiliate of the Original Tax Credit Investor. The substitute general partner shall assume all of the rights and obligations of the removed general partner of Master Tenant under the Master Lease.

10.2 Temporary Non-Compliance Not a Default. Notwithstanding the foregoing or any other provision of this Agreement or any of the other Loan Documents to the contrary, neither Borrower nor Owner shall be in Default hereunder or thereunder if such Default occurs solely as a result of temporary noncompliance with Section Six, Paragraphs 6.8.1, 6.8.3 or 6.8.4, or comparable or similar provisions of this Agreement or any of the other Loan Documents, and such temporary noncompliance is caused by increases in incomes of existing tenants, provided that actions satisfactory to GLO and the City are being taken to ensure that all vacancies are filled with eligible tenants until the noncompliance is corrected. Without limiting the foregoing, existing tenants of Designated Units whose financial status during the term of the lease are found to be such as to no longer qualify such tenants as City LMI Persons, must pay as rent from the date any such tenant no longer qualifies as a City LMI Person, an amount equal to the lesser of the amount payable by the tenant under state or local law or thirty (30%) percent of the family's adjusted monthly income, as recertified annually, but in no event shall more rent be charged than is allowed under Section 42 of the Internal Revenue Code.

10.3 Right to Cure. Any time there is an event or a condition described in Section 10.1 which, with the passage of time might become a Default, if the Project has received Other Financing from Tax Credits, the Tax Credit Investor and/or the Senior Lender shall have the

independent and concurrent right to cure such event or condition during the same period of time as that provided to Borrower or Owner. A cure by the Tax Credit Investor and/or the Senior Lender of any event or condition that, with the passage of time might become a Default, shall have the same effect as a cure of such event or condition by Borrower.

10.4 Owner's Right to Cure. Anytime there is an event or condition described in Section 10.1 which, with the passage of time might become a Default, if the Project has received other financings from Tax Credits, Owner shall have the independent and contingent right to cure such event or condition during the same period of time as that provided to Borrower. A cure by Owner of any event or condition that, with the passage of time might become a Default, shall have the same effect as a cure of such event or condition by Borrower.

10.5 City's Remedies. Upon the declaration of a Default by the Director and the failure by Borrower or Owner or Senior Lender or Tax Credit Investor to cure same within a time period specified herein (if any), the Director may in his or her sole discretion: (i) terminate this Agreement; (ii) accelerate payment of the Note and declare that all sums under the City Loan are immediately due and payable; (iii) subject to the Subordination, Nondisturbance and Attornment Agreement attached as Attachment Q, foreclose on the Project; (iv) cease funding any disbursements under the City Loan; (v) foreclose on the Owner Note pursuant to the Collateral Assignment (Owner Loan) and/or (vi) take any other action authorized or available under this Agreement, any of the Loan Documents or under Applicable Law or in equity including specific performance. In the event a Default exists, if the Director so chooses this remedy, the outstanding deferred principal balance shall be immediately due and payable. Upon the occurrence and continuation of any Default hereunder, the deferred principal shall bear interest at a rate of the lesser of ten percent (10%) per annum or the maximum rate of interest permitted to be contracted

for by Applicable Law (“Highest Lawful Rate”). Failure of Borrower or Owner to adequately perform under this Agreement may result in penalties including the possibility of disbarment from future GLO and City projects. In the event that the City elects to stop funding the City Loan upon the occurrence and continuance of a Default, the Borrower and Owner shall be obligated to continue and complete the Work at Borrower’s and Owner’s expense.

SECTION ELEVEN
ALLOCATION OF COST SAVINGS
AND RECOVERY OF DAMAGES FROM CONTRACTOR

In the event that (i) cost savings are achieved in connection with the performance of the Work and not reallocated in accordance with Section Nine, Paragraph 9.4 or (ii) the Contractor or any Subcontractor selected to perform the Work on the Project makes a payment of damages to Owner for delays, defective workmanship or material, or for other items related to Work on the Project and such sums are not used by Owner to correct such defective workmanship or otherwise mitigate any damages related to Work on the Project resulting from such default by the Contractor or any Subcontractor, Borrower shall immediately cause Owner to and Owner shall pay to the City a portion of such cost savings or the sum received as payment of damages, to be applied against the principal balance of the City Loan, which the City may apply, at its option to the Original City Loan or the Tranche 3 Loan. The amount of such savings or damages to be paid to the City and applied to the City Loan shall be equal to:

- (i)
$$\frac{\text{(The total amount of the City Loan disbursed for Work)} \times \text{(amount of cost savings realized or damages received)}}{\text{(The total Work cost)}}$$
- (ii) less any portion of the damages received that the Director determines are attributable to lost income from rent; and
- (iii) less any portion of the cost savings realized or damages received that are used to pay Work costs approved by the Director in accordance with the Final Budget.

Provided, however, to the extent that cost savings result in reduction in eligible basis for the Project and such reduction results in the amount of equity being contributed to the Project by the Tax Credit Investor being reduced, the City Loan shall not be reduced by any amount of reduction in the Tax Credit Investor's equity.

SECTION TWELVE
RESERVED

SECTION THIRTEEN
RESERVED

SECTION FOURTEEN
RELEASE AND INDEMNIFICATION

14.1 RELEASE. OWNER, BORROWER, THEIR PREDECESSORS, SUCCESSORS AND ASSIGNS (THE FOREGOING ARE COLLECTIVELY REFERRED TO IN THIS SECTION AS "OWNER") HEREBY RELEASE, RELINQUISH AND DISCHARGE THE CITY, ITS PREDECESSORS, SUCCESSORS, ASSIGNS, LEGAL REPRESENTATIVES AND ITS FORMER, PRESENT AND FUTURE AGENTS, EMPLOYEES AND OFFICERS (THE FOREGOING ARE COLLECTIVELY REFERRED TO IN THIS SECTION AS "CITY") FROM ANY LIABILITY AS A RESULT OF THE JOINT NEGLIGENCE OF THE CITY AS A RESULT OF ANY INJURY, INCLUDING DEATH OR DAMAGE TO PERSONS OR PROPERTY, WHERE SUCH DAMAGE IS SUSTAINED IN CONNECTION WITH THIS AGREEMENT.

14.2 INDEMNIFICATION AGREEMENT. EACH OF BORROWER AND OWNER COVENANTS AND WARRANTS THAT IT WILL PROTECT, DEFEND, AND HOLD THE CITY HARMLESS FROM ANY AND ALL THIRD PARTY CLAIMS, DEMANDS, AND LIABILITY, INCLUDING DEFENSE COSTS, RELATING IN ANY

WAY TO DAMAGES, CLAIMS OR FINES ARISING BY REASON OF OR IN CONNECTION WITH OWNER'S ACTUAL OR ALLEGED NEGLIGENCE OR OTHER ACTIONABLE PERFORMANCE OR OMISSION OF OWNER IN CONNECTION WITH OR DURING THE PERFORMANCE OF THE DUTIES UNDER THIS AGREEMENT. ALSO, DURING THE PERFORMANCE OF THE WORK AND UP TO A PERIOD OF FIVE (5) YEARS AFTER THE DATE OF FINAL ACCEPTANCE OF THE WORK, OWNER FURTHER EXPRESSLY COVENANTS AND AGREES TO PROTECT, DEFEND, INDEMNIFY, AND HOLD HARMLESS THE CITY FROM ALL CLAIMS, ALLEGATIONS, FINES, DEMANDS, AND DAMAGES RELATING IN ANY WAY TO THE ACTUAL OR ALLEGED JOINT AND/OR CONCURRENT NEGLIGENCE OF THE CITY AND OWNER, WHETHER OWNER IS IMMUNE FROM LIABILITY OR NOT.

IT IS THE EXPRESSED INTENTION OF THE PARTIES HERETO THAT THE INDEMNITY PROVIDED HEREIN IS AN AGREEMENT BY OWNER TO INDEMNIFY AND PROTECT THE CITY FROM THE CITY'S OWN NEGLIGENCE WHERE SAID NEGLIGENCE IS AN ALLEGED OR ACTUAL CONCURRING PROXIMATE CAUSE OF ANY ALLEGED THIRD-PARTY HARM.

THE INDEMNITY PROVISION PROVIDED HEREIN SHALL HAVE NO APPLICATION TO ANY CLAIM OR DEMAND WHERE BODILY INJURY, DEATH, OR DAMAGE RESULTS ONLY FROM THE SOLE NEGLIGENCE OF THE CITY UNMIXED WITH ANY FAULT OF OWNER. FURTHER, THE COVENANTS MADE IN THIS PARAGRAPH 14.2 TOGETHER WITH ALL OTHER INDEMNIFICATION REQUIREMENTS OF BORROWER AND OWNER SHALL BE JOINT AND SEVERAL OBLIGATIONS OF BORROWER AND OWNER.

SECTION FIFTEEN
NOTICE

All notices, demands, certificates, or other communications hereunder shall be in writing and shall be deemed sufficiently given or served for all purposes when delivered personally, by courier or via overnight delivery, when sent by certified or registered mail, postage prepaid, return receipt requested or by private courier service, in each case, with the proper address as indicated below; provided that any such notices, demands, certificates, or other communications shall be deemed delivered on the date delivered, or if mailed, three (3) days after deposit in the U.S. mail. Where an email address is indicated below, notice shall also be sent to the applicable party both by email as well as one of the other designated forms of notice, but notice by email shall not satisfy the notice delivery requirements of this Agreement. Each party may, by written notice given to the other parties, designate any other address or addresses to which notices, certificates or other communications to them shall be sent as contemplated by this Agreement. Until otherwise so provided by the respective parties, all notices, certificates and communications to each of them shall be addressed as follows:

TO THE CITY: **CITY OF HOUSTON**
c/o Housing and Community Development Department
2100 Travis, 9th Floor
Houston, TX 77002
Attention: Director

With a copy to: **CITY OF HOUSTON LEGAL DEPARTMENT**
900 Bagby, 4th Floor
Houston, TX 77002
Attention: Section Chief, Disaster Recovery

With a copy to: **HOUSING AND COMMUNITY DEVELOPMENT**
DEPARTMENT
2100 Travis, 9th Floor
Houston, TX 77002

TO BORROWER: **FIFTH WARD COMMUNITY
REDEVELOPMENT CORPORATION** 4300 Lyons
Avenue
Houston, Texas 77020
Attention: Board Chair

TO OWNER: **ST. ELIZABETH PLACE L.P.**
4300 Lyons Avenue
Houston, Texas 77020
Attention: Kathy Flanagan Payton, Manager

SECTION SIXTEEN
RESERVED

SECTION SEVENTEEN
RESERVED

SECTION EIGHTEEN
MISCELLANEOUS

18.1 Relationship of Parties. The relationship of the City to Borrower pursuant to this Agreement, the Original City Note, the Tranche 3 Note and all other Loan Documents is that of lender to borrower. Neither this Agreement, the Original City Note, the Tranche 3 Note nor any of the Loan Documents creates any partnership, joint venture, or other subrecipient or fiduciary relationship between City and Borrower and/or the City and Owner.

18.2 Parties in Interest. Except for the rights of the GLO specifically set forth herein, this Agreement shall not bestow any rights upon any third party, but, rather, shall bind and benefit the City, Owner and Borrower, and as applicable, benefit GLO. Neither the U.S. Government, HUD, any subcontractor or supplier, nor any other person or entity, is a party to or a third-party beneficiary of this Agreement.

18.3 Exculpation. The City shall not be liable to Borrower or Owner or responsible in any manner to any third-party in connection with this Agreement.

18.4 Non-waiver. Failure or forbearance of any party hereto to insist on the strict performance of any obligation under this Agreement or to exercise any rights or remedies accruing upon default shall not be considered a waiver of the right to insist on and to enforce, by any appropriate remedy, strict compliance with any other obligation or to exercise any right or remedy occurring as a result of any future default or failure of performance.

18.5 Modification. Any alterations, additions, or deletions to terms which are required by changes in federal or state laws and regulations shall be automatically incorporated into this Agreement and shall take effect on the effective date of the laws or regulations.

18.6 Severability. In the event that any covenant, condition or provision of this Agreement is held to be invalid by a court of competent jurisdiction, the invalidity of the invalid covenant, condition or provision shall in no way affect any other covenant, condition, or provision, provided that the respective rights and obligations of the parties contained in the valid covenants, conditions and provisions of this Agreement are not materially prejudiced.

18.7 Choice of Law. This Agreement shall be performable and enforced in Harris County, Texas, and shall be construed and interpreted in accordance with the laws of the City, the State of Texas and other Applicable Law. Venue for any disputes relating in any way to this Agreement shall lie exclusively in Harris County, Texas.

18.8 Integration. Except as may be otherwise provided in this Agreement, this Agreement, the Appendices, Attachments, and Exhibits, or the other Loan Documents and Borrower's response to the City's request for proposal embody the entire Agreement between the City, Borrower, and Owner, and there are no other effective agreements, representations or warranties between the City and Borrower in connection with this Agreement and the other Loan Documents.

18.9 Assignability. This Agreement shall not be assignable in whole or in part by Borrower or Owner without the prior written consent of the City which consent shall be in the form of an ordinance passed by City Council.

18.10 Survival. All the terms of this Agreement (including without limitation, the conditions listed in Section Three) shall survive the execution of the Loan Documents and Restrictive Covenants. The parties hereto expressly agree and acknowledge that the terms of this Agreement and the Restrictive Covenants shall remain in full force and effect until the expiration of the Affordability Period, notwithstanding whether the City Loan or the Owner Loan is prepaid in accordance with its terms to the extent allowed.

18.11 Captions. The use of captions in this Agreement is for convenience only and such captions shall not be used to define or limit the terms of this Agreement.

18.12 Applicable Law. The interpretation and application of this Agreement shall be in accordance with the laws of the City, the State of Texas and other Applicable Law.

18.13 Multiple Counterparts; Effective Date. The parties have executed this Agreement in multiple originals, each having full force and effect, as of the Effective Date.

18.14 Approval by the City or the Director. All references to “reasonable” with respect to the granting or denying of the City’s or the Director’s approval shall be deemed to be “reasonable” if the Director is acting in his or her official capacity in accordance with the City’s Charter and related ordinances.

18.15 Transfer of Property: Flood Insurance. As applicable, during the term of this Agreement, Borrower shall cause Owner and Owner shall maintain flood insurance as required under the Flood Disaster Protection Act of 1973 and the National Flood Insurance Reform Act of 1994 (42 U.S.C. § 4001 et seq. and 42 U.S.C. § 5154a), as amended, in accordance with

APPENDIX 2 hereto or as otherwise required by HUD, City ordinance or the Director. Provided, however, that if the Property is located within a 100-year or 500-year floodplain or Special Flood Hazard Area designated by FEMA, Borrower shall cause Owner and Owner must maintain flood insurance on the Property for the life of the Property (unless the Property is no longer designated by FEMA as part of the 100-year, 500-year floodplain or Special Flood Hazard Area) in accordance with 42 U.S.C. §4012a, and this requirement shall survive the expiration or earlier termination of this Agreement. Borrower and Owner understand and acknowledge that failure to maintain the required flood insurance shall result in ineligibility for any further federal disaster relief of any kind, including but not limited to CDBG disaster recovery assistance. If the Property is sold or transferred by Owner or any subsequent transferring owner, the applicable flood insurance requirements under this Section are transferred to the new Property owner. Owner or any subsequent transferring owner of the Property must notify the new owner in accordance with 42 U.S.C. § 5154a and this requirement shall survive the expiration or earlier termination of this Agreement. Owner or any subsequent transferring owner of the Property may be subject to liability if it fails to provide the notice required by 42 U.S.C. § 5154a.

18.16 Consents and Approvals. Any approval or consent required of the City or the Director under the Loan Documents is for the purposes of administering the City Loan for City's benefit only and does not constitute any type of warranty or guaranty to Borrower or Owner that the plans, specifications, contracts or items of a similar nature for which approval or consent is sought is free from error, in compliance with Applicable Law or fit for the Owner's purpose. Borrower and Owner acknowledge that neither the City nor the Director is an engineer or an architect and that Owner is required to rely on its own architect, contractors and engineers in performance and monitoring of the Work hereunder. To the extent that any condition or provision

of this Agreement or any other Loan Document is subject to the approval or consent of the City or the Director and such consent is not expressly required to be "reasonable", such consent or approval may be granted or denied within the sole and absolute discretion of the City or the Director, as applicable. In all cases, any approval or consent required by the City or Director shall not be effective unless such consent or approval is in writing.

18.17 Choice of Venue. Borrower and Owner agree that proper and exclusive venue for any dispute with respect to this Agreement shall be in the United States District Court for the Southern District of Texas or the state circuit court sitting in Harris County, Texas, and Borrower and Owner agree to waive any claim that such court does not have personal jurisdiction over it or is an inconvenient forum.

18.18 Mediation of Contractor Disputes. In the event that a dispute arises between Owner and any contractor or subcontractor or between any contractor and subcontractor with respect to the Work or the Project, the Director shall have the right to require the disputing parties to conduct non-binding mediation to attempt to resolve such disputes to the extent that such mediation would not conflict with the requirements of the Payment, Performance or Maintenance Bonds. Such mediation shall occur within thirty (30) days of notice by the Director that a mediation is required. The Director may declare a default under the City Loan if any dispute referred to mediation is not resolved within sixty (60) days after submission to non-binding mediation. Each contract and subcontract for the construction of the Project shall contain mandatory non-binding mediation requirements in case of a dispute if mediation is required by the Director as well as the other requirements of **APPENDIX 3** hereto. Nothing contained in this Agreement is intended to require the City to be a party to or participate in any mediation proceedings.

18.19 Force Majeure. In the event that any party shall be delayed in or prevented from the performance of any act required under this Agreement by reason of an event of Force Majeure, the time for performance shall be extended by the number of days that performance was reasonably delayed by such event provided that such extension shall not be permitted if such extension results in the breach of either GLO Contract.

18.20 Anti-Boycott of Israel. Borrower certifies that Borrower is not currently engaged in and agrees for the duration of this Agreement not to engage in the boycott of Israel as defined by Section 808.001 of the Texas Government Code.

18.21 Zero Tolerance Policy for Human Trafficking and Related Activities. The requirements and terms of the City's Zero Tolerance Policy for Human Trafficking and Related Activities, as set forth in Executive Order 1-56, as revised from time to time, are incorporated into this Agreement for all purposes. Borrower and Owner have reviewed Executive Order 1-56, as revised, and shall comply with its terms and conditions as they are set out at the time of this Agreement's effective date. Borrower and Owner shall immediately notify the City's Chief Procurement Officer, City Attorney, and the Director of any information regarding possible violation by the Borrower, Owner, the contractor or its subcontractors providing services or goods under this Agreement.

18.22 AFFH and AUGF Requirements. Owner will provide fencing to main parking areas as depicted by site plan and if required by the Director will provide security cameras and keyed entryways to reduce crime by nonresidents. Owner shall otherwise comply with the requirements of the Authority to Use Grant Funds issued by HUD and the Affirmatively Furthering Fair Housing requirements issued by the GLO for the project in accordance with the terms of the letter agreement between the Owner, Borrower and the City dated August 30, 2021.

18.23 Anti-Boycott of Energy Companies. Borrower and Owner hereby certify that neither Borrower nor Owner nor any contractor of Borrower or Owner are engaged in and will not engage in for the duration of this Agreement in the boycott of energy companies as define in Section 809.001 of the Texas Government Code.

18.24 Antiboycott of Firearm Entities or Firearm Trade Associations. Borrower and Owner hereby certify that neither Borrower nor Owner nor any contractor of Borrower or Owner have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association for the duration of this Agreement as defined by Section 2274.001 of the Texas Government Code.

18.25 Certification of No Business with Foreign Terrorist Organizations. For purposes of Section 2252.152 of the Texas Government Code, Borrower and Owner hereby certify that neither Borrower nor Owner nor any wholly owned subsidiary, majority owned subsidiary, parent company, affiliate or contractor of Borrower and/or Owner is a company or other entity listed by the Texas Comptroller of Public Accounts under Section 2252.153 or 2270.0201 of the Texas Government Code as a company or other entity known to have contracts with or provide supplies to a foreign terrorist organization.

SECTION NINETEEN

AUTHORITY OF THE DIRECTOR AND MAYOR

19.1 Authority of the Director to Extend Time of Performance. The Director may extend the time of performance for any of Borrower's or Owner's covenants or conditions set forth in this Agreement, including all exhibits and attachments, or the other Loan Documents two (2) times for up to six (6) months each by written notice to Borrower. After these two six (6) months

extensions, the next extension must be obtained by formal amendment to this Agreement, approved by City Council. After the extension approved by City Council, the Director may extend this Agreement (as amended) or any applicable time period for up to two (2) additional six (6) month periods by written notice to Borrower and Owner, but any additional extensions thereafter must be approved by City Council. Except as herein provided, the Director may not extend the Maturity Date of the City Loan or otherwise amend or extend any repayment obligations under the Note.

19.2 Authority of the Director to Execute Certain Amendments. In the event that change orders, the application of delay damages, or other actions permitted by this Agreement, including all exhibits and attachments, cause the principal amount of the City Loan to decrease, the Director shall have the authority to execute the appropriate amendments to the Loan Documents reflecting such decrease.

19.3 Authority of the Mayor to Execute Other Documents. The Mayor shall have the authority, without further action by City Council, to execute all other documents contemplated by this Agreement, including all exhibits and attachments, or necessary or appropriate to effectuate this Agreement, or to protect the City's interests hereunder, including, without limitation, execution of the Amended and Restated Revised Subordination and Intercreditor Agreement. The Mayor shall have the authority, without further action by City Council and upon the recommendation of the Director and City Attorney, to make changes to clarify, but not materially change, any provisions of this Agreement, including all exhibits and attachments, or other documents contemplated by this Agreement.

19.4 Schedules, Attachments, Appendices and Exhibits. References in this Agreement to various Schedules, Attachments, Appendices, or Exhibits shall refer to substantially the same

form as those that are attached to this Agreement or such other form of Schedule, Attachment, Appendix or Exhibit as may be approved by the City Attorney and the other parties hereto.

19.5 Other Amendments; Council Approval Required. Except as otherwise provided in these Sections 19.1, 19.2, 19.3 and 19.4, any amendments to the Loan Documents must be in writing and authorized by City Council.

19.6 Refinance of Senior Loan. The Senior Loan may not be refinanced except as may be approved in writing by the Director.

SECTION TWENTY **USURY LIMITATIONS**

No provision of this Agreement, the Original City Note, the Tranche 3 Note, or any instrument securing payment of or relating to the indebtedness of Borrower, shall require the payment or permit the collection of interest in excess of the Highest Lawful Rate. If any excess of interest in such respect is herein or in any other instrument provided for, or shall be adjudicated to be so provided for herein or in any other instrument, the provisions of this paragraph shall govern and neither Borrower nor any guarantor or endorser of the Original City Note and/or the Tranche 3 Note (as applicable), or their respective heirs, personal representatives, successors, or assigns shall be obligated to pay such interest to the extent it is in excess of the Highest Lawful Rate. Any fees or other sums that under Applicable Law are deemed to constitute interest shall be treated as interest and taken into account in calculating the Highest Lawful Rate and all such fees or other sums so deemed interest shall be amortized, prorated, allocated and spread in equal parts over the full stated Term of the City Loan. It is the intention of the City and Borrower to conform strictly to the laws applicable to the City Loan, and should it be held that interest or other sums payable to the City under this Agreement, the Original City Note, the Tranche 3 Note or any other Loan


Document are in excess of the Highest Lawful Rate, the interest chargeable shall be reduced to the maximum amount permitted by law.

LOAN AGREEMENT SIGNATURE PAGES

IN WITNESS WHEREOF, the parties execute this Agreement in multiple counterparts as of the date of countersignature by the City Controller as set out below.

BORROWER:

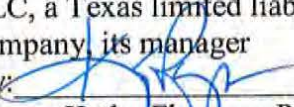
**FIFTH WARD COMMUNITY
REDEVELOPMENT CORPORATION,**
a Texas non-profit corporation

By: 
Charles Turner
Its: Chairman


OWNER:

ST. ELIZABETH PLACE LP,
a Texas limited partnership

By: St. Elizabeth Place GP LLC,
a Texas limited liability company,
its general partner

By: St. Elizabeth 2020 Investments,
LLC, a Texas limited liability
company, its manager
By: 
Kathy Flanagan Payton,
Manager

By: Cloudbreak Development, LLC,
its Manager

By: 
Thomas R. Cantwell, Jr., Manager

SEAL/ATTEST:



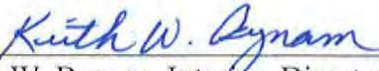
Pat J. Daniel, ~~Interim~~ City Secretary

CITY OF HOUSTON, TEXAS



Sylvester Turner, Mayor

APPROVED:



Keith W. Bynam, ~~Interim~~, Director
Housing and Community Development
Department

COUNTERSIGNED:



Chris B. Brown, City Controller *Shannon Keller*

APPROVED AS TO FORM:



Senior Assistant City Attorney
LD# 0292100239002

COUNTERSIGNATURE DATE:

6/30/2022

SCHEDULE A

DEFINITIONS

Accessibility Requirements are defined in Section Six, Paragraph 6.23.4.

Affordability Period for the Project shall mean forty (40) years from Project Completion determined without regard to the Term of the City Loan, the Deed of Trust, or the transfer of ownership of the Project and as may be renewed or extended as provided herein.

Applicable Law is defined in Section Six, Paragraph 6.23.1.

Approved Construction Schedule is defined in Section Three, Paragraph 3.20 hereof.

Approved Construction Contract is defined in Section Three, Paragraph 3.21.1 hereof.

Approved Final Construction Budget is defined in Section Three, Paragraph 3.15.2 of this Agreement.

Approved Final Operating Budget shall mean the portion of the approved Final Budget which relates to the operation and the Operating Expenses of the Project, which shall be updated and approved annually during the term of the City Loan in accordance with the provisions of Section Three, Paragraph 3.15.1.

Approved Final Project Budget is defined in Section Three, Paragraph 3.15.2 of this Agreement.

Approved Plans, Specifications and Drawings is defined in Section Three, Paragraph 3.18 hereof.

Assignment of Construction Contract shall mean that certain Assignment and Subordination of Construction Contract (with Consent) in form attached hereto as an Attachment or otherwise approved by the City Attorney, as amended.

C.F.R. shall mean the Code of Federal Regulations.

Certificate of Completion shall mean the certificate that is executed by the Director that states that Project Completion has occurred in accordance with the requirements of this Agreement.

Certificate of Compliance/Occupancy shall mean the certificate that is issued by the City acknowledging that construction has been completed and/or that the structure is ready for occupancy. Note: for rehabilitation Projects, this certificate may be termed a Certificate of Compliance.

City is defined in the preamble to this Agreement.

City Attorney shall mean the City Attorney of the City of Houston or any Assistant City Attorney that the City Attorney may designate to perform the various functions assigned to the City Attorney under this Agreement.

City Controller shall mean the Controller of the City of Houston or any other person the Controller may designate to perform the various functions assigned to the Controller under this Agreement.

City Loan or City's Loan shall mean the performance-based Original City Loan in the maximum principal amount of \$14,874,622.00 and the Original Tranche 3 Loan in the maximum principal amount of \$1,577,744.40 made by the City to Borrower for the purpose of financing eligible costs to construct the Project.

City Representatives shall have the meaning set forth in Paragraph 6, Section 6.15.1.

Closing or **Closing Date** shall mean for each Tranche the date on which the Loan Documents are executed and all of the other conditions set forth in Sections Three and Four of this Agreement have been satisfied for the applicable Tranche. Tranche 1, Tranche 2 and Tranche 3 may be closed separately at different times subject to the requirements of this Agreement.

Collateral Assignment (Owner Loan) shall mean that Original Collateral Assignment (Owner Loan) and the Tranche 3 Collateral Assignment (Owner Loan).

Construction Contract shall mean the contract between Owner and the Contractor (and the Primary Subcontract between the Contractor and Subcontractor) to perform the Work (in form approved by the Director).

Construction Project Manager shall mean an individual or corporation which must be an architect or an engineer and must be registered and in good standing in his or her profession under the laws of the State of Texas or must have a duly licensed architect or engineer on its staff or such other person or entity approved by the Director. Owner may not serve as the Construction Project Manager. The Construction Project Manager will oversee all phases of design, planning, and submission of the plans, specifications, drawings and other construction documents for the Project. The Construction Project Manager shall also be responsible for overseeing the Work and the performance of the Contractor, including without limitation, conducting on-site inspections appropriate to the state of construction so as to become generally familiar with the progress and quality of the Work and to determine in general if the Work is proceeding in accordance with the Contract Document.

Construction Project Management Agreement shall mean the agreement between Owner and the Construction Project Manager, in form acceptable to the Director, outlining the services to be performed by the Construction Project Manager in relation to the Project which Construction Project Management Agreement shall be collaterally assigned to the City pursuant to that certain Assignment of Construction Project Management Agreement in form attached hereto as an Attachment or other form approved by the City Attorney.

Contractor shall mean a contractor as approved by the Director selected by the Owner to perform the Work. The Contractor must be registered and in good standing in his or her profession

under the laws of the State of Texas and must be acceptable to the Director. If the Borrower serves as its own Contractor, the term Contractor shall also include the Prime Subcontractor.

Cost Reasonableness Analysis shall mean an evaluation of the separate elements (e.g., labor, materials, etc.) that make up the Approved Final Construction Budget to determine if they are allowable, directed related to the Work and ultimately, reasonable.

Declaration of Subordination shall mean that certain Declaration of Subordination of Senior Lender attached hereto as an Attachment, or such other form approved by the City Attorney, which shall be executed by Senior Lender on or prior to Closing and filed for record in the Official Public Records of Real Property, Harris County, Texas, in accordance with Section Three, Paragraph 3.26 hereof, together with the Amendment thereto set forth in the Attachments.

Deed of Trust shall mean and include the Original Deed of Trust executed by Owner, granting to the Borrower a second lien on Owner's fee interest in the Project and the Tranche 3 Deed of Trust executed by Owner and granting to the Borrower a third lien on Owner's fee interest in the Project which liens will be assigned to the City pursuant to the Collateral Assignment (Owner Loan).

Default shall mean the occurrence of any event set forth under Section Ten of this Agreement.

Designated Units shall mean those units in the Project which have been designated by Owner and approved by the Director as subject to all occupancy, rent, and affordability requirements of this Agreement and the Restrictive Covenants and shall float within the Project. The Designated Units shall remain in compliance with the requirements of this Agreement without regard to the term of any mortgage or the transfer of ownership, pursuant to the Restrictive Covenants.

Director shall mean the Director of the City's Housing and Community Development Department or any other person that the Director may designate to perform the various functions assigned to the Director under this Agreement.

Effective Date shall mean the date this Agreement is countersigned by the City Controller.

Environmental Mitigation is defined in Section One, Paragraph L of this Agreement.

Environmental Review is defined in Section One, Paragraph L of this Agreement.

Final Budget shall mean, collectively, the Approved Final Operating Budget and the Approved Final Construction Budget.

Financing Statements shall mean U.C.C.-1 Financing Statements granting a second lien security interest in Owner's personal property included within the definition of the Project.

Force Majeure. A event of storm, flood, fire, earthquake or other acts of god, war, terrorism, sabotage, riot, insurrection or other civil disturbance, strikes, lockouts or other labor disturbances which renders a party temporarily incapable of performance.

Governmental Authority shall mean the United States, each state, each county, each city, and each other political subdivision in which all or any portion of the Land is located, and each other political subdivision, agency, or instrumentality exercising jurisdiction over the City, Borrower, Owner and/or the Land.

Guarantor shall mean, collectively, Fifth Ward Community Redevelopment Corporation and Cantwell-Anderson, Inc.

Highest Lawful Rate is defined in the Section Ten, Paragraph 10.5 of this Agreement.

HUD shall mean the United States Department of Housing and Urban Development.

Income and/or Family Income or any similar term, including without limitation, annual income, adjusted income, monthly income, and monthly adjusted income shall have the meanings assigned to such terms in 24 C.F.R. Part 5.

Intercreditor Agreement shall mean the agreement between the City, Owner, Borrower and Senior Lender (or Original Senior Lender, as applicable) described in Section Three, Paragraph 3.27 of this Agreement.

Land shall mean the real property included within the Project, as described in Section Two, Paragraph 2.1 of this Agreement.

LMI Persons shall mean low- or moderate-income households whose annual incomes do not exceed eighty (80%) percent of the AMI, as determined by HUD with adjustments for family size.

Loan Documents shall mean all of the documents executed by or on behalf of Borrower that govern, secure and/or evidence the Original City Loan and the Tranche 3 Loan, including without limitation, this Agreement, the Note, the Collateral Assignment (Owner Loan), the Financing Statements,, the Deed of Trust, the Assignment of Construction Contract, the Assignment of Property Management Agreement, the Assignment of Architect's Contract, Plans and Specifications, the Environmental Indemnity, the Assignment of Construction Project Management Agreement, the Amended and Restated Construction Completion Guaranty, Amended and Restated Owner Loan Agreement and the Restrictive Covenants as all of the foregoing may be amended; provided, however, that the Restrictive Covenants shall not be deemed a "Loan Document" for purposes of the Intercreditor Agreement and the Declaration of Subordination, and further provided that the obligations of the Restrictive Covenants shall be secured by the Deed of Trust.

Loan Proceeds means amounts disbursed by the City to Borrower pursuant the terms of this Agreement.

Master Landlord shall mean Owner or any successor landlord under the Master Lease.

Master Lease shall mean the master lease covering the Project between Master Landlord and Master Tenant.

Master Tenant shall mean St. Elizabeth Place Master Tenant LLC or any successor tenant under the Master Lease.

Maturity Date shall mean the expiration date of the Affordability Period.

Mayor shall mean the Mayor of the City of Houston, or any person that the Mayor may designate to perform the various functions assigned to the Mayor under this Agreement.

Minimum Property Standards shall mean the minimum property standards of the City of Houston as set forth in **APPENDIX 13**, provided, however, that in the event of a conflict between the minimum property standards of the City of Houston and Section 8 Housing Quality Standards for Existing Housing under 24 C.F.R. § 982.401, the more rigorous requirement shall apply as the Minimum Property Standard hereunder.

Note shall mean the Original City Note and the Tranche 3 Note executed or to be executed by Borrower evidencing the Loan, and which shall be substantially in the form attached as an Attachment to this Agreement.

Net Operating Income shall mean the Project's gross operating income less Operating Expenses.

Operating Expenses shall mean all costs and expenses paid or incurred in connection with or relating to the ownership, maintenance or operation of the Project pursuant to the Approved Final Operating Budget and the Approved Final Construction Budget.

Original City Loan shall mean a loan to Borrower from the City for Project costs in the amount of \$14, 874,622.00 which shall be evidenced by the Original City Note.

Original City Loan Documents shall mean the loan documents evidencing the Original City Loan.

Original City Note shall mean the note evidencing the Original City Loan.

Original Collateral Assignment (Owner Loan) shall mean the Collateral Assignment of Note and Liens executed by Borrower for the benefit of the City covering the Original Owner Note in the form attached hereto as **ATTACHMENT F**.

Original Owner Loan shall mean a loan to Owner from Borrower for Project costs in the amount of \$14, 874,622.00 which shall be evidenced by the Original Owner Note and collaterally assigned and endorsed to City.

Original Owner Loan Documents shall mean the loan documents evidencing the Original Owner Loan.

Original Owner Note shall mean the note evidencing the Original Owner Loan.

Original Senior Lender means Self-Help Credit Union, a North Carolina chartered credit union.

Original Senior Loan means a loan in the amount of \$6,100,000.00.

Original Tax Credit Investor shall mean Foss Mid-Cap Historic Fund III, LLC or such other entity as may initially acquire the Historic Tax Credits from Owner.

Other Financing is defined in Section One, Paragraph N of this Agreement (if applicable).

Owner is defined in the Preamble to this Agreement.

Owner Loan shall mean the Original Owner Loan and the Tranche 3 Owner Loan.

Owner Note shall mean the Original Owner Note and the Tranche 3 Owner Note.

Owner Loan Agreement shall mean the Amended and Restated Loan Agreement between Borrower and Owner evidencing the Original Owner Loan and the Tranche 3 Owner Loan.

Owner Loan Documents shall mean the loan documents executed by Owner and Borrower evidencing or securing the Original Owner Loan and the Tranche 3 Owner Loan.

Owner Note shall mean the Original Owner Note and the Tranche 3 Owner Note as collaterally assigned and endorsed to City.

Partnership Agreement shall mean the limited partnership agreement or operating agreement, as applicable, of the Owner.

Preliminary Project Budget shall mean the budget for the Project attached as an Exhibit to this Agreement, which has been submitted by Owner and approved by the Director prior to execution of this Agreement.

Prime Subcontractor shall mean the prime subcontractor approved by the Director.

Project shall mean the Land described in Section Two, Paragraph 2.1 of this Agreement, together with all buildings and other improvements located or to be located on the Land. Project shall also include all real and personal property interests of Owner located on, incorporated into, or used in connection with the land and improvements, including without limitation, all leases to Owner, appliances, air conditioning, heating, ventilation, plumbing and electrical fixtures and equipment.

Project Completion shall mean the date on which all of the following conditions have been satisfied and which:

- (i) fee title to the Land is in Owner;
- (ii) the Work has been completed to the satisfaction of the Director, and Owner has delivered to the City an AIA Affidavit of Completion signed by the Owner,

Contractor and Architect for the Project in form and substance acceptable to the Director;

- (iii) The City or the Approved Inspectors have conducted a Uniform Physical Conditions Standards inspection and all deficiencies have been remedied.
- (iv) the Project in the Director's judgment complies with the requirements of the CDBG-DR17 Program and GLO and the property standards set forth in Section Six, Paragraph 6.10 of this Agreement);
- (v) the final draw request has been made and the draw on the Loan has been disbursed for the Project including retainage;
- (vi) delivery to the City evidence satisfactory to the City, reflecting the full payment of, and executed final, unconditional lien waivers from (or the liens have been bonded around) all contractors, subcontractors and others with respect to the construction of the Project;
- (vii) delivery of Certificates of Occupancy (or their equivalent) issued by all appropriate Governmental Authorities for all portions of the improvements located at the Project;
- (viii) the information necessary for the City to complete the Final Wage Compliance Report has been submitted by Owner and the City has completed the report and submitted it to GLO; and
- (ix) A letter from the Architect or other qualified professional indicating that the Project is in compliance with all Accessibility Requirements.

Property shall mean all of the property described in the Deed of Trust that is collectively referred to therein as Property.

Property Condition Assessment shall mean a physical inspection of the Project to access any physical deficiencies and defects of the Project and any material deferred maintenance of the Project's systems, components, or equipment as observed during the field observer's walk-through survey.

Property Management Agreement shall mean the agreement between Owner and the Property Manager, in form acceptable to the Director, outlining the services to be performed by the Property Manager in relation to the Project. The Property Management Agreement shall be collaterally assigned to the City pursuant to the Assignment of Property Management Agreement in form attached hereto as an Attachment or other form approved by the City Attorney.

Property Manager shall mean the person or firm charged with the day to day management of the Project in accordance with the terms of the Property Management Agreement.

Reserve(s) or Replacement Reserve shall mean an escrowed reserve account established for the purpose of funding the replacement of furniture, fixtures and equipment used in connection

with the Project and for repair of capitalized improvements, in accordance with Section One, Paragraph P, Section Six, Paragraph 6.24 and the Final Budget.

Restrictive Covenants shall mean the covenants embodied in the Restrictive Covenants to be executed by Owner, which shall be substantially in the form attached hereto as **ATTACHMENT A** to this Agreement, which covenants require Owner and its successors and assigns, to comply with certain occupancy and use restrictions for the duration of the Affordability Period, and which shall be superior to any liens evidencing or securing the Senior Loan and all other liens and encumbrances in accordance with the Declaration of Subordination.

Senior Lender shall mean Gershman Investment Corp., an Arkansas corporation or other lender approved by the Director.

Senior Loan shall mean the loan in an original principal amount not to exceed the amount of \$8,925,000.00 made by Senior Lender to Owner, secured by the Project, and subordinate to the Restrictive Covenants pursuant to the Declaration of Subordination. Prior to Closing, any increase to the Senior Loan amount that does not exceed 25% of the original amount may be approved in writing by the Director. Such approval must be in writing, and may be delivered by regular mail, electronic mail, or electronic or facsimile transmission. Subject to the Director's written consent, the Senior Loan may be refinanced, provided that the principal balance of the new loan shall not exceed the outstanding principal balance of the loan being repaid plus reasonable and customary closing costs.

Senior Loan Documents shall mean all documents evidencing, securing, or guaranteeing the Senior Loan, including without limitation, the Senior Mortgage.

Senior Mortgage shall mean the lien or liens securing the Senior Loan.

State shall mean the State of Texas.

Subcontractor shall mean any person, firm, or corporation who has a direct contract with the Contractor to perform any portion of the Work at the Project.

Surplus Cash shall mean the sum of: (i) Project cash and cash equivalents (excluding the Replacement Reserve account and other HUD-required reserves); (ii) short-term investments; (iii) project-based Section 8 Housing Assistance Payments earned but not yet received by Borrower; and (iv) any amounts approved for withdrawal but not yet withdrawn from the Replacement Reserve or any other reserves or escrow accounts; after deducting: (a) all sums due or required to be paid within the calendar month following the date as of which Surplus Cash is calculated under the terms of the Senior Note and Senior Mortgage (including without limitation principal, interest, mortgage insurance premium deposits, deposits to the Replacement Reserve and other reserves as may be required by the Senior Lender or HUD, and tax and insurance escrow deposits); (b) all special funds required to be segregated under the Senior Loan or the Senior Loan Program Obligations (as defined by the Intercreditor Agreement) including tenant security deposits and any other amounts held in trust for tenants; and (c) all other obligations of the Project payable within the next thirty days, unless the obligation is paid subject to available Surplus Cash or subject funds for payment of the obligation are set aside or Senior Lender or HUD has approved deferment of payment.

Tax Credit Compliance Period shall mean with the five (5) year period after the Project is first put into service following Project Completion.

Tax Credit Investor shall mean Foss Mid-Cap Historic Fund III, LLC.

Tax Credits means the Historic Tax Credits issued to Owner by the Texas Historical Commission pursuant to Section 42 of the Internal Revenue Code.

Tranche 3 Loan shall mean a loan to Borrower from the City for Project costs in the amount of \$1, 577,774.40 which shall be evidenced by the Tranche 3 Note.

Tranche 3 Loan Documents shall mean the loan documents evidencing the Tranche 3 Loan.

Tranche 3 Note shall mean the note evidencing the Tranche 3 Loan.

Tranche 3 Owner Loan shall mean a loan to Owner from Borrower for Project costs in the amount of \$1,577,774.40 which shall be evidenced by the Tranche 3 Owner Note and collaterally assigned and endorsed to City.

Tranche 3 Owner Loan Documents shall mean the loan documents evidencing the Tranche 3 Owner Loan.

Tranche 3 Owner Note shall mean the note evidencing the Tranche 3 Owner Loan.

Tranche 3 Collateral Assignment (Owner Loan) shall mean the Collateral Assignment of Note and Liens to be executed by Borrower for the benefit of the City covering the Tranche 3 Owner Note which shall be substantially in the form attached hereto as **ATTACHMENT F-1**.

UFAS shall mean the Uniform Federal Accessibility Standards as set forth under Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794 et seq.) and the regulations promulgated in connection therewith.

Work as used in this Agreement shall mean all labor necessary to complete the construction, replacement, repair and Environmental Mitigation on the Project required by this Agreement or the Construction Contract or HUD, and all the materials and equipment incorporated or to be incorporated into the Project during the course of such construction, replacement and repair work.

APPENDICES TO LOAN AGREEMENT

APPENDIX 1	Applicable Law
APPENDIX 2	Insurance Requirements and Release and Indemnity Provisions for the Approved Construction Contract and the Other Construction and Supply Contracts
APPENDIX 3	Construction Contract Requirements, including bidding procedures if applicable
APPENDIX 4	Survey Requirements
APPENDIX 5	Monitoring Forms including Compliance Forms for Complying with Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. Sec. 1701u)
APPENDIX 6	Lobbying Certificate (to be delivered on or before the execution of this Agreement)
APPENDIX 7	“Debarment Form”-- Certification regarding Debarment, Suspension, and Other Responsibility Matters (to be delivered on or before the execution of this Agreement)
APPENDIX 8	Reserved
APPENDIX 9	City’s MWSBE, Section 3 and Labor Standards Requirements
APPENDIX 10	Property Condition Assessment requirements (if any)
APPENDIX 11	Multifamily Relocation Requirements, including related forms
APPENDIX 12	Reserved
APPENDIX 13	GLO Lien Waiver Form
APPENDIX 14	Minimum Property Standards
APPENDIX 15	City Workforce Protection Measures
APPENDIX 16	Master Lease Requirements

EXHIBITS TO LOAN AGREEMENT

EXHIBIT A	Legal Description of the “Land”
EXHIBIT B	Commitments for “Other Financings”
EXHIBIT C	Preliminary Construction Budget
EXHIBIT D	Scope of Work
EXHIBIT E	Construction Schedule.

ATTACHMENTS TO LOAN AGREEMENT

- A. City's Restrictive Covenants
- B. Borrowers' Note
- C. Owner's Deed of Trust
- D. Financing Statements
- E. Collateral Note
- F. Collateral Assignment (Owner Loan)
- G. Construction Completion Guaranty
- H. Declaration of Subordination
- I. Intercreditor Agreement
- J. Assignment of Construction Project Management Agreement (if required under Agreement)
- K. Assignment of Property Management Agreement
- L. Assignment of Architect's Contract, Plans and Specifications, and Consent
- M-1. Assignment of Construction Contract
- M-2. Assignment of Construction Contract (Subcontract)
- N. Environmental Indemnity Agreement
- O. Form of the Performance Bond, Maintenance Bond, and Payment Bond
- P. Owner Loan Agreement
- Q. Subordination, Nondisturbance and Attornment Agreement
- R. Tranche 3 Note
- S. Tranche 3 Owner Note
- T. Tranche 3 Deed of Trust
- U. Tranche 3 Collateral Assignment (Owner Loan)
- V. Amended and Restated Subordination, Nondisturbance and Attornment Agreement

- W. Amendment to Restrictive Covenants
- X. HUD Subordination Agreement
- Y. Amendment to Declaration of Subordination
- Z Amended and Restated Revised Subordination Agreement and Intercreditor Agreement
- AA. Tranche 3 UCC-1 and UCC-3
- BB. Amended and Restated Guaranty Agreement
- CC. Amended and Restated Owner Loan Agreement
- DD. HUD Amendment to Restrictive Covenants

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APPENDIX 16	Master Lease Requirements

APPENDIX 1 – PART 1
NONEXCLUSIVE LIST OF APPLICABLE LAWS, RULES, AND REGULATIONS
(APPLICABLE TO TRANCHES 1 AND 3 ONLY)

GENERALLY

Consolidated Security, Disaster Assistance, and Continuing Appropriation Act (Public Law 110-329);

Cash Management Improvement Act regulations (31 C.F.R. Part 205);

Community Development Block Grants (24 C.F.R. Part 570);

Texas Action Plan for Disaster Recovery, as posted on the GLO website (<http://www.glo.texas.gov/GLO/disaster-recovery/action-plans.html>) (“Action Plan”); and

City of Houston, Department of Housing and Community Development- Disaster Recovery Program: Rental Program Guidelines for Hurricane Ike Round 2.

Guidance Documents: 2008 Supplemental Disaster Recovery Fund: Hurricanes Dolly and Ike; and Non-Housing Activities Application Guide, issued by the Texas Department of Housing and Community Affairs; Conciliation Agreement between: the Texas Low Income Housing Information Service and Texas Appleseed, and the State of Texas, by and through the Texas Department of Rural Affairs and the Texas Department of Housing and Community Affairs, as approved by HUD in its letter dated May 26, 2010, to the Office of the Attorney General of Texas; CDBG-DR Project Implementation Manual, as posted on the GLO website (<http://www.glo.texas.gov/GLO/disaster-recovery/nonhousing/forms-publications.html>).

CIVIL RIGHTS

Title VI of the Civil Rights Act of 1964, (42 U.S.C. § 200d *et seq.*); 24 C.F.R. Part 1, “Nondiscrimination in Federally Assisted Programs of the Department of Housing and Urban Development – Effectuation of Title VI of the Civil Rights Act of 1964;”

Title VII of the Civil Rights Act of 1964, as amended by the Equal Employment Opportunity Act of 1972 (42 U.S.C. § 2000e *et seq.*);

Title VIII of the Civil Rights Act of 1968, “The Fair Housing Act of 1968” (42 U.S.C. 3601 *et seq.*), as amended, 24 C.F.R. §§ 100.201 and 100.205;

;

Executive Order 11063, as amended by Executive Order 12259, and 24 C.F.R. Part 107, “Nondiscrimination and Equal Opportunity in Housing under Executive Order 11063.” (The

failure or refusal of Grantee to comply with the requirements of Executive Order 11063 or 24 C.F.R. Part 107 shall be a proper basis for the imposition of sanctions specified in 24 C.F.R. 107.60);

The Age Discrimination Act of 1975 (42 U.S.C. 6101 *et seq.*);

Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794.) and “Nondiscrimination Based on Handicap in Federally-Assisted Programs and Activities of the Department of Housing and Urban Development”, 24 C.F.R. Part 8; and

The Architectural Barriers Act of 1968 (42 U.S.C. 4151 *et seq.*), including the use of a telecommunications device for deaf persons (TDDs) or equally effective communication system.

LABOR STANDARDS

The Davis-Bacon Act, as amended (40 U.S.C. 276a – 276a-5): 29 C.F.R. Part 5; 24 C.F.R. Part 70; 24 C.F.R. Section 570.603 (if applicable);

The Copeland “Anti-Kickback” Act (18 U.S.C. 874): 41 C.F.R. Part 3; 24 C.F.R. Part 135;

Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. §327A and 330) and re-codified at 40 U.S.C. §§ 3701-3708);

Labor Standards Provisions applicable to Contracts Covering Federally Financed and Assisted Construction (Also Labor Standards Provisions Applicable to Non-Construction Contracts subject to the Contract Work Hours and Safety Standards Act) (29 C.F.R. Part 5);

Federal Executive Order 11246, as amended; and

Department of Labor Regulations at 29 C.F.R. Parts 1, 3, 5, 6 and 7.

EMPLOYMENT OPPORTUNITIES

Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u): 24 C.F.R. §§ 135.3(a)(2) and (a)(3);

The Vietnam Era Veterans’ Readjustment Assistance Act of 1974 (38 U.S.C. § 4212); and

Title IX of the Education Amendments of 1972 (20 U.S.C. §§ 1681-1688).

GRANT AND AUDIT STANDARDS

Single Audit Act Amendments of 1996, 31 U.S.C. § 7501;

Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-profit Organizations (24 C.F.R. Part 84);

Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments (24 C.F.R. Part 85);

OMB Circular A-87 (Cost Principles for State, Local, and Indian Tribal Governments);

OMB Circular A-133 – Revised as of June 27, 2007 (Audits of States, Local Governments, and Non-Profit Organizations);

Uniform Grant and Contract Management Act (Texas Government Code Chapter 783) and the Uniform Grant Management Standards issued by Governor’s Office of Budget and Planning; and

Title 1 Texas Administrative Code § 5.167(c).

LEAD-BASED PAINT

Section 302 of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831 (b)).

HISTORIC PROPERTIES

The National Historic Preservation Act of 1966 as amended (16 U.S.C. 470 *et seq.*), particularly sections 106 and 110 (16 U.S.C. 470 and 470h-2), except as provided in §58.17 for Section 17 projects;

Executive Order 11593, Protection and Enhancement of the Cultural Environment, May 13, 1971 (36 FR 8921), 3 C.F.R. 1971-1975 Comp., p. 559, particularly section 2(c);

Federal historic preservation regulations as follows: 36 C.F.R. Part 800 with respect to HUD programs;

The Reservoir Salvage Act of 1960 as amended by the Archeological and Historic Preservation Act of 1974 (16 U.S.C. 469 *et seq.*), particularly section 3 (16 U.S.C. 469a-1).

ENVIRONMENTAL LAW AND AUTHORITIES

Environmental Review Procedures for Recipients assuming HUD Environmental Responsibilities (24 C.F.R. Part 58, as amended);

National Environmental Policy Act of 1969, as amended (42 U.S.C. §§ 4321-4347); and

Council for Environmental Quality Regulations for Implementing NEPA (40 C.F.R. Parts 1500-1508).

FLOODPLAIN MANAGEMENT AND WETLAND PROTECTION

Executive Order 11988, Floodplain Management, May 24, 1977 (42 FR 26951), 3 C.F.R., 1977 Comp., p. 117, as interpreted in HUD regulations at 24 C.F.R. part 55, particularly Section 2(a) of the Order (For an explanation of the relationship between the decision-making process in 24 C.F.R. part 55 and this part, see § 55.10.); and

Executive Order 11990, Protection of Wetlands, May 24, 1977 (42 FR 26961), 3 C.F.R., 1977 Comp., p. 171 particularly Sections 2 and 5.

COASTAL ZONE MANAGEMENT

The Coastal Zone Management Act of 1972 (16 U.S.C. 1451 *et seq.*), as amended, particularly sections 307(c) and (d) (16 U.S.C. 1456(c) and (d)).

SOLE SOURCE AQUIFERS

The Safe Drinking Water Act of 1974 (42 U.S.C. 201, 300(f) *et seq.*, and 21 U.S.C. 349) as amended; particularly section 1424(3)(42 U.S.C. 300h-3(e)); and

Sole Source Aquifers (Environmental Protection Agency-40 C.F.R. part 149.).

ENDANGERED SPECIES

The Endangered Species Act of 1973 (16 U.S.C. 1531 *et seq.*) as amended, particularly section 7 (16 U.S.C. 1536).

WILD AND SCENIC RIVERS

The Wild and Scenic Rivers Act of 1968 (16 U.S.C. 1271 *et seq.*) as amended, particularly sections 7(b) and (c) (16 U.S.C. 1278(b) and (c)).

AIR QUALITY

The Clean Air Act (42 U.S.C. 7401 *et seq.*) as amended, particularly sections 176(c) and (d) (42 U.S.C. 7506(c) and (d)); and

Determining Conformity of Federal Actions to State or Federal Implementation Plans (Environmental Protection Agency-40 C.F.R. parts 6, 51, and 93).

FARMLAND PROTECTION

Farmland Protection Policy Act of 1981 (7 U.S.C. 4201 *et seq.*) particularly sections 1540(b) and 1541 (7 U.S.C. 4201(b) and 4202);

Farmland Protection Policy (Department of Agriculture-7 C.F.R. part 658);

HUD ENVIRONMENTAL STANDARDS

Applicable criteria and standards specified in HUD environmental regulations (24 C.F.R. Parts 50, 51 and 58) (other than the runway clear zone and clear zone notification requirement in 24 C.F.R. 51.303(a)(3) as modified by waivers at 83 Fed. Reg. 58; and

HUD Notice 79-33, Policy Guidance to Address the Problems Posed by Toxic Chemicals and Radioactive Materials, September 10, 1979).

ENVIRONMENTAL JUSTICE

Executive Order 12898 of February 11, 1994 --- Federal Actions to address Environmental Justice in Minority Populations and Low-Income Populations, (59 FR 7629), 3 C.F.R., 1994 Comp. p. 859; and

Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities (24 C.F.R. Part 58).

ACQUISITION/RELOCATION

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601 *et seq.*), 24 C.F.R. Part 42; 24 C.F.R. Section 570.606; 49 C.F.R. Section 24 (URA) as modified by waivers at 83 Fed. Reg. 5844;

Housing and Community Development Act of 1974, as amended 24 C.F.R. Section 42 and as modified by the Neighborhood Stabilization Program under the Housing and Economic Recovery Act, 2008 (FR-5255-N-N-01;

American Recovery and Reinvestment Act of 2009; and

The Protecting Tenants at Foreclosure Act of 2009.

FAITH-BASED ACTIVITIES

Executive Order 13279 of December 12, 2002 – Equal Protection of the Laws for Faith-Based and Community Organizations, (67 FR 77141).

CONSTRUCTION AND INSPECTION

Rehabilitation Act of 1973 (29 U.S.C. § 794 *et seq.*) and regulations and guidelines promulgated thereunder including without limitation 24 C.F.R. Sections 100.201, 100.204 and 100.205;

Fair Housing Act and regulations and guidelines promulgated thereunder including, without limitation, 24 C.F.R. Section 982-401 (Section 8 Housing Quality Standards for Existing Housing);

Texas Architectural Barriers Act, Article 9102, Tex. Civ. Stat. Ann. (1994) and the regulations and guidelines promulgated thereunder;

Chapter 10, Subsection 60 of the Texas Administrative Code and the regulations and guidelines promulgated thereunder;

Americans With Disabilities Act of 1990 (42 U.S.C. § 12101 et seq.) and

City's Minimum Property Standards under Appendix 14.

APPRAISAL

49 C.F.R. § 24.2(a)(3) and 49 C.F.R. § 24.103.

OTHER REQUIREMENTS

Chapter 552, Texas Government Code, the Texas Public Information Act, unless a valid exception exists, and Chapter 2306 of the Texas Government Code.

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APPENDIX 1- PART 2
NONEXCLUSIVE LIST OF APPLICABLE LAWS, RULES, AND REGULATIONS
(*APPLICABLE TO TRANCHE 2 and TO THE EXTENT NOT CONFLICTING WITH THE
GLO REQUIREMENTS FOR TRANCHES 1 AND 3, TRANCHES 1 AND 3*)

GENERALLY

The Acts and Regulations specified in the Texas General Land Office (“GLO”) Contract No. 19-147-001-B489;

Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017 (Public Law 115-56);

The Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018 (Public Law 115-123);

The Housing and Community Development Act of 1974 (12 U.S.C. § 5301 et seq.);

The United States Housing Act of 1937, as amended, 42 U.S.C. § 1437(f)(o)(13) (2016) and related provisions governing Public Housing Authority project-based assistance, and implementing regulations at 24 C.F.R. Part 983 (2016);

Cash Management Improvement Act regulations (31 C.F.R. Part 205);

Community Development Block Grants (24 C.F.R. Part 570);

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. Part 200);

GLO Housing Guidelines;

State of Texas Plan for Disaster Recovery: Hurricane Harvey Round 1, as amended from time to time and posted on the GLO website (<https://recovery.texas.gov/action-plans/hurricane-harvey/index.html>); and

City of Houston, Housing and Community Development Department – City of Houston Build it Forward Housing Recovery Program: Harvey Multifamily Program Guidelines, as may be amended from time to time (available at <https://recovery.houstontx.gov/hud-requirements-reports/#guidelines>).

Guidance Documents: Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. Part 200); the Federal Registers; Hurricane Harvey Disaster Recovery Housing Guidelines issued by GLO – Community Development and Revitalization, as amended (available at <https://recovery.texas.gov/local-government/hud-requirements-reports/housing-guidelines/index.html>); CDBG-DR Project Implementation Manual, as posted on the GLO website (<https://recovery.texas.gov/files/hud-requirements-reports/implementation-manual/ch.-1---introduction.pdf>).

CIVIL RIGHTS

Title VI of the Civil Rights Act of 1964, (42 U.S.C. § 200d et seq.); 24 C.F.R. Part 1, “Nondiscrimination in Federally Assisted Programs of the Department of Housing and Urban Development – Effectuation of Title VI of the Civil Rights Act of 1964;”

Title VII of the Civil Rights Act of 1964, as amended by the Equal Employment Opportunity Act of 1972 (42 U.S.C. § 2000e et seq.);

Title VIII of the Civil Rights Act of 1968, “The Fair Housing Act of 1968” (42 U.S.C. 3601 et seq.), as amended, 24 C.F.R. §§ 100.201 and 100.205;

Executive Order 11063, as amended by Executive Order 12259, and 24 C.F.R. Part 107, “Nondiscrimination and Equal Opportunity in Housing under Executive Order 11063.” (The failure or refusal of Grantee to comply with the requirements of Executive Order 11063 or 24 C.F.R. Part 107 shall be a proper basis for the imposition of sanctions specified in 24 C.F.R. § 107.60);

The Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.);

Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794.) and “Nondiscrimination Based on Handicap in Federally-Assisted Programs and Activities of the Department of Housing and Urban Development”, 24 C.F.R. Part 8; and

The Architectural Barriers Act of 1968 (42 U.S.C. 4151 et seq.), including the use of a telecommunications device for deaf persons (TDDs) or equally effective communication system.

LABOR STANDARDS

The Davis-Bacon Act, as amended (40 U.S.C. 276a – 276a-5): 29 C.F.R. Part 5; 24 C.F.R. Part 70; 24 C.F.R. § 570.603;

The Copeland “Anti-Kickback” Act (18 U.S.C. 874): 41 C.F.R. Part 3; 24 C.F.R. Part 135;

Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. §327A and 330 and re-codified at 40 U.S.C. §§ 3701-3708);

Labor Standards Provisions applicable to Contracts Covering Federally Financed and Assisted Construction (Also Labor Standards Provisions Applicable to Non-Construction Contracts subject to the Contract Work Hours and Safety Standards Act) (29 C.F.R. Part 5);

Federal Executive Order 11246, as amended; and

Department of Labor Regulations at 29 C.F.R. Parts 1, 3, 5, 6 and 7.

EMPLOYMENT OPPORTUNITIES

Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u): 24 C.F.R. §§ 135.3(a)(2) and (a)(3);

The Vietnam Era Veterans' Readjustment Assistance Act of 1974 (38 U.S.C. § 4212);

Title IX of the Education Amendments of 1972 (20 U.S.C. §§ 1681-1688); and

Federal Executive Order 11246, as amended.

GRANT AND AUDIT STANDARDS

Single Audit Act Amendments of 1996, 31 U.S.C. § 7501;

Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. Part 200);

Uniform Grant and Contract Management Act (Texas Government Code Chapter 783) and the Uniform Grant Management Standards issued by Governor's Office of Budget and Planning; and

Title 1 Texas Administrative Code § 5.167(c).

LEAD-BASED PAINT

Section 302 of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831 (b)).

HISTORIC PROPERTIES

The National Historic Preservation Act of 1966 as amended (16 U.S.C. 470 et seq.), particularly sections 106 and 110 (16 U.S.C. 470 and 470h-2), except as provided in §58.17 for Section 17 projects;

Executive Order 11593, Protection and Enhancement of the Cultural Environment, May 13, 1971 (36 Fed. Reg. 8921), 3 C.F.R. 1971-1975 Comp., p. 559, particularly section 2(c);

Federal historic preservation regulations as follows: 36 C.F.R. Part 800 with respect to HUD programs;

The Reservoir Salvage Act of 1960 as amended by the Archeological and Historic Preservation Act of 1974 (16 U.S.C. 469 et seq.), particularly section 3 (16 U.S.C. 469a-1).

ENVIRONMENTAL LAW AND AUTHORITIES

Environmental Review Procedures for Recipients assuming HUD Environmental Responsibilities (24 C.F.R. Part 58, as amended);

National Environmental Policy Act of 1969, as amended (42 U.S.C. §§ 4321-4347); and

Council for Environmental Quality Regulations for Implementing NEPA (40 C.F.R. Parts 1500-1508).

FLOODPLAIN MANAGEMENT AND WETLAND PROTECTION

Executive Order 11988, Floodplain Management, May 24, 1977 (42 Fed. Reg. 26951), 3 C.F.R., 1977 Comp., p. 117, as interpreted in HUD regulations at 24 C.F.R. Part 55, particularly Section 2(a) of the Order (For an explanation of the relationship between the decision-making process in 24 C.F.R. Part 55 and this Part, see § 55.10.); and

Executive Order 11990, Protection of Wetlands, May 24, 1977 (42 Fed. Reg. 26961), 3 C.F.R., 1977 Comp., p. 171 particularly Sections 2 and 5.

COASTAL ZONE MANAGEMENT

The Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.), as amended, particularly sections 307(c) and (d) (16 U.S.C. 1456(c) and (d)).

SOLE SOURCE AQUIFERS

The Safe Drinking Water Act of 1974 (42 U.S.C. 201, 300(f) et seq., and 21 U.S.C. 349) as amended; particularly section 1424(3)(42 U.S.C. 300h-3(e); and

Sole Source Aquifers (Environmental Protection Agency-40 C.F.R. Part 149.).

ENDANGERED SPECIES

The Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.) as amended, particularly section 7 (16 U.S.C. 1536).

WILD AND SCENIC RIVERS

The Wild and Scenic Rivers Act of 1968 (16 U.S.C. § 1271 et seq.) as amended, particularly sections 7(b) and (c) (16 U.S.C. §§ 1278(b) and (c)).

AIR QUALITY

The Clean Air Act (42 U.S.C. § 7401 et seq.) as amended, particularly sections 176(c) and (d) (42 U.S.C. § 7506(c) and (d); and

Determining Conformity of Federal Actions to State or Federal Implementation Plans (Environmental Protection Agency-40 C.F.R. Parts 6, 51, and 93).

FARMLAND PROTECTION

Farmland Protection Policy Act of 1981 (7 U.S.C. § 4201 et seq.) particularly sections 1540(b) and 1541 (7 U.S.C. 4201(b) and 4202);

Farmland Protection Policy (Department of Agriculture-7 C.F.R. Part 658);

HUD ENVIRONMENTAL STANDARDS

Applicable criteria and standards specified in HUD environmental regulations (24 C.F.R. Parts 50, 51) (other than the runway clear zone and clear zone notification requirement in 24 C.F.R. 51.303(a)(3), as modified by waivers at 83 Fed. Reg. 5844; and

HUD Notice 79-33, Policy Guidance to Address the Problems Posed by Toxic Chemicals and Radioactive Materials, September 10, 1979).

ENVIRONMENTAL JUSTICE

Executive Order 12898 of February 11, 1994 --- Federal Actions to address Environmental Justice in Minority Populations and Low-Income Populations, (59 Fed. Reg. 7629), 3 C.F.R., 1994 Comp. p. 859; and

Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities (24 C.F.R. Part 58).

SUSPENSION AND DEBARMENT

Use of debarred, suspended, or ineligible contractors or subrecipients (24 C.F.R. § 570.609);

General HUD Program Requirements; Waivers (24 C.F.R. Part 5);

Suspension and Debarment (2 C.F.R. Parts 180 and 2424); and

Nonprocurement Suspension and Debarment (2 C.F.R. § 200.213).

ACQUISITION/RELOCATION

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601 et seq.), 24 C.F.R. Part 42; 24 C.F.R. § 570.606; 49 C.F.R. § 24 (URA), as modified by waivers at 83 Fed. Reg. 5844;

Housing and Community Development Act of 1974, as amended by 24 C.F.R. § 42 and as modified by waivers at 83 Fed. Reg. 5844; and

The Protecting Tenants at Foreclosure Act of 2009.

City of Houston Housing and Community Development Department's Residential Anti-Displacement Policy, as the same may be amended (available at <https://recovery.texas.gov/files/housing-guidelines-requirements-reports/residential-anti-displacement-and-relocation-assistance-plan.pdf>)

FAITH-BASED ACTIVITIES

Executive Order 13279 of December 12, 2002 – Equal Protection of the Laws for Faith-Based and Community Organizations, (67 Fed. Reg. 77141).

CONSTRUCTION AND INSPECTION

Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794 *et seq.*) and regulations and guidelines promulgated thereunder, including without limitation 24 C.F.R. Part 8;

Fair Housing Act and regulations and guidelines promulgated thereunder, including without limitation 24 C.F.R. Part 100;

24 C.F.R. §§ 982-401 (Section 8 Housing Quality Standards for Existing Housing);

The requirements of 24 C.F.R. § 570.614, which applies the standards of the Architectural Barriers Act (42 U.S.C. §§ 4151-4157) and the Americans with Disabilities Act (42 U.S.C. §§ 155, 201, 218 and 225) to CDBG-funded activities;

Green Building Standards at 83 Fed. Reg. 5844;

Texas Architectural Barriers Act, Article 9102, Tex. Civ. Stat. Ann. (1994) and the regulations and guidelines promulgated thereunder;

Chapter 10, Subsection 60 of the Texas Administrative Code and the regulations and guidelines promulgated thereunder; and

City of Houston's Minimum Property Standards, as amended from time to time.

APPRAISAL

49 C.F.R. § 24.2(a)(3) and 49 C.F.R. § 24.103.

BROADBAND REQUIREMENTS

Any new construction or substantial rehabilitation, as defined by 24 C.F.R. § 5.100, of a building with more than four (4) rental units must include installation of broadband infrastructure. For the

purposes of this program, broadband service can either be hardwired or wireless, but it must be provided and 25 Mbps down and 3 Mbps up.

OTHER REQUIREMENTS

Chapter 552, Texas Government Code, the Texas Public Information Act, unless a valid exception exists, and Chapter 2306 of the Texas Government Code.

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APPENDIX 2

INSURANCE REQUIREMENTS FOR THE APPROVED CONSTRUCTION CONTRACT AND THE OTHER CONSTRUCTION AND SUPPLY CONTRACT

I. GENERAL INSURANCE REQUIREMENTS

A. COVERAGES. With no intent to limit Owner's liability under the indemnification provisions set forth above, Owner covenants to provide and maintain (or where applicable, ensure its Contractor provides and maintains) in full force and effect for the periods stated below (or if no period is stated for the longer of any statutory period or the construction phase of this project), at least the following insurance and available limits of liability:

REQUIRED COVERAGES

(Coverage)	(Limit of Liability)
1. Workers' Compensation:* Including All States Insurance, United States Longshoremen and Harbor Workers Compensation Act	Statutory Limits for Workers' Compensation
*See Additional Insurance Requirements Below	
2. Employer's Liability	Bodily Injury by Accident \$1,000,000 (each accident) Bodily Injury by Disease \$1,000,000 (policy limit) Bodily Injury by Disease \$1,000,000 (each employee)
3. Commercial General Liability: Including Owner's and Contractor's Protective Liability or Owner's Interest, Broad Form Property Damage, Contractual Liability, Bodily Injury, Personal Injury and Products and Completed Operations (for a period of one-year following completion of the Work under this Agreement)	Combined single limit of \$1,000,000 each occurrence, subject to general aggregate \$2,000,000; Productions and Completed Operations, \$1,000,000 aggregate
4. Owner's and Contractor's Protective Liability or Owner's Interest	100% of Contract Price, including change orders
5. Flood Hazard Insurance **	
**See Additional Insurance Requirements Below	
6. Automobile Liability Insurance	\$1,000,000 combined single limit each occurrence
7. Excess Coverage	\$1,000,000 each occurrence/combined aggregate in excess of the limits specified for Employer's Liability Commercial General Liability and Automobile Liability

8. Property & Casualty Coverage “All Causes of Loss” Builders Risk Form 100% of Contract Price, including change orders

OPTIONAL COVERAGES

- 1. Pollution Legal Liability \$1,000,000 per occurrence/aggregate
- 2. Coverage for tools, equipment, etc., not included in cost of the Work Value of items covered
- 3. Equipment floater policy to cover equipment in transit, at warehouse job site or elsewhere until Work is turned over to the City Value of Equipment
- 4. Increased Excess Coverage In addition to specified coverage, as appropriate for Project
- 5. Other insurance As appropriate for Project

If any of the above insurance is written as “claims made” coverage and the City is required to be carried as an additional insured, then Owner’s insurance shall include a two (2)-year extended discovery period after the last date that Owner provides any Work under this Agreement.

“Aggregate” amounts of coverage, for purposes of this Agreement, are agreed to be the amounts of coverage available during a fixed twelve (12)-month policy period.

B. POLICY REQUIREMENTS

1. **Form of Policies:** The insurance may be in one or more policies of insurance, the form of which is subject to reasonable approval by the Director. It is agreed, however, that nothing the Director does or fails to do with regard to the insurance policies shall relieve Owner from its duties to provide the required coverage hereunder and Director’s actions or inactions will never be construed as waiving City rights hereunder.

2. **Issuers of Policies:** The issuer of any policy must have a Certificate of Authority from the State Department of Insurance to conduct insurance business in Texas or a rating of at least **B+** and a financial size of **Class VI** or better according to the most current Edition Key Rating Guide, Property Casualty United States. Each issuer must be responsible and reputable and must be subject to approval by the Director in his/her sole discretion as to conformance with these requirements.

3. **Insured Parties:** Each policy, except those for Workers’ Compensation and Professional Liability, must name the City (and its officers, agents and employees) as additional insured parties on the original policy and all renewals or replacements during the term of this Agreement. The City’s status as an additional insured under the Owner’s insurance does not extend to instances of sole negligence of the City unmixed with any fault of the Owner or general contractor.

4. **Deductibles:** Owner shall assume and bear any claims or losses to the extent of any deductible amounts and waives any claim it may ever have for the same against the City, its officers, agents and employees.

5. **Cancellation:** Each policy must expressly state that it may not be cancelled, or materially modified, or non-renewed unless thirty (30) days advance notice of cancellation is given in writing to the City by the insurance company.

6. **Subrogation:** Each policy must contain an endorsement to the effect that the issuer waives any claim or right in the nature of subrogation to recover against the City, its officers, agents or employees.

7. **Endorsement of Primary Insurance:** Each policy must contain an endorsement that such policy is primary insurance to any other insurance available to the Additional Insured with respect to claims arising hereunder.

8. **Liability for Premium:** The Owner shall be solely responsible for payment of all insurance premium requirements hereunder and the City shall not be obligated to pay any premiums.

C. **PROOF OF INSURANCE.** Owner shall provide proof of insurance as indicated below.

1. Prior to commencing any Work under this Agreement, Owner shall furnish the Director with Certificates of Insurance, along with an affidavit from the Owner confirming that the Certificate accurately reflects the insurance coverage that will be available during the term of the Agreement. If requested in writing by the Director, the Owner shall furnish the City with certified copies of Owner's actual insurance policies. Failure of Owner to provide certified copies, as requested, may be deemed, in the Director's and/or City Attorney's discretion, to constitute a breach of this Agreement.

2. Notwithstanding the proof of insurance requirements set forth above, it is the intention of the parties hereto that Owner, continuously and without interruption, maintain in force the required insurance coverages set forth above. Failure of the Owner to comply with this requirement shall constitute a default of Owner under this Agreement. Owner agrees that the City shall never be argued to have waived or be estopped to assert its rights to terminate this Agreement because of any acts of omissions by the City regarding its review of insurance documents provided by the Owner, its general contractor, or any agents, employees or assigns.

II. **ADDITIONAL INSURANCE REQUIREMENTS:**

A. **WORKMAN'S COMPENSATION.** Owner agrees to comply with the Worker's Compensation insurance requirements set forth below.

1. **Workers' Compensation Insurance Coverage.** Owner shall, in addition to meeting the obligations set forth in Article I, Required Coverages, maintain throughout the term of the Agreement Workers' Compensation as required by statute and Owner shall specifically comply with all requirements set forth in this Section. The definitions set out below shall apply only for the purposes of this Section:

Definitions:

Certificate of coverage (Certificate): A copy of a certificate of insurance, a certificate of authority to self-insure issued by the commission (included in original definition under Rule 110.110 but excluded from this Agreement), or a coverage agreement (TWCC-81, TWCC-82, TWCC-83 or TWCC-84), showing statutory Workers' Compensation insurance coverage for the Owner's, Subcontractor's, or Supplier's employees providing service on a Project, for the duration of the Project.

Duration of the Project: Includes the time from the beginning of the Work on the Project until the Owner's Work on the Project has been completed and accepted by the City.

Persons providing services on the Project (Subcontractor in Texas Labor Code § 406.096): Includes all persons or entities performing all or part of the services the Owner has undertaken to perform on the Project, regardless of whether that person contracted directly with the Owner and regardless of whether that person has employees. This includes, without limitation, independent contractors, subcontractors, leasing companies, motor carriers, owner-operators, employees of any such entity, or employees of any entity which furnishes persons to provide services on the Project. "Services" include, without limitation, providing, hauling or delivering equipment or materials, or providing labor, transportation, or other service related to a Project. "Services" does not include activities unrelated to the Project, such as food/beverage vendors, office supply deliveries and delivery of portable toilets.

2. The Owner shall provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code, Section 401.011 (44) for all employees of the Owner providing services on the Project, for the duration of the Project.

3. The Owner must provide a certificate of coverage to the City prior to receiving funds under the Agreement.

4. If the coverage period shown on the Owner's current certificate of coverage ends during the duration of the Project, the Owner must file a new certificate of coverage with the City showing that coverage has been extended.

5. The Owner shall obtain from each person providing services on a Project and provide to the City:

- (i) a certificate of coverage, prior to that person beginning Work on the Project, so the City will have on file certificates of coverage showing coverage for all persons providing services on the Project; and
- (ii) no later than seven (7) days after receipt by the Owner, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the Project.

6. The Owner shall retain all required certificates of coverage for the duration of the Project and for one (1) year thereafter.

7. The Owner shall notify the City in writing by certified mail or personal delivery, within ten (10) days after the Owner knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the Project.

8. The Owner shall post on each Project site a notice, in the text, form and manner prescribed by the Texas Workers' Compensation Commission, informing all persons providing services on the Project that they are required to be covered and stating how a person may verify coverage and report lack of coverage.

9. The Owner shall contractually require each person with whom it contracts to provide services on a Project to:

- (i) provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code, Section 401.011(44) for all of its employees providing services on the Project, for the duration of the Project;
- (ii) provide to the Owner, prior to that person beginning Work on the Project, a certificate of coverage showing that coverage is being provided for all employees of the person providing services on the Project, for the duration of the Project;
- (iii) provide to the Owner, prior to the end of the coverage period, a new certificate of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the Project;
- (iv) obtain from each other person with whom it contracts and provide to the Owner: (1) a certificate of coverage, prior to the other person beginning Work on the project; and (2) a new certificate of coverage showing extension of coverage, prior to the end of the coverage period, if the coverage period shown on the current certificate of coverage ends during the duration of the Project;

- (v) retain all required certificates of coverage on file for the duration of the Project and for one (1) year thereafter;
- (vi) notify the City in writing by certified mail or personal delivery, within ten (10) days after the person knew or should have known, of any change that materially affects the provisions of coverage of any person providing services on the Project; and
- (vii) contractually require each person with whom it contracts, to perform as required under this Subparagraph 5.1 A-G, with the certificates of coverage to be provided to the persons for whom they are providing services.

10. By signing this Agreement or providing or causing to be provided a certificate of coverage, the Owner is representing to the City that all employees of the Owner who will provide services on the Project will be covered by Workers' Compensation coverage for the duration of the Project, that the coverage will be based on proper reporting of classification codes and payroll amounts, and that all coverage agreements will be filed with the appropriate insurance carrier. Owner shall not be allowed to self-insure Workers' Compensation. Providing false or misleading information may subject the Owner to administrative penalties, criminal penalties, civil penalties, or other civil actions.

11. The Owner's failure to comply with any of these provisions is a breach of contract by the Owner which entitles the City to declare the Agreement void if the Owner does not remedy the breach within ten (10) days after receipt of notice of breach from the City.

B. FLOOD AND HAZARD INSURANCE REQUIREMENTS. Owner must comply with the flood hazard insurance requirements set forth below.

1. Flood hazard insurance is required for projects located in a Special Flood Area (or 100-year floodplain). The Owner shall apply for flood insurance on all insurable structures built under this Agreement, if applicable. A copy of the completed application must be provided to the City before commencing construction on the Project. The Owner shall obtain flood hazard insurance as soon as possible and submit a copy of the policy to the City, if applicable. The Owner also has a statutory responsibility to inform any transferee who receives or purchases the project of any applicable requirement to obtain and maintain flood insurance, and that the transferring owner may be liable if he or she fails to do so. These requirements are enumerated at <https://www.govinfo.gov/content/pkg/USCODE-2010-title42/pdf/USCODE-2010-title42-chap68-subchapIII-sec5154a.pdf>.

APPENDIX 2 cont'd

RELEASE AND INDEMNITY PROVISIONS IN CONSTRUCTION CONTRACT

I. RELEASE

OWNER, ITS PREDECESSORS, SUCCESSORS AND ASSIGNS (THE FOREGOING ARE COLLECTIVELY REFERRED TO IN THIS SECTION AS "OWNER") HEREBY RELEASE, RELINQUISH AND DISCHARGE THE CITY, ITS PREDECESSORS, SUCCESSORS, ASSIGNS, LEGAL REPRESENTATIVES AND ITS FORMER, PRESENT AND FUTURE AGENTS, EMPLOYEES AND OFFICERS (THE FOREGOING ARE COLLECTIVELY REFERRED TO IN THIS ARTICLE AS "CITY") FROM ANY LIABILITY AS A RESULT OF THE SOLE AND/OR CONCURRENT NEGLIGENCE OF THE CITY FOR ANY INJURY, INCLUDING DEATH OR DAMAGE TO PERSONS OR PROPERTY, WHERE SUCH DAMAGE IS SUSTAINED IN CONNECTION WITH THIS AGREEMENT.

II. INDEMNIFICATION

OWNER COVENANTS AND WARRANTS THAT IT WILL PROTECT, DEFEND, AND HOLD THE CITY HARMLESS FROM ANY AND ALL THIRD PARTY CLAIMS, DEMANDS, AND LIABILITY, INCLUDING DEFENSE COSTS, RELATING IN ANY WAY TO DAMAGES, CLAIMS OR FINES ARISING BY REASON OF OR IN CONNECTION WITH OWNER'S ACTUAL OR ALLEGED NEGLIGENCE OR OTHER ACTIONABLE PERFORMANCE OR OMISSION OF THE OWNER IN CONNECTION WITH OR DURING THE PERFORMANCE OF THE DUTIES UNDER THIS AGREEMENT. ALSO, DURING THE PERFORMANCE OF THE WORK AND UP TO A PERIOD OF FIVE (5) YEARS AFTER THE DATE OF FINAL ACCEPTANCE OF THE WORK, OWNER FURTHER EXPRESSLY COVENANTS AND AGREES TO PROTECT, DEFEND, INDEMNIFY, AND HOLD HARMLESS THE CITY FROM ALL CLAIMS, ALLEGATIONS, FINES, DEMANDS, AND DAMAGES RELATING IN ANY WAY TO THE ACTUAL OR ALLEGED JOINT AND/OR CONCURRENT NEGLIGENCE OF THE CITY AND OWNER, WHETHER OWNER IS IMMUNE FROM LIABILITY OR NOT.

IT IS THE EXPRESSED INTENTION OF THE PARTIES HERETO THAT THE INDEMNITY PROVIDED HEREIN IS AN AGREEMENT BY THE OWNER TO INDEMNIFY AND PROTECT THE CITY FROM THE CITY'S OWN NEGLIGENCE WHERE SAID NEGLIGENCE IS AN ALLEGED OR ACTUAL CONCURRING PROXIMATE CAUSE OF ANY ALLEGED THIRD-PARTY HARM.

THE INDEMNITY PROVISION PROVIDED HEREIN SHALL HAVE NO APPLICATION TO ANY CLAIM OR DEMAND WHERE BODILY INJURY, DEATH, OR DAMAGE RESULTS ONLY FROM THE SOLE NEGLIGENCE OF THE CITY UNMIXED WITH ANY FAULT OF THE OWNER. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, THE LIABILITY OF THE OWNER UNDER THIS INDEMNITY PROVISION SHALL NOT EXCEED \$1,000,000.00 PER OCCURRENCE.

APPENDIX 3

CONSTRUCTION CONTRACT REQUIREMENTS

1. **Davis-Bacon.** Compliance with the federal labor standards provisions of the Davis-Bacon Act, as amended (40 U.S.C. §§ 276a, et seq.); compliance with the Davis-Bacon Act shall be verified through on-site inspections by representatives of the City or at the City's option, the Approved Inspectors. Each Construction Contract should include as an attachment HUD 4010 Federal Labor Provisions and HUD Handbook 1344 –Davis Bacon Act. In addition, each Construction Contract must require compliance with CDBG Regulations at 24 C.F.R. 570.603 and Department of Labor regulations at 29 C.F.R. Parts 1, 3, 5, 6 and 7.

2. **Release and Indemnity Provisions In Contracts.** Inclusion of a release and indemnity in favor of the City in substantially the same text as set forth in these Appendices (when the terms "Owner"/"Agreement" are used below, they encompass the terms "Contractor"/"Contract" and "Subcontractor"/"Subcontract" "Supplier/Supply Contract" where applicable).

3. **Insurance.** Inclusion of the requirement that the contractor, subcontractor, or supplier maintain insurance described in these Appendices (although the Appendices contain these insurance requirements as of the Effective Date of this Agreement, the version of insurance requirements in effect for the City's General Conditions of Construction Contract at the date of Closing of the City's Loan shall supersede the requirements set forth in the Appendices).

4. **MWSBE Requirements.** Owner shall require written contracts and supply agreements with all MWSBE contractors and suppliers and such contracts and supply agreements shall comply with Section One, Paragraph K of this Agreement.

5. **Disputes.** Subject to the requirements of Section 4 above, all disputes concerning the quantity, quality and completion or sufficiency of work performed or materials supplied pursuant to the Approved Construction Contract shall be submitted to the Director for resolution,

and the Director may order the parties to mediation, at his option, to attempt to resolve the dispute in accordance with Section 18, Paragraph 18.18 of this Agreement. The Director may declare a default under the City Loan if any dispute referred to mediation is not resolved within sixty (60) days after submission to non-binding mediation. The Approved Construction Contract and each subcontract will include a requirement that the Director shall have the authority to require any disputes thereunder be submitted to nonbinding mediation, but nothing shall require the City to participate in such mediation. Neither the decision of the Director nor the issuance of a Certificate of Completion shall be construed to release the Borrower, Owner or any surety from liability under any bond, warranty or guaranty to be provided under this Agreement.

6. **Compliance With Minimum Property And Rehabilitation Standards.** The Approved Construction Contract shall provide that the entire Project be constructed or brought up to the standards required by the City’s Minimum Property Standards and (b) all applicable local codes, construction standards, ordinances, and zoning ordinances (including without limitation, the City’s Building, Housing and Fire Codes). All newly constructed and reconstructed housing units must meet the current requirements of the Model Energy Code (<http://www.energycodes.gov/implement/pdfs/modelcode.pdf>).

7. **Bidding Requirements (if applicable).**

(a) The Contractor shall send an invitation to bid to construction and repair businesses that are listed in the City’s Office of Business Opportunity (“OBO”). The Owner also may solicit invitations to bid from other sources.

(b) The Contractor shall solicit at least 3 bids for all Work.

(c) The Contractor shall provide a bid package to all prospective bidders. The Contractor may charge bidders the cost of copying the bid package. The bid package shall contain

the Approved Final Plans, Specifications, and Drawings and shall contain the Construction Contract Requirements set forth as an exhibit to this Agreement.

(d) The Contractor shall select the lowest responsible bidder for award of the contract.

(e) The Contractor shall give the selected bidder written notice of the award. The notice shall state that the award is conditioned upon the bidder's compliance with this Agreement, including, without limitation, compliance with the MWSBE provisions.

8. **Audit Rights.** Each Construction Contract and subcontract shall contain provisions granting GLO and the City the right to review, audit and monitor any construction contracts and subcontracts.

9. **Cost-Plus Contracts Prohibited.** Neither Borrower nor Owner nor Owner's contractors or any subcontractors will enter into contract types prohibited by the U.S. Department of Housing and Urban Development and the regulations at 2 CFR Part 200. Specifically, as required by the GLO, no party will enter into a cost-plus or cost-plus percentage of cost contract in connection with work at the Development.

10. **Penalties.** Each Construction Contract and subcontract shall include a clause that failure to adequately perform under the contract may result in penalties including the possibility of debarment from future GLO or City work.

APPENDIX 4

SURVEY REQUIREMENTS

- (1) Prepared by a licensed Texas surveyor;
- (2) in form and content satisfactory to the Director;
- (3) in accordance with the Accuracy Standards for ALTA/ACSM Land Title Surveys as adopted by ALTA, American Congress on Surveying & Mapping and National Society of Professional Surveyors, or the Texas Surveyors' Association;
- (4) in form necessary for the title company issuing title insurance to amend the survey exception to read "shortages in area";
- (5) containing a certificate which includes a statement as to whether any portion of the Land is located within a flood plain, flood hazard or flood prone area;
- (6) certified to the title company and the City and their respective successors and assigns;
- (7) containing the same legal description contained in the Senior Loan Documents;
- (8) including, a metes and bounds description of the real property comprising the Land,
- (9) with the surveyor's seal affixed; and
- (10) with a certification for the Survey in the form set forth below or such other form acceptable to the Director:

The undersigned hereby certifies to the City of Houston, _____ (Owner), and _____ (Title Company) that this survey: (i) was made on the ground as per the field notes shown thereon and correctly shows the boundary lines and dimensions and the area of the land indicated thereon and each individual parcel thereof indicated thereon; (ii) correctly shows the location of all buildings, structures, and other improvements and visible items on the subject property; (iii) correctly shows the location and dimension of all alleys, streets, roads, rights-of-way, easements, and other matters of record of which the undersigned has been advised by the title commitment issued by Title Company, Commitment No. _____ affecting the subject property according to the legal description in such recorded easements and other recorded matters; (iv) correctly shows the location of all streets and roads providing access to the subject property, and that such streets and roads that provide such access have been dedicated for public use in Book _____, Page _____, Plat Records of _____ County, _____ and are built and are being maintained by _____; there are no encroachments or overhangs on adjoining premises, streets, or alleys by any of said buildings,

structures, or other improvements, rights of way, party walls, or boundary conflicts and there are no visible encroachments or overhangs on the subject property by buildings, structures, or other improvements situated on adjoining premises; the distance to the nearest intersecting street or road is as shown hereon; there is physical ingress and egress to the subject property by paved, dedicated public streets maintained by the city or county in which the subject property is located; and there is no visible use of ingress-egress across the subject tract by an adjoining property; and (v) was performed in accordance with the standards of a Category 1A survey under the Manual of Practice for Land Surveying in Texas.

SURVEYED BY: _____

SEAL

Date of Survey
Reg. Professional Land Surveyor No. _____

Note: This copy of this plat is not valid unless an original signature through an original seal appears on its face.

FLOOD PLAIN NOTE: This tract is not within an identified (shaded) special flood hazard area (including the 100-year flood), but is within zone X, areas determined to be outside 500 year flood-plain, as identified by the Federal Emergency Management Agency, National Flood Insurance Program, Flood Insurance Rate Map for _____ County, _____, and incorporated Areas Map No. _____ dated _____.

The above statement is for information only and this surveyor assumes no liability for the correctness of the cited map(s). In addition, the above statement does not represent this surveyor's opinion of the probability of flooding.

APPENDIX 4

SURVEY REQUIREMENTS

- (1) Prepared by a licensed Texas surveyor;
- (2) in form and content satisfactory to the Director;
- (3) in accordance with the Accuracy Standards for ALTA/ACSM Land Title Surveys as adopted by ALTA, American Congress on Surveying & Mapping and National Society of Professional Surveyors, or the Texas Surveyors' Association;
- (4) in form necessary for the title company issuing title insurance to amend the survey exception to read "shortages in area";
- (5) containing a certificate which includes a statement as to whether any portion of the land is located within a flood plain, flood hazard or flood prone area;
- (6) certified to the title company and the City and their respective successors and assigns;
- (7) including, a metes and bounds description of the real property comprising the land,
- (8) with the surveyor's seal affixed; and
- (9) with a certification for the Survey in the form set forth below or such other form acceptable to the Director:

The undersigned hereby certifies to the City of Houston,
_____, (Owner), and
_____, (Title Company) that this survey:
(i) was made on the ground as per the field notes shown thereon and correctly shows the boundary lines and dimensions and the area of the land indicated thereon and each individual parcel thereof indicated thereon; (ii) correctly shows the location of all buildings, structures, and other improvements and visible items on the subject

property; (iii) correctly shows the location and dimension of all alleys, streets, roads, rights-of-way, easements, and other matters of record of which the undersigned has been advised by the title commitment issued by Title Company, Commitment No. _____ affecting the subject property according to the legal description in such recorded easements and other recorded matters; (iv) correctly shows the location of all streets and roads providing access to the subject property, and that such streets and roads that provide such access have been dedicated for public use in Book _____, Page _____, Plat _____ Records of _____ County, _____, and are built and are being maintained by _____; there are no encroachments or overhangs on adjoining premises, streets, or alleys by any of said buildings, structures, or other improvements, rights of way, party walls, or boundary conflicts and there are no visible encroachments or overhangs on the subject property by buildings, structures, or other improvements situated on adjoining premises; the distance to the nearest intersecting street or road is as shown hereon; there is physical ingress and egress to the subject property by paved, dedicated public streets maintained by the city or county in which the subject property is located; and there is no visible use of ingress-egress across the subject tract by an adjoining property; and (v) was performed in accordance with the standards of a Category 1A survey under the Manual of Practice for Land Surveying in Texas.

SURVEYED BY: _____

SEAL

Date of Survey

Reg. Professional Land Surveyor No. _____

Note: This copy of this plat is not valid unless an original signature through an original seal appears on its face.

For projects that are not located in a 100-year or 500-year flood zone:

FLOOD PLAIN NOTE: This tract is not within an identified (shaded) special flood hazard area (including the 100-year flood), but is within zone X, areas determined to be outside 500 year flood-plain, as identified by the Federal Emergency Management Agency, National Flood Insurance Program, Flood Insurance Rate Map for _____ County, _____, and incorporated Areas Map No. _____ dated _____.

The above statement is for information only and this surveyor assumes no liability for the correctness of the cited map(s). In addition, the above statement does not represent this surveyor's opinion of the probability of flooding.

For projects that are located within a flood zone:

FLOOD PLAIN NOTE: This tract is within flood zone _____, as identified by the Federal Emergency Management Agency, National Flood Insurance Program, Flood Insurance Rate Map for _____ County, _____, and incorporated Areas Map No. _____ dated _____.

The above statement is for information only and this surveyor assumes no liability for the correctness of the cited map(s). In addition, the above statement does not represent this surveyor's opinion of the probability of flooding.

Appendix 5:
Compliance Forms

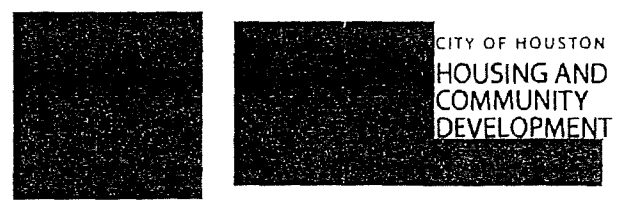
COMPLIANCE FORMS

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Houston, TX 77002 | 832.394.6160

www.houstontx.gov/housing



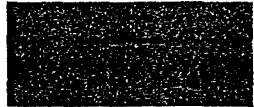
CONTACT INFORMATION

City of Houston - HCDD 2100 Travis Street, 9th Floor Houston, TX 77002		
CONTRACT COMPLIANCE SECTION MWSBE/Section 3/Community Involvement		
Division Manager	Chrystal Boyce	(832) 394-6130 Chrystal.Boyce@houstontx.gov
Administrative Coordinator	Lakesha Tates	(832) 394-6345 Lakesha.Tates@houstontx.gov
MWSBE Coordinator	Taylisha Clark	(834) 394-6326 Taylisha.Clark@houstontx.gov
MWSBE Contract Administrator	Eva Alcalá	(832) 394-6118 Eva.Alcala@houstontx.gov
MWSBE Contract Administrator	Aldwin Foster-Rettig	(832) 394-6202 Aldwin.Foster-Rettig@houstontx.gov
Section 3 Lead Contract Administrator	Tiffany Wyatt	(832) 394-6379 Tiffany.Wyatt@houstontx.gov
Section 3 Contract Administrator	Desmond Calloway	(832) 393-9110 Desmond.Calloway@houstontx.gov
Section 3 Coordinator	Patricia Holcombe	(832) 394-6321 Patricia.Holcombe@houstontx.gov
Community Involvement Coordinator	Karen Franklin	(832) 394-6160 Karen.Franklin@houstontx.gov

COMPLIANCE FORMS

Instructions: All compliance forms must be completed and/or signed by a duly authorized member of the firm. The Prime Contractor, Subcontractor, and Suppliers must upload the following forms in **LCPTracker** by the deadlines provided below. Read each form to verify if it's applicable to your firm and follow the instructions written on each form.

The following form(s) are to be submitted <i>before construction</i> commences.		
Compliance Section(s): MWSBE/Section 3	Form/Documents	Due
All sections	Executed contract agreement, purchase order, and/or invoice	Within 5 business days of executed contract agreement
All sections	Compliance Cover Sheet	Within 5 business days of executed contract agreement
All sections	Request for Contractor/Subcontractor Clearance Form/SAM Verification	Before execution of contract agreement
All sections	Start of Work Notice	Upon commencement of work
All sections	Termination of Work Notice	Upon completion of work
MWSBE/ Section 3	Section 3/MWSBE Utilization Plan	Within 5 business days of executed contract agreement, monthly, and/or when changes occur
Section 3	Contractor's Section 3 Compliance Certification	Within 5 business days of executed contract agreement
Section 3	First Source Hiring Agreement	Within 5 business days of executed contract agreement
Section 3	Permanent Employee List	Within 5 business days of executed contract agreement
Section 3	Workforce Analysis Form	Within 5 business days of executed contract agreement
Section 3	Internal Capacity Affidavit	Within 5 business days of executed contract agreement or when internal capacity is reached
Section 3	Monthly Verification of Internal Capacity Status	Between 1 st and 5 th day of the month capturing previous month activity
Section 3	Section 3 Monthly Activity Report	Between 1 st and 5 th day of the month capturing previous month activity
Section 3	Section 3 New Hire Form	Between 1 st and 5 th day of the month capturing previous month activity
Section 3	Confirmation of Subcontractor Amount	Within 5 business days of executed contract agreement
Section 3	E-BID Announcement	Submit at least 14 business days from need to contract
Section 3	Employment Opportunity Announcement (EOA)	Submit at least 14 business days prior need to hire
Section 3	Bid Tabulation	Submit no later than 5 business days after final selection is made
Section 3	Template - Section 3 Signage (GC)	Signage must be posted on site prior to start of work



Compliance Cover Sheet

Return with Compliance Documents (Complete all fields)

Project Name:		
Name of Prime Contractor/Sub/Supplier:		I/We have a written contract or purchase order with:
Services to be provided:		NAICS code [Hint: To look up a code, please visit http://www.census.gov/eos/www/naics/]
Company Address:		Pre-existing LCP Tracker User ID:
EIN or SS Number:	DUNS Number: (N/A if not applicable)	Contract Amount: \$
Compliance Contact Person/Title:		Email:
Phone Number:		Fax Number:
*Owner's Ethnicity/Racial Background:		Gender:
<input type="checkbox"/> MBE	<input type="checkbox"/> WBE	<input type="checkbox"/> SBE
<input type="checkbox"/> Section 3		

Instructions:

This form must be completed by all Prime contractors, Subcontractors, and Suppliers upon execution of a contract agreement, purchase order and/or invoice.

**For contracts applicable to Section 3, Suppliers that do not perform labor should NOT complete this form.*

The Prime Contractor is responsible for collecting this form from Subcontractors and Suppliers to complete setup and access to LCP Tracker.

**HUD's ethnicity categories are: White American, Black American, Native American, Hispanic American, Asian/Pacific American and Hasidic Jewish.*

***REQUIRED BY ALL SECTIONS**

Request for Prime Contractor/Subcontractor Clearance

No contract can be executed with a Prime Contractor, Subcontractor or Supplier until their eligibility has been verified by HCDD.

Date	
Project Name	
Project Address	
Prime Contractor/Sub/Supplier	
EIN or SS Number	
Address/Zip Code	
Phone Number	<input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Corporation
Check the applicable entity	<input type="checkbox"/> Partnership <input type="checkbox"/> Other

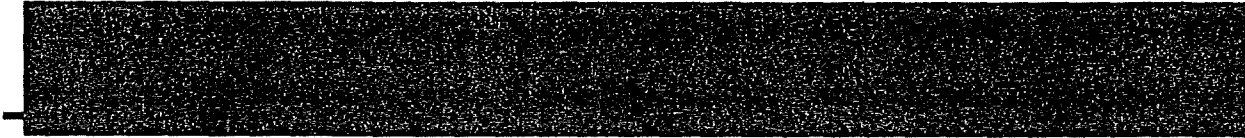
List Principal(s) below:

Instructions:

To ensure eligibility, a search must be conducted of the (1) Company Name, (2) Principal Owner(s) and (3) the Employer Identification Number (EIN) through www.sam.gov/SAM.

The Prime Contractor verifies the eligibility of all Subcontractors and Suppliers. Search results and the Request for Clearance form **MUST** be uploaded in LCP Tracker for each Subcontractor and Supplier.

***REQUIRED BY ALL SECTIONS**



Prime Contractor Information

Project Name	
Project Address	
Prime Contractor/Sub Name	
Prime Contractor/Sub Address	
Start of Work Date	

Prime Contractor Authorization

Name of Authorized Officer	
Signature	
Title	

Instructions:

This form must be completed by the Prime Contractor/Subcontractor and serves as notice of commencement of work to HCDD.

***REQUIRED BY ALL SECTIONS**

Termination of Work Notice

Prime Contractor Information

Project Name	
Project Address	
Prime Contractor/Sub Name	
Prime Contractor/Sub Address	
Termination of Work Date	

Prime Contractor Authorization

Name of Authorized Officer	
Signature	
Title	

Instructions:

This form must be completed by the Prime Contractor/Subcontractor and serves as notice to HCDD that work has been completed.

***REQUIRED BY ALL SECTIONS**

Section 3 Utilization Plan

A Prime Contractor must submit an initial Utilization Plan when selected and then once every month and/or when there are changes to utilization and/or contract amounts. All Subcontractors, and Owner Developer are also required to submit a Utilization Plan once every month and/or when there are changes to utilization and/or contract amounts. Section 3 requires an Owner/Developer(s), Prime Contractor & Subcontractor to award 10% of the construction budget to Section 3 Business Concerns when "NEW" contracting opportunities arise. This requirement by Section 3 excludes Suppliers. The 10% hard cost goal is calculated based on the total contract amount financed with HUD funds for construction related activities. The 3% soft cost goal is applicable when "New" opportunities arise for non-construction related activities. The 3% is calculated based on the soft cost budget, not the total contract amount. This form MUST be completed by ALL Subcontractors working on projects at all tier levels.

Reminder: THIS FORM MUST BE DATED BETWEEN THE 1ST AND 5TH OF EACH MONTH

1A. DDMMYY		1B. Project Name		1C. Contract Number		1D. Contract Amount		1E. Contract Period		1F. Prime Subcontract Name		1G. Employee Contact Name		1H. Company Contact Telephone Number	
2A. Required 10% Hard Cost		2B. Achieved 10% Hard Cost		2C. 10% Hard Cost Met		2D. Soft Cost Budget (if not applicable)		2E. Required 3% Soft Cost		2F. Achieved 3% Soft Cost		2G. 3% Soft Cost Met			
NAICS Code (4 digits)	Subcontractor	Section 3 Certified (Select Yes/No/Not Sure)	Gender (Select Male/Female)	Ethnicity (Select ethnicity group)	Description of Service	EIN or ISS	Contract Amount	% of Contract	Hard Cost/Soft Cost (select the correct choice)	Address & Phone Number					
		No	Female	White American											
		No	Female	Hispanic Jewish											
		No	Female	Hispanic Jewish											
		No	Female	Hispanic Jewish											
		No	Female	Hispanic Jewish											
		No	Female	Hispanic Jewish											
		No	Female	Hispanic Jewish											
		No	Female	Hispanic Jewish											
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		No	Female	Hispanic Jewish											
		No	Female	Hispanic Jewish											
		No	Female	Hispanic Jewish											
		No	Female	Hispanic Jewish											

HUD's ethnicity categories are: White American, Black American, Native American, Hispanic American, Asian/Pacific American and Hispanic Jewish
 6 | Page Appendix 5 Page 7



MWSBE Utilization Plan

A Prime Contractor must submit an initial Utilization Plan when selected and then once every month and/or when there are changes to utilization and/or contract amounts. All Subcontractors, Suppliers and Owner/Developers are also required to submit a Utilization Plan once every month and/or when there are changes to utilization and/or contract amounts. This form MUST be completed by ALL Subcontractors and Suppliers working on MWSBE projects at all tier levels.

Reminder: THIS FORM MUST BE DATED BETWEEN THE 1ST AND 5TH OF EACH MONTH.

EA ID# M/A YYY	PR Project Name	EC Contractor Name	ED Contract Amount	EE Prime Sub Contract Value	EC Compliance Contact Name	EE Compliance Contact Telephone Number				
NAICS Code (8 digit)	Subcontractor/Supplier	MWSBE Utilization (%)	Section 3 Certified (Y/N)	* Ethnicity (Refer to notes below)	Description of Service	FIN or SIC	Contract Amount	% of Contract	Hard Cost, Soft Cost or Supplier (check appropriate boxes)	Address & Phone Number & Email
		No	No	Hispanic American						
		No	No	Hispanic American						
		No	No	Hispanic American						
		No	No	Hispanic American						
		No	No	Hispanic American						
		No	No	Hispanic American						
		No	No	Hispanic American						
		No	No	Hispanic American						
		No	No	Hispanic American						
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		No	No	Hispanic American						
		No	No	Hispanic American						
		No	No	Hispanic American						
		No	No	Hispanic American						
		No	No	Hispanic American						
		No	No	Hispanic American						
		No	No	Hispanic American						
		No	No	Hispanic American						
		No	No	Hispanic American						

*HUD's ethnicity categories are: White American, Black American, Native American, Hispanic American, Asian/Pacific American and Muslim/Jewish.

Contractor's Section 3 Compliance Certification

The undersigned makes this affidavit with full knowledge that its contents will be used in the expenditure of funds provided by the United States Government. Under penalty of perjury I hereby state:

1. I am the _____ of _____
(owner, partner, officer, representative, agent) (Company Name)
2. My company adheres to Section 3 of the Housing and Urban Development (HUD) Act of 1968, as amended, 12 U.S.C. 1701u which requires, to the greatest extent feasible, that a "good faith effort" given to identifying small businesses located within the boundaries of the Section 3 service area, making them aware of contracting opportunities, encouraging their participation and actually awarding contracts to Section 3 business concerns through the assistance of the City of Houston and their referral system.
3. An attempt will be made to undertake outreach activities intended to encourage participation by Section 3 residents in training and employment opportunities, to include but not be limited to utilizing the referral established by the City of Houston, the Texas Employment Commission, and Houston Works.
4. My company also acknowledges and affirms the required steps stipulated in the Code of Federal Regulations 24 CFR Part §135.38 for any "New" services, i.e. employment labor, services/materials, or subcontracting. Any violation of this requirement will present a negative impact on the performance rating of the recipient, developer, and contractor/subcontractor.

§ 135.38 Section 3 clause

All section 3 covered contracts shall include the following clause (referred to as the section 3 clause):

- A. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
- C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause and will post copies of the notice in conspicuous places at the work site where both employees and new applicants can see. The notice shall describe the section 3 preference, set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the required qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the

subcontractor has been found in violation of the regulations in 24 CFR part 135.

- E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.
- F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts. G. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

Affiant's Signature: _____ Address: _____

Affiant's Title: _____ Telephone: _____

Affiant's Company Name: _____

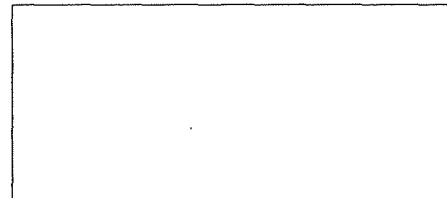
_____ Subscribed and

sworn to under oath before me this _____ day of _____, 20____

Notary Public Signature

My Commission Expires: _____

Notary Stamp



First Source Hiring Agreement

This agreement is entered this _____ day of _____, 20__ by and between the City of Houston and, hereinafter referred to as the "City", and hereinafter referred to the "Contractor", in connection with work to be performed in relation to the City's HUD-assisted project entitled, hereinafter referred to as the "project".

Whereas, HUD has promulgated certain regulations to implement Section 3 of the Housing and Urban Development (HUD) Act of 1968 (12 U.S.C. 1701u) (Section 3), which regulations were published in the Federal Register June 30, 1994 at page 33865, hereinafter referred to as the "Section 3 regulations"; and

Whereas, the purpose of Section 3 regulations is to ensure that employment and other economic opportunities generated by Section 3 covered assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low-income persons, and to business concerns, which provide economic opportunities to such persons.

Whereas, HUD has set forth numerical employment, and contracting goals to be achieved by all Community Development recipients of Section 3 covered assistance and by other recipients of such assistance in which HUD's share exceeds \$200,000 per project and by those Contractors whose share of such projects exceeds \$100,000; and

Whereas, the numerical goal so established by HUD applicable to the Project is set forth below; and

Whereas, recipients of Section 3-covered assistance and their contractors can demonstrate compliance with the Section 3 regulations by committing to employ Section 3 eligible persons as the applicable percentage of the aggregate number of new hires during the time period involved in the Section 3-covered project; and

Whereas, the City and the Contractor are desirous of being in compliance with the Section 3 regulations as they relate to the Project;

Now Therefore, the City and the Contractor agree as follows:

1. The Contractor and any of its subcontractors shall supply the City with a list of all full-time employees currently employed, indicating which, if any, of said employees were hired within the past three years and were also low or very low-income persons when so hired;
2. The Contractor and any of its subcontractors shall provide a listing of any and all positions for which new hires are expected to be required as a result of the Project;
3. The Contractor and any of its contractors will, to the greatest extent feasible, endeavor to hire 30% percent of the new hires generated by the Project from the following list of Section 3-eligible groups, in the order of priority listed:
 - a. Section 3 residents of service area or neighborhood;
 - b. Youth build participants;
 - c. Homeless projects; Homeless persons; and
 - d. Other Section 3 residents.
4. The Contractor and any of its subcontractors will be encouraged to make new hires from the list of Section 3-eligible groups in Paragraph 3 above for any and all other projects assisted with Federal funding, whether or not such project is subject to the Section 3 regulations;

5. The Contractor and any of its subcontractors shall accept referrals of Section 3-eligible persons from the City.

Provided, however, that nothing in this agreement is to be construed requiring any party hereto, or its subcontractors, to hire any person or persons who are unqualified to or incapable of carrying out the work required of any such new hires.

Witness our hands and seals on the date first written above:

The City of Houston
Department of Housing & Community Development

by _____
Section 3 Coordinator

Contractors Name:

by _____
its Owner/President/Vice President

***SECTION 3 ONLY**

Permanent Employee List



Project Name: _____

Total Amount of Contract _____

Name of Contractor: _____

Address: _____

Name of Contact Person: _____

Date: _____

Employee Names	Job Title	Certified Section 3 Resident		Monthly Salary or Hourly Rate
		Yes	No	

I certify the above-named individuals are permanent employees of this firm. I understand that falsifying information is perjury and subject to legal ramifications.

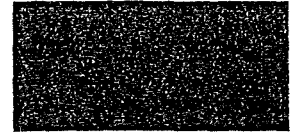
 Print Name / Title

 Signature

 Date

SECTION 3 ONLY

Section 3 Prime Contractor/Subcontractor Workforce Analysis Form



ESTIMATED PROJECT WORK FORCE BREAKDOWN

	Job Category	Estimated Number of Positions Needed for Project	Number of Positions Occupied by Permanent Employees	Number of Positions Not Occupied	Number of Positions to be Filled w/ Section B Residents
Non-Construction	Officer Supervisor				
	Professionals				
	Technical				
	Office Clerical				
	Service Workers				
	Other:				
Construction	Journeyman:				
	Apprentices:				
	Laborers				
	Trainees				
	Other:				

EMPLOYMENT CERTIFICATION (make additional copies of this form if necessary)

The Company hereby certifies that the above table represents the appropriate number of employee's positions required in the execution of project and represents the number of Section 3 service area residents that the company proposes to employ. The Company certifies that it will make a good faith effort to employ the number of lower income employees stated utilizing such community-based organizations and service agencies as the Texas Employment Commission and Houston Works.

Company: _____

Title: _____

By: _____

Date: _____

Affidavit:

The undersigned makes this affidavit with full knowledge of the content described in the Section 3 Program regulations at 24 CFR Part 135. Each recipient of Section 3 covered financial assistance, and its contractors or subcontractors are required to comply with the requirements of Section 3 for new employment, training, or contracting opportunities that are created during the expenditure of covered funding. This requirement applies to matters which include:

1. All construction projects for which the amount of City (HUD-sourced) assistance to the project or program exceeds \$200,000.
2. All Contractor Subcontractor situations where the individual contract or subcontract exceeds \$100,000 from the City with HUD-sourced funds.

This affidavit is to document the contractor has sufficient internal capacity to execute the entire scope of work awarded without the need to subcontract and to acknowledge by the undersigned if subcontracts are required, they may be subject to additional requirements under the Section 3 program.

Under penalty of perjury I hereby state:

I, _____ am the _____ of _____
(Print Name) (Owner, partner, officer, representative, agent) (Company Name)

which has executed a contract with _____ to perform _____
(Other Contract Party) (Description of Work)

_____ on the project known as _____
(Description of Work - Continued) (Name of Project)

and represent that the contract covered by this affidavit has met the conditions, including those described above and hereby authorize and request any person, firm or corporation to furnish any information requested by the Housing and Community Development Department in verification of the recitals comprising this _____ day of _____, 20_____.

Company Name Representative Signature Title

STATE OF TEXAS §
 §
COUNTY OF _____ §

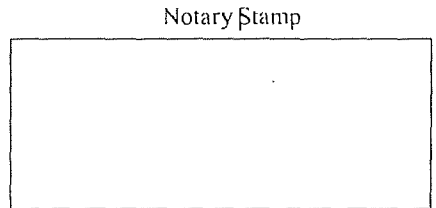
_____ being duly sworn, deposes and says that he/she is the

(Print Name)
(Owner, partner, officer, representative, agent)

of _____ and that the answers to the foregoing questions and all statements therein contained are true
(Company Name)
and correct.

Subscribed and sworn to before me this _____ day of _____, 20_____.

_____ My Commission Expires: _____
Notary Public Signature



Only submit form if Prime/Subcontractor does not have a need for lower-tier subs or new hires for the duration of the project.



This form is to be completed and submitted by the 5th of each month by every Subcontractor claiming Internal Capacity, for the duration of their contract. Always report for the previous month: (E.g., Form due on July 5th, will be reporting activity of June).

Reporting Month:	Project Name
Subcontractor	Contracted With

By signing below, I hereby verify that my company has remained in the qualifying Internal Capacity parameters stated below:

- No Lower-Tier Subcontracts have been awarded, and/or
- No New Hires (employees placed on payroll) have been hired to work specifically on the project stated above.

By signing below, I also verify that I understand that in the event my company has the need for lower-tier subcontracts and/or new hires, I will immediately alert the General Contractor and will follow the below Section 3 Procurement Processes. I also understand that my company can no longer claim Internal Capacity and will be required to comply with all Section 3 requirements that are now applicable.

Section B Procurement Process for Lower-Tier Subcontractors

1. Subcontractor will submit **Ebid Announcement** that lists scope of work, contact information and a bid due date (minimum is two weeks). Subcontractors should submit Ebid directly to General Contractor.
 - a. Ebid will be forwarded to HCDD and will then be sent to all Section 3 Businesses.
2. Subcontractor will review all bids received and will award contract based on the Section 3 procurement guidelines, depending if bids are construction or non-construction:
 - a. 10% of construction contract must be awarded to Section 3 Business.
 - b. 3% of soft cost (non-construction) budget must be awarded to Section 3 Business.
3. Subcontractor will submit a **Bid Tabulation** after all bids have been received. The bid tabulation should indicate which awarded contracts were to a Section 3 Business.
4. Subcontractor will submit a **Utilization Plan** that lists all Lower-Tier Subcontractors, Professional Services and Suppliers being utilized. The template is provided on page 46 of the Section 3 Contractor Orientation Guide.

Section B Procurement Process for New Hires

1. Subcontractor will submit an Employment Opportunity Announcement (EOA) that lists position details, applicant qualifications, contact information and application deadline. EOA will be submitted directly to the General Contractor.
 - a. EOA will be forwarded to HCDD and will then be sent to all certified Section 3 Residents.
2. Subcontractor will hold Interviews and determine how the 30% New Hire Goal will be met.
 - a. For example, if 10 new hires are needed, at least 6 must be either:
 - i. Currently certified as a Section 3 Resident
 - ii. Qualifies as a Section 3 Resident (required to complete Section 3 Resident Application)
3. Subcontractor will notify the General Contractor of hiring results and will submit the following:
 - a. Statement indicating how the 30% New Hire Goal was met, list of new hire names and Section 3 Resident status.
 - b. Section 3 Resident Applications for new hires that must be certified in order to meet the 30% New Hire Goal.
4. Subcontractor will start submitting monthly reporting and any other additional documents needed for the duration of their contract.

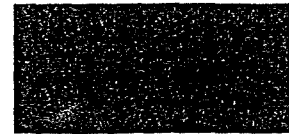
Print Name

Title Company

Signature

Date

***SECTION 3 ONLY**



Section 3 Monthly Activity Report (PART I)

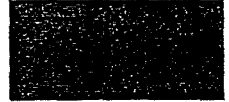
Contractor Name	Project Name
Contractor Address	Contract Amount
Contact Person	Reporting Month
Phone Number Email	Date of Submission

Employment and Training

A Job Category	B				C		D			
	New Hires		No New Hires		Employees		Trainees		No Trainees	
	Section 3 New Hires*		Non-Section 3 New Hires		Section 3 Employees*	Non-Section 3 Employees	Section 3 Trainees* Previously Reported That Worked This Month		New Section 3 Trainees* Reporting for the First Time	
	# of New Hires	Hours Worked	# of New Hires	Hours Worked	Hours Worked	Hours Worked	# of Trainees	Hours Worked	# of Trainees	Hours Worked
Professional										
Technician										
Office Clerical										
Trade:										
Trade:										
Trade:										
Trade:										
Other:										
Other:										
TOTAL										

NOTES:

1. This form **MUST** be submitted by **ALL** contractors (with a contract in excess of \$100,000) no later than the **5th** of each month.
2. Reporting **MUST** always reflect previous months activity.
3. New Hires are reported under Column "B" for the first month following their date of hire. Thereafter, New Hires are reported under Column "C".
4. All New Hires **MUST** be listed on the Section 3 and Non-Section 3 New Hire Form.
5. This form is **NOT** required by Prime and Subcontractors claiming "Internal Capacity".



Section 3 and Non-Section 3 New Hire Form (PART II)

Form Instructions

Contractor Name:				Reporting Month/Year:					
A. First Name	B. Last Name	C. Racial/ Ethnic Code	D. Hire Date	E. Hourly Rate	F. Section 3 Status	G. Trade Work	H. Hours Worked	I. Hours Trained	J. Payroll Classification

- A. First name of Section 3 Resident
- B. Last name of Section 3 Resident
- C. Racial/ethnic code: 1 – White American, 2 – Black American, 3 – Native American, 4 – Hispanic American, 5 – Asian Pacific American, 6 – Hasidic Jew
- D. Hire date of Section 3 Resident
- E. Hourly rate of Section 3 Resident
- F. Indicate Section 3 status by entering either: New Hire, Employee or Trainee
- G. Trade work performed by Section Resident
- H. Hours worked during reporting month by Section 3 New Hire or Section 3 Employee
- I. Hours trained during reporting month by Section 3 Trainee
- J. Indicate payroll classification: Full Time, Part Time, FT- Temporary, PT- Temporary, FT-Seasonal, PT-Seasonal, Internship



Project Name:

Subcontractor Name:

Executed Contract With:

Original Contract Amount:

Start of Work Date:	_____
Contract Amount at Start of Work:	_____

Please complete one (1) of the following that applies:

A.

Contract Amount Has Remained Less Than \$100,000

If the contract amount is below \$100,000 prior to the start of work date, the Subcontractor is not required to comply with Section 3 due established minimum threshold. Sign below and submit form.

I, hereby, confirm that the above Subcontractor 's contract amount has stayed below the \$100,000 threshold by the start of work date stated above.

_____	_____	_____	_____
Print Name	Title/Company	Signature	Date

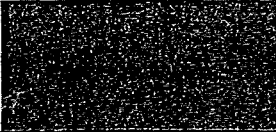
B.

Contract Amount Has Increased to Equal to or Greater Than \$100,000

If the contract amount is now in excess of \$100,000, the Subcontractor is required to comply with the Section 3 federal regulations and the HCDD's Section 3 policy and procedures set forth in the Section 3 Contractor Orientation Guide.

I, hereby, acknowledge that the above Subcontractor's met the minimum threshold and I understand that the Subcontractor is now required to comply with the Section 3 requirements set forth in the Section 3 Contractor Orientation Guide.

_____	_____	_____	_____
Print Name	Title/Company	Signature	Date



Section 3 EBID Announcement

Date: **BID DUE BY:**

To: Section 3 Contractors, Labor Force, and Materials Vendors

Project Name: _____

Address, City, State, Zip: _____

From: _____

Summary of Work: _____

This project is (name of project) _____, As a General Contractor/Subcontractor, we are hiring Section 3 companies residents that can perform the following scope of work:

(Description and minimum qualification) _____

If interested, please contact me as soon as possible to schedule an appointment to look at the scope of services. This project is funded through a federal grant; therefore, we encourage all qualified Section 3 Business Concerns/Residents to respond to this E-Bid for employment and Contracting Opportunities.

Contact Information:

Please email this form to _____, Should you have any questions contact: (Name and Phone Number) _____

Bidder Information: _____

- Yes, I will be bidding on the project
- No, I will not be bidding on this project

Contract Name: _____

Company: _____

Phone number: _____

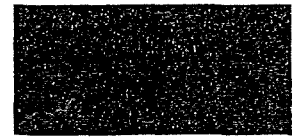
Address: _____

Email: _____

Trade Specialty: _____

HCDD contractors are committed to "ensure employment and economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible and consistent with existing federal, state and local laws and regulations, be directed to low and very low-income persons." If your company is interested in certifying as a Section 3 Business Concern complete the application process here: <https://hcddsection3.gob2g.com/>

This form must be completed and submitted to HCDD Section 3 and MWSBE Compliance Coordinators for all contracting opportunities.



Section 3 Employment Opportunity Announcement (EOA) for procuring Labor for Section 3 Residents

DATE: _____ **APPLICATION DEADLINE:** _____

TO: Section 3 Residents

PROJECT: _____

FROM: _____

POSITION NEEDED/DESCRIPTION: _____

CONTACT INFORMATION: _____

Section 3 Residents: Include this cover sheet with your application

Yes, I am interested in this position No, I am not interested in this position

Contact Name: _____

Address: _____

Phone: _____ Email: _____

Job: _____

Job Skills: _____

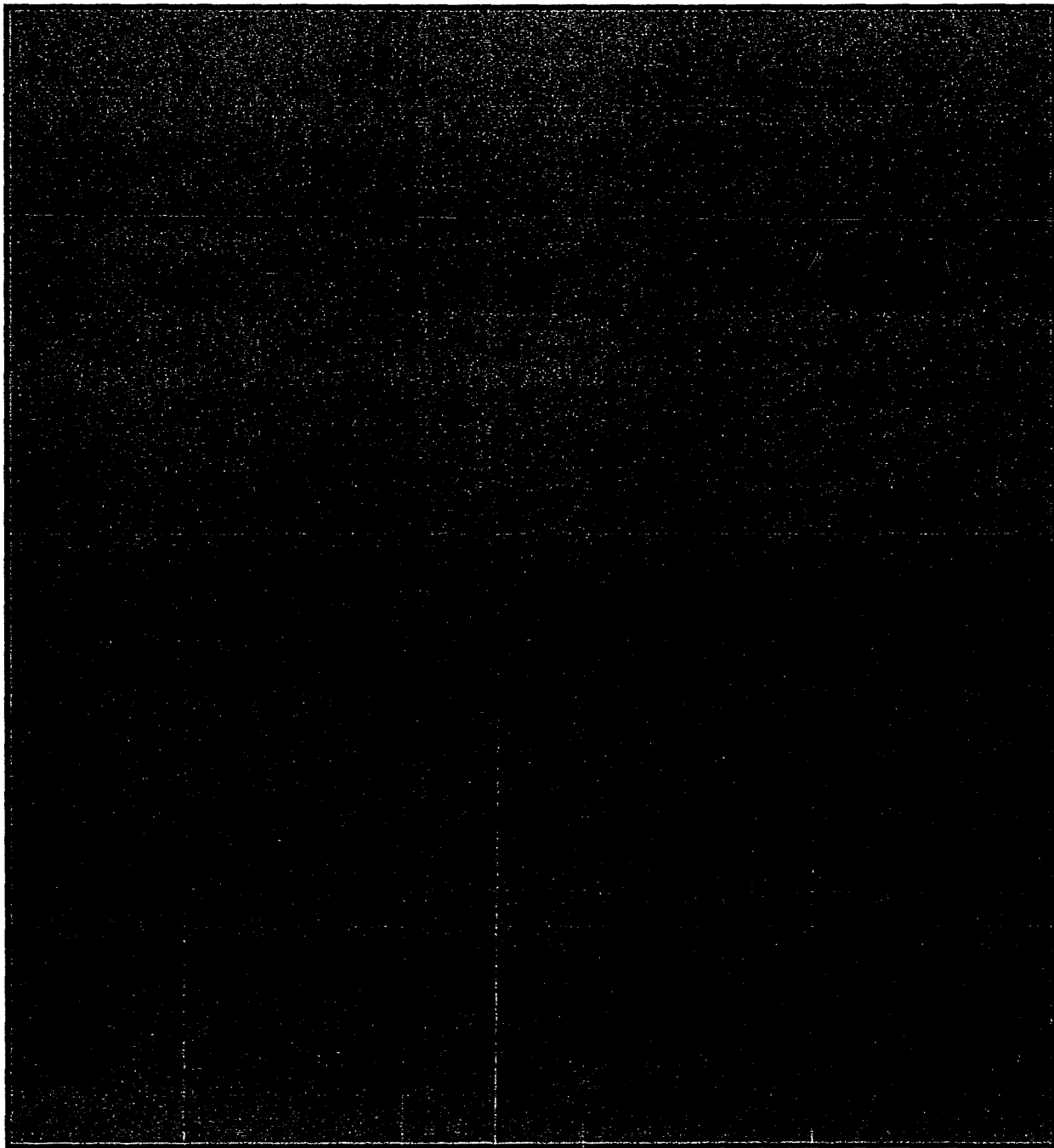
Federal Labor Standard Provisions including the Davis Bacon and Related Act may be applicable to the construction of this project.

If you know someone interested to become a certified Section 3 Resident the guidelines and application are available here: <https://www.houstontx.gov/housing/compliance.html#sec3>

The Housing and Community Development Department (HCDD) Section 3 Program is committed to ensure that employment and economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible and consistent with existing federal, state and local laws and regulations, be directed to low- and very low-income persons.

Sample Bid Tabulation																		
COST CODE:		Date: Projected Budget																
SUBCONTRACTORS	BID AMOUNT		COST BREAKDOWN															
			per unit															
			per square foot															
			per unit															
			per square foot															
			per unit															
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			per unit															
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<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 2px;">Labor</td> <td style="width: 5%; text-align: center; padding: 2px;">\$</td> <td style="width: 45%; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="padding: 2px;">Material</td> <td style="text-align: center; padding: 2px;">\$</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="padding: 2px;">TOTAL:</td> <td style="text-align: center; padding: 2px;">\$</td> <td style="border-bottom: 1px solid black;"></td> </tr> </table>		Labor	\$		Material	\$		TOTAL:	\$		<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 2px;">PM:</td> <td style="width: 50%; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="padding: 2px;">SPM:</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="padding: 2px;">VP:</td> <td style="border-bottom: 1px solid black;"></td> </tr> </table>		PM:		SPM:		VP:	
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Material	\$																	
TOTAL:	\$																	
PM:																		
SPM:																		
VP:																		
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CONTRACT:																		
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Signage Template



SUPPLEMENTAL COMPLIANCE FORMS, TEMPLATES AND REFERENCE MATERIAL



In addition to the forms listed on the previous pages, Prime Contractor, Subcontractor and Suppliers are **required** where applicable, to submit supplemental compliance forms during and upon completion of the construction. The supplemental forms, templates and reference material are available for download in LCP Tracker. For your convenience, a **sample** of available forms and documents in LCP Tracker are attached:

Compliance Section: MWSBE/ Section 3	Form	Deadline
All sections	Work on Hold Notice	Refer to instructions
All sections	System for Award Management Instructions	N/A
All sections	Statement of Information for SAM Results	N/A
MWSBE	MWBE Utilization Schedule	Submitted with "Initial" Utilization Plan, and/or when Prime fails to meet MWBE participation goals.
MWSBE	Mediation Arbitration Language	Included in certified firms executed contract agreement and or purchase order(s)



Work on Hold Notice

Prime Contractor Information

Project Name	
Project Address	
Prime/Sub Contractor Name	
Prime/Sub Contractor Address	
Exact or estimated date range that work is scheduled to be on hold	

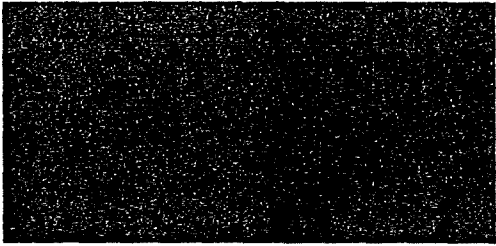
Prime Contractor Authorization

Name of Authorized Officer	
Signature	
Title	

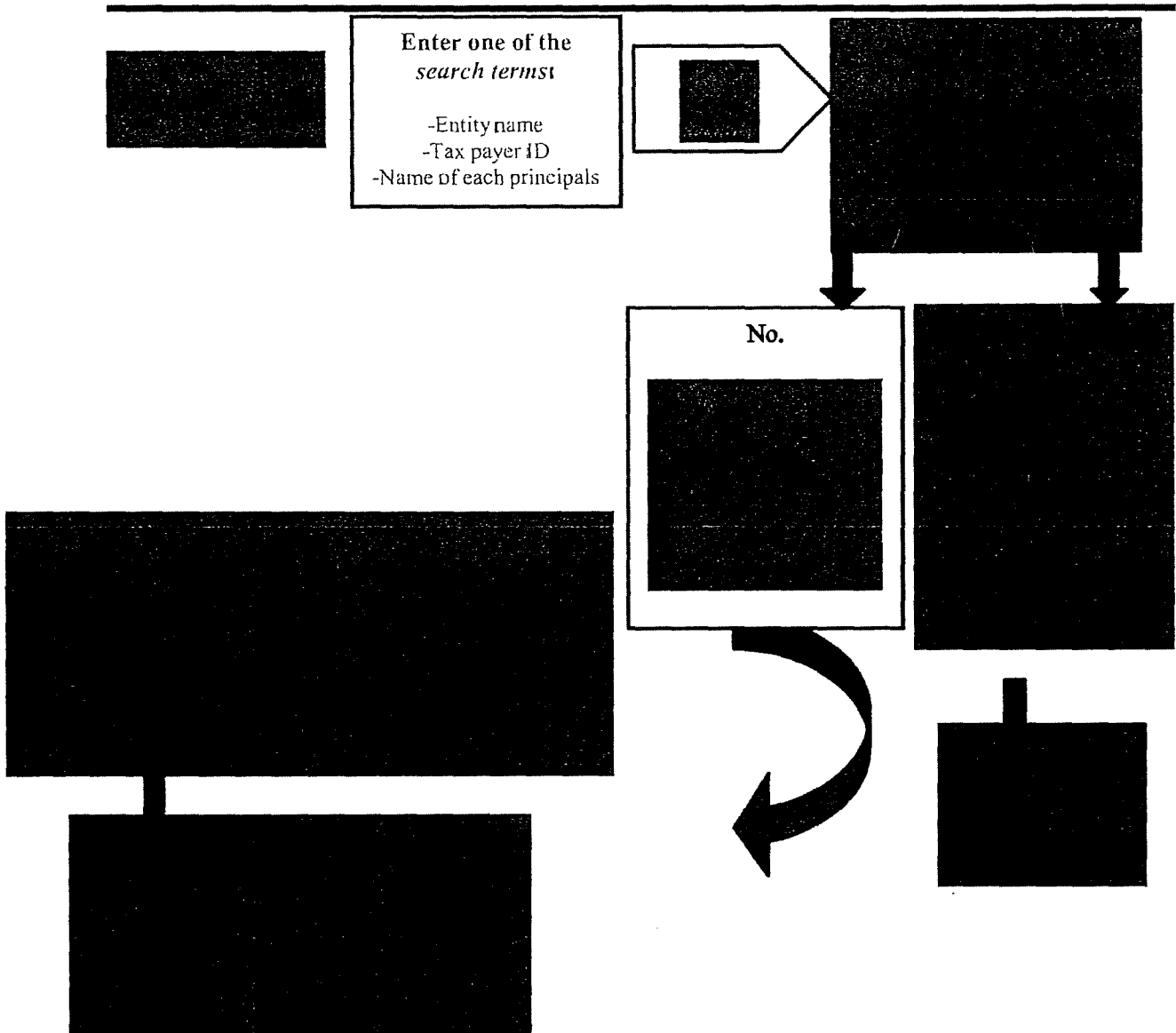
Instructions:

This form **MUST** be completed by the Prime Contractor and Subcontractor(s) who generate certified payroll reports and will not be working at the project site for more than 4 consecutive weeks. When work resumes, continue to number payrolls in sequential order from the last certified payroll report number. This form must be uploaded into LCP Tracker.

***REQUIRED BY ALL SECTIONS**



System for Award Management's Instructions how to process a Request for Contractor Clearance

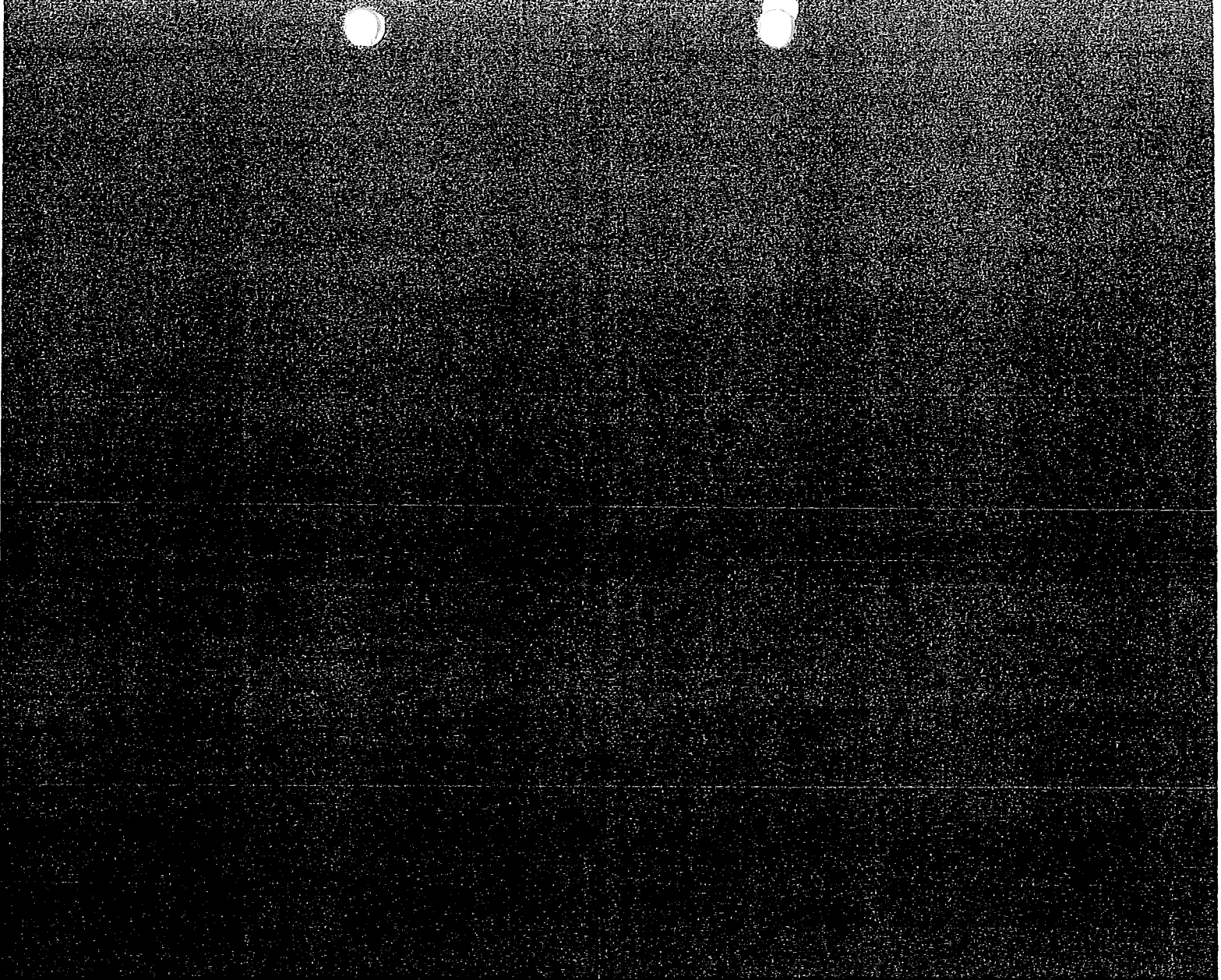


CITY OF HOUSTON CERTIFIED MWSBE SUBCONTRACTING AGREEMENT TERMS

Contractor shall ensure that all subcontracting agreements with MWSBE Subcontractors and suppliers are clearly labeled "THIS CONTRACT IS SUBJECT TO MEDIATION" contain the following terms:

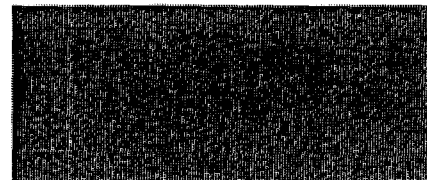
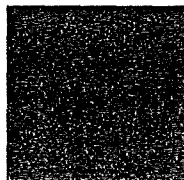
1. _____(MWSBE Subcontractor/Supplier) shall not delegate or subcontract more than 50% of the work under this subcontracting agreement to any other Subcontractor or supplier without the express written consent of the City of Houston's Office of Business Opportunity.
2. _____(MWSBE Subcontractor/Supplier) shall permit representatives of the City of Houston, at all reasonable times, to perform 1) audits of the books and records of the Subcontractor, and 2) inspections of all places where work is to be undertaken in connection with this subcontracting agreement. Subcontractor shall keep such books and records available for such purpose for at least four (4) years after the end of its performance under this subcontract. Nothing in this provision shall affect the time for bringing a cause of action or the applicable statute of limitations.
3. Within five (5) business days of execution of this subcontracting agreement, Contractor (prime contractor) and Subcontractor shall designate in writing to the Office of Business Opportunity an agent for receiving any notice required or permitted to be given pursuant to Chapter 15 of the Houston City Code of Ordinances, along with the street and mailing address and phone number of such agent.

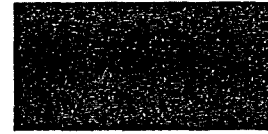
These provisions apply to goal-oriented and regulated contracts as defined in City Code of Ordinances, Chapter 15, Article 5.



2100 Travis Street / 9th floor
Houston, TX 77002 / 832.394.6160

www.houstontx.gov/housing





CONTACT INFORMATION

City of Houston - HCDD 2100 Travis Street, 9th Floor Houston, TX 77002		
LABOR STANDARDS DAVIS- BACON COMPLIANCE SECTION		
Division Manager	Pirooz Farhoomand	(832) 394-6157; pirooz.farhoomand@houstontx.gov
Contract Compliance Supervisor	Maribel Rodriguez	(832) 394-6265; maribel.rodriguez@houstontx.gov
Sr. Contract Compliance Officer	Tiffany Boyce	(832) 394-6347; tiffany.boyce@houstontx.gov
Sr. Contract Compliance Officer	Luther Alaniz	(832) 394-5208; luther.alaniz@houstontx.gov

COMPLIANCE FORMS

Instructions: All compliance forms must be signed by a duly authorized member of the firm. The Prime Contractor and Subcontractors shall submit the following forms by the deadline provided below. Read each form to verify if it's applicable to your firm and follow the instructions written on each form.

The following form(s) are to be submitted before construction commences.

Form	Deadline
Compliance Cover Sheet	Prior to Start of Work date.
SAMs Verification/Request for Contractor/Subcontractor Clearance	Prior to Start of Work date.
Start of Work Notice	Upon commencement of construction work
Termination of Work Notice	Upon completion of work
Certificate of Appointing Officer	Prior to Start of Work date.

SUPPLEMENTAL COMPLIANCE FORMS, TEMPLATES AND REFERENCE MATERIAL

In addition to the forms listed on the previous page, contractor(s)/subcontractor(s) are **required**, where applicable, to submit supplemental compliance forms during and upon completion of the construction.

The supplemental forms, templates and reference material are available for download in LCPTracker. For your convenience, a **sample** of available forms and documents in LCPTracker are itemized below:

Form	Deadline
Work on Hold Notice	Refer to form for instructions
System for Award Management Instructions	N/A
Statement of Information for SAM Results	N/A
Payroll Deduction Authorization	Refer to form for instructions
Employee Verification of Multiple Job Classifications	Refer to form for instructions
Request for additional Classification & Rate	Refer to form for instructions
Template-Employee Rights Posters (English and Spanish Version)	N/A
Apprentice Information Sheet	N/A

Compliance Cover Sheet

Return with Compliance Documents [Please complete all fields]

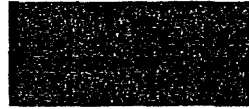
Project Name	
Name of Contractor/Subcontractor/Supplier	I/We have a written contract or purchase order with:
Services to be provided:	NAICS code [Hint: To look up a code, please visit http://www.census.gov/eos/www/naics/]:
Company Address:	Pre-existing LCP Tracker User ID:
Tax ID Number	Contract Amount
Contact Person/Title	Email:
Phone Number	Fax Number:
*Owner's Ethnicity/Racial Background:	Gender:
<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> SBE <input type="checkbox"/> Section 3	

Instructions:

This form must be completed by all contractors and suppliers upon execution of a contract agreement and/or purchase order.

The Prime Contractor is responsible for collecting this form to complete contractor setup and access to LCP Tracker.

*HUD's ethnicity categories are: White American, Black American, Native American, Hispanic American, Asian/Pacific American and Hasidic Jewish.



Request for Contractor/Subcontractor Clearance

No contract can be executed with a Prime Contractor, Subcontractor or Supplier until their eligibility has been verified.

Date	_____
Project Name	_____
Project Address	_____
Contractor/Subcontractor	_____
Federal ID Number	_____
Address/Zip Code	_____
Phone Number	_____
Check the applicable entity	<input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Other:

List Principals below:

Approved by HCDD: Date: _____ Print: _____

Instructions:

The Prime Contractor must submit this form with bid proposals for approval by HCDD.

To ensure eligibility, a search must be conducted of the (1) Company Name, (2) Principal Owner(s) and (3) the Employer Identification Number through www.sams.gov/SAM.

The Prime Contractor verify all subcontractors. Search results and the Request for Clearance form must be uploaded in LCPTracker for each contractor.



Start of Work Notice

Contractor Information

Project Name	
Project Address	
Sub/Contractor Name	
Sub/Contractor Address	
Start of Work Date	
Contractor Authorization	
Name of Authorized Officer	
Signature	
Title	

Instructions:

This form must be completed by the Prime Contractor/Subcontractor(s) as notice of commencement.



Termination of Work Notice

Contractor Information

Project Name

Project Address

Sub/Contractor Name

Sub/Contractor Address

Termination of Work Date

Contractor Authorization

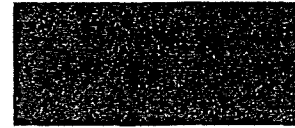
Name of Authorized Officer

Signature

Title

Instructions:

This form must be completed by the Prime Contractor/Subcontractor(s) as notice that work has been completed.



Certificate of Appointing Officer

or Employee to Supervise Payment of Employees

Project Name: _____

Subcontractor Name: _____

(I/We) hereby certify that **(I am/we are)** **(the prime contractor/a subcontractor)** who will perform _____ *(insert scope of work)* in connection with construction of the above-mentioned Project, and that **(I/we)** have appointed

_____ and whose signature appears as _____ and/or
(Identifying Signature of Appointee)

_____ and whose signature appears as _____
(Identifying Signature of Appointee)

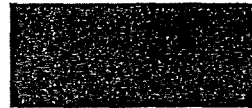
to supervise the payment of (my/our) employees beginning _____ *(insert month and year)*; that he/she is/are in a position to have full knowledge of the facts set forth in the payroll documents and in the statement of compliance required by the so-called Kick-Back Statue which he/she is to execute with **(my/our)** full authority and approval until a new certificate appointing another person for the purposes herein above stated.

ATTEST
Print Name _____
Signature: _____
Title: _____

Instructions:

The Certificate of Appointee Officer (CAO) must be executed by an authorized officer of a corporation, by a member of a partnership, or the sole owner. Only a member of the entity can be assigned as an appointee. Submit a new CAO when a new appointee is added.

Complete the CAO before construction starts. Upload the executed CAO(s) in LCPTracker.



Work on Hold Notice

Contractor Information

Project Name

Project Address

Sub/Contractor Name

Sub/Contractor Address

Exact or estimated date range
that work is scheduled to be on
hold

Contractor Authorization

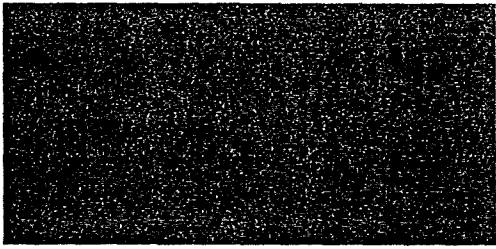
Name of Authorized Officer

Signature

Title

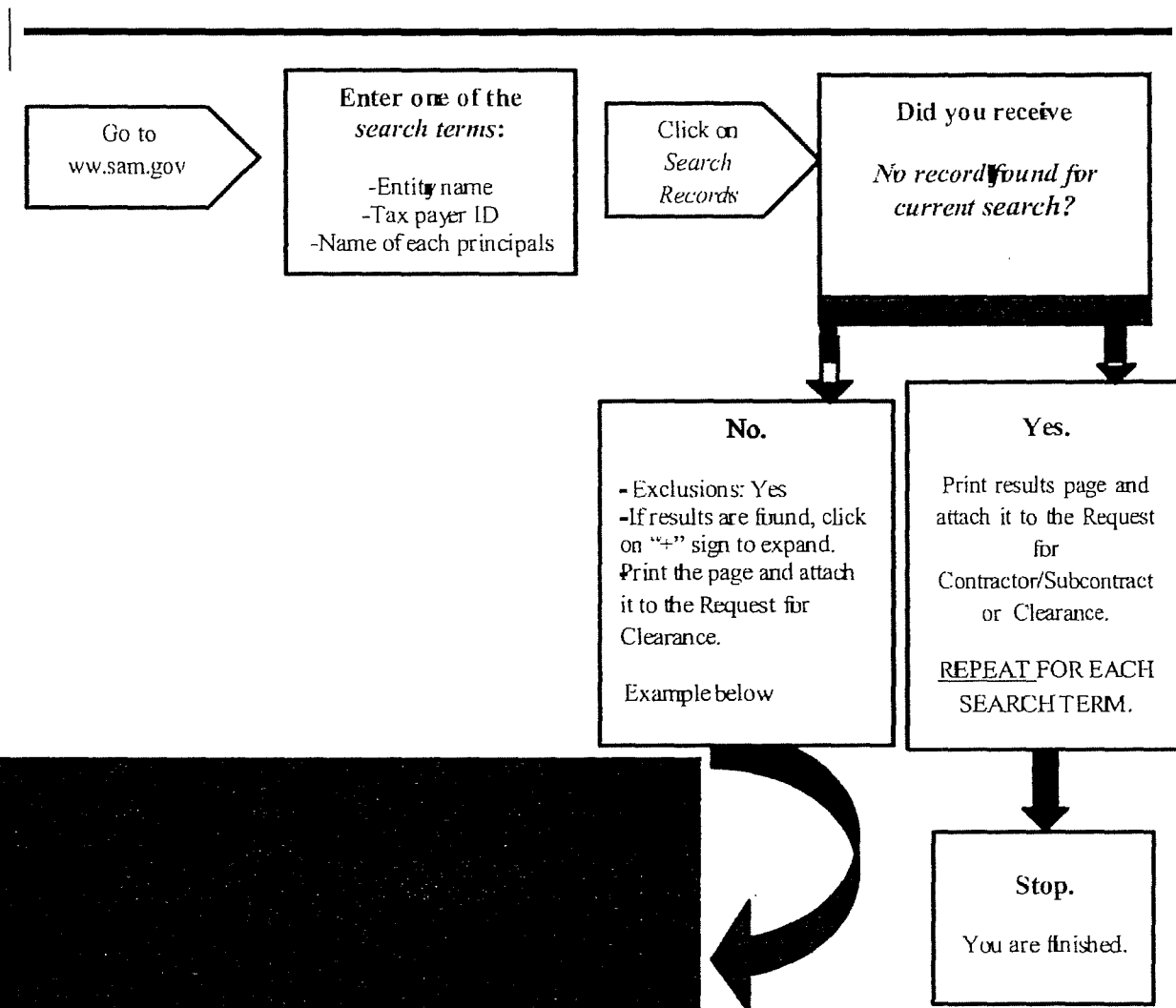
Instructions:

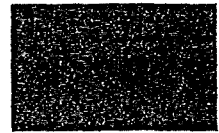
This form must be completed by the Prime Contractor and Subcontractor(s) who generate certified payroll reports and will not be working at the project site for more than 4 consecutive weeks. When work resumes, continue to number payrolls in sequential order from the last certified payroll report number. The form must be uploaded into LCPTTracker.



System for Award Management's

Instructions how to process a Request for Contractor Clearance





Statement Of Information for SAM.gov Results

This requested information is necessary because of a possible similarity between your name or the name of your firm and that of some other person. The form is used by the Compliance Division to verify a contractor/subcontractor eligibility requirement, when a possible common name appears on the results during search on the SAM.gov database.

INDIVIDUAL INFORMATION <i>(Please Print)</i>		
First Name	Full Middle Name	Last Name
Date of Birth (Month and Year Only)		
<small>HCDD reserves the right to request the complete DOB and SSN, ONLY upon request and if other information collected below is not sufficient.</small>		
RESIDENCES DURING THE PAST 10 YEARS (if more space is needed, add an additional page) <i>(City, State minimum required)</i>		
Street Address	City, State	From (Year) to (Year)
Street Address	City, State	From (Year) to (Year)
ADDRESSES OCCUPATIONS DURING THE PAST 10 YEARS (if more space is needed, add an additional page) <i>(City, State minimum required)</i>		
Street Address	City, State	From (Year) to (Year)
Street Address	City, State	From (Year) to (Year)

ENTITY INFORMATION <i>(Please Print)</i>		
State where entity was originally established/registered		
Year entity was established/registered		
THE PAST 10 YEARS WHERE ENTITY PERFORMED WORK <i>(if more space is needed, add an additional page)</i>		
City, State		
City, State		
City, State		
SIGNATURE REQUIRED		
Print Name	Signature	Date
FOR HCDD ONLY		
Individual Information	Does Not Match Results <input type="checkbox"/>	Match <input type="checkbox"/>
Entity Information	Does Not Match Results <input type="checkbox"/>	Match <input type="checkbox"/>
Print Name	Signature	Date



Payroll Deduction Authorization

Project Name: _____

Employee Name: _____

Contractor/Subcontractor Name: _____

Effective Date of Deduction(s)
(i.e. pay period) _____

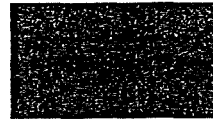
I authorize my employer to deduct from my paycheck a total amount of \$ _____ or a fixed percentage of _____ % from my total gross earned the entire week.

Payment of	Deduction Amount	One Time Only	Weekly	Bi-Weekly	Monthly	Other
Loans						
Retirement (401K)						
Uniforms						
Insurance Premiums						
Union Dues						
Child Support <i>(provide court order)</i>						
Other: <i>(insert type of deduction)</i>						

Employee's Signature: _____

Instructions: This form must be completed contractors/subcontractors when a deduction, other than taxes, is deducted from an employee's gross earning. You can enter a fixed percentage or amount to submit the form once. Submit a revised form when there's a change to a deduction or for new deductions. All deductions are subject to verification upon request.

Upload the completed form in LCPTracker.



Employee Verification of Multiple Job Classifications

Date: _____

Project Name: _____

Employee Name: _____

Contractor/Subcontractor Name: _____

The undersigned hereby certifies that he/she has engaged in the following work classifications, found in the chart below, during:

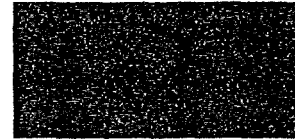
payroll # _____ week beginning: _____ / _____ / _____ and ending: _____ / _____ / _____
 (Date) (Date)

1. WORK CLASSIFICATION	Instructions: Insert days/dates for the given workweek in row below and hours worked in lower rows.							3. TOTAL HOURS	4. RATE OF PAY	5. GROSS PAY
	2. 7-day work week									
TOTALS										

Employee's Signature: _____

Instructions: This form is **not** a time sheet. This form must be submitted by contractors/subcontractors that report an employee on a certified payroll report under two (2) or more job classifications (aka dual classification). Submit a form for each certified payroll report where dual classification is used.

Upload the form in LCPTracker.



Request of Additional Classification & Rate

Date: _____

Project Name: _____

Contractor/Subcontractor Name: _____

Start of Work date: _____

Proposed Trade Job Classification: _____

Proposed Hourly Rate (Specific amount): _____

The undersign hereby certifies that he/she proposes the above classification and hourly rate needed for work not included within the scope of classifications listed in U.S. Department of Labor wage determination.

(Signature)

(Print Name)

(Title)

Attached the following [Notice: The request will not be processed until all supporting documents are received.]:

Explanation of the job function and how it relates to the scope of work

Picture of equipment and/or tools of the trade

Instructions: Submit this form with all supporting documents when a classification is needed that is not on the issued General Wage Determination(s). You may, also, submit when you're seeking DOL to confirm the use of a job classification for a specific scope of work.

Please allow up to 30-45 days for the request to be processed by the U.S. Department of Labor (DOL). The certified payroll reports are subject to *DOL's approval, conditional approval or denial*. In the meantime, submit certified payroll reports under a laborer classification with the proposed rate(s). All certified payroll reports are subject revision pending DOL decision.

Email the request to your assigned HCDD staff member for processing.

Employee Rights Posters (English Version)

EMPLOYEE RIGHTS

UNDER THE OSHA-BIDDING ACT

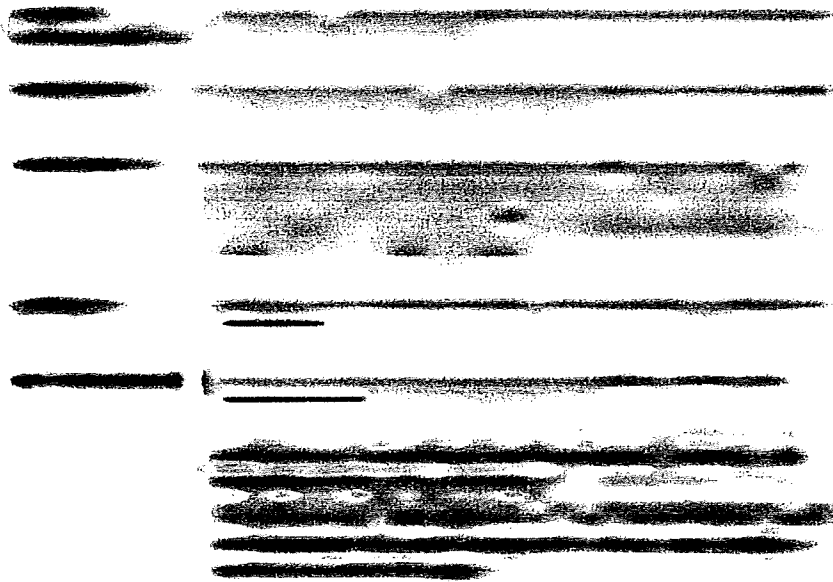
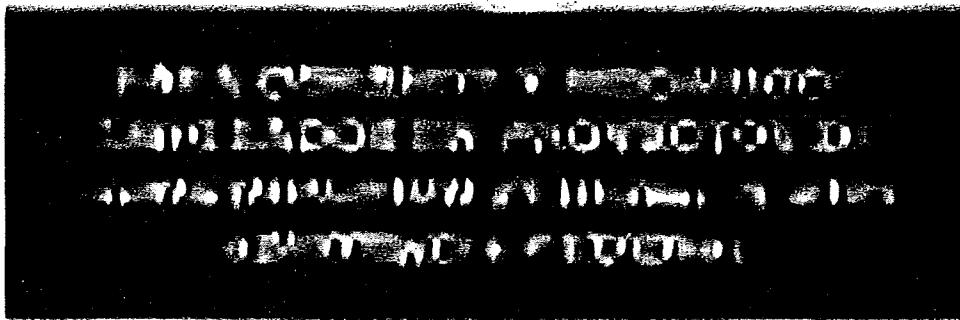
FOR LABORERS AND MECHANICAL
EMPLOYEES ON FEDERAL OR
FEDERALLY ASSISTED
CONSTRUCTION PROJECTS

[REDACTED]



Employee Rights Posters (Spanish Version)

DERECHOS DEL EMPLEADO DE LA LEY DEL SMOU



Apprentice Information

Apprentice Trainee Wage Rate Information

Name of Trainee: _____ Current Level: _____
 Classification: _____
 Ratio: _____ Journeyman to _____ Apprentice
 %Wage Rate: _____% Base Rate: \$ _____

Amount of Fringe Benefits Applied (i.e. medical, dental, 401K, etc. per hour)

Fringe Benefit	\$\$ / Rate Per Hour
Medical	
Dental	
Vacation	
Sick	
Holiday	
Other: (Itemize)	

Supporting Documents

Document Type	Description	Due Date	Check if attached
ENTIRE Standards of Apprenticeship Policy	By-laws; program guidelines; identifies ratios, scale, fringes; appendix	One time submission to setup apprentice(s)	<input type="checkbox"/>
Apprenticeship Certification issued by DOL	DOL signed 90-day good standing certificate for each apprentice; identifies the date apprentice began program	Every 90 days from the date issued	<input type="checkbox"/>
Timesheet	7-day work week	Only submit if apprentices already began working on the project.	<input type="checkbox"/>

Instructions: Enter the apprenticeship data in the employee's (apprentice) setup tab to expedite approval process. Upload this form in LCPTracker.

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief, that:

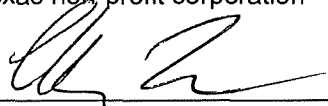
(1) No Federally appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan or cooperative agreement.

(2) If any funds, other than Federally appropriated funds, have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress or an employee of a Member of Congress in connection with this Federal contract, grant, loan or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.

(3) This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certificate is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000.00 and not more than \$100,000.00 for each such failure.

BORROWER:

FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION,
a Texas non-profit corporation

By: 
Charles Turner
Its: Chairman

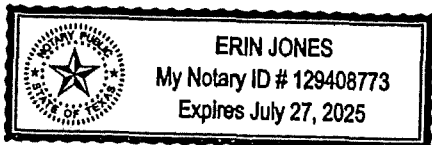
STATE OF TEXAS

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COUNTY OF HARRIS

SUBSCRIBED AND SWORN TO BEFORE ME on this 16 day of June, 2022 by Charles Turner, the Chairman of **FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION**, a Texas non-profit corporation, on behalf of such corporation.


Notary Public, State of Texas



**SIGNATURE PAGE FOR CERTIFICATION REGARDING
LOBBYING**

OWNER:

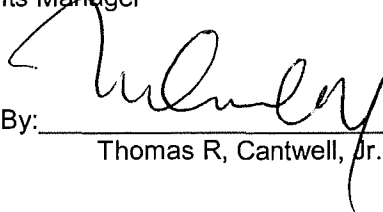
ST. ELIZABETH PLACE LP,
a Texas limited partnership

By: **St. Elizabeth Place GP LLC,**
a Texas limited liability company,
its general partner

By: **St. Elizabeth 2020
Investments, LLC,** a Texas
limited liability company, its
manager

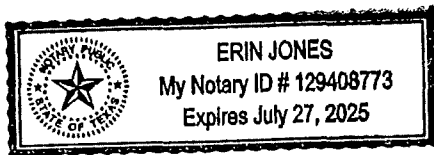
By: 
Kathy Flanagan Payton,
Manager

By: Cloudbreak Development, LLC,
Its Manager

By: 
Thomas R. Cantwell, Jr.,

STATE OF TEXAS §
 §
COUNTY OF Harris §

SUBSCRIBED AND SWORN TO BEFORE ME on this 16 day of June, 2022, In said county and state, on this 16 day of June, 2022, before me personally appeared Thomas R. Cantwell, Jr., Manager of Cloudbreak Development, LLC, manager of St. Elizabeth Place GP LLC, the general partner of St. Elizabeth Place LP, as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed of said limited liability companies and limited partnership.

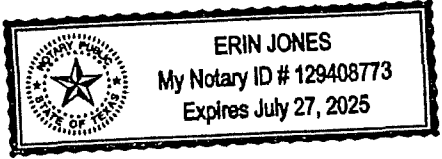



Notary Public, State of Texas

Erin Jones
Printed Name of Notary
My commission expires: 7/27/2025

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

SUBSCRIBED AND SWORN TO BEFORE ME on this 16 day of June, 2022, by Kathy Flanagan Payton, the Manager of **ST. ELIZABETH 2020 INVESTMENTS, LLC**, a Texas limited liability company and manager of **ST. ELIZABETH PLACE GP LLC**, a Texas limited liability company and general partner of **ST. ELIZABETH PLACE LP**, a Texas limited partnership, on behalf of such limited liability companies and limited partnership.



Erin Jones
Notary Public, State of Texas

Erin Jones
Printed Name of Notary
My commission expires: 7/27/2025

**CERTIFICATION REGARDING
DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS**

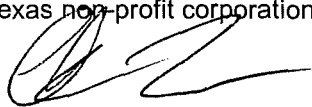
The undersigned certifies to the best of its knowledge and belief that it and its principals:

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal, State or local department or agency;
- (b) Have not within a three (3) year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, State or local) transaction or contract under a public transaction, violation of federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) Are not presently indicted for or otherwise criminally or civilly charged by a government entity (federal, State or local) with commission of any of the offenses enumerated in Paragraph (b) of this certification; and
- (d) Have not within a three (3) year period preceding this application/proposal had one or more public transactions (federal, State or local) terminated for cause or default.

I understand that a false statement on this certification may be grounds for rejection of this proposal or termination of the award. In addition, under 18 U.S.C. Sec. 1001, a false statement may result in a fine of up to \$10,000.00 or imprisonment for up to five (5) years, or both.

BORROWER:

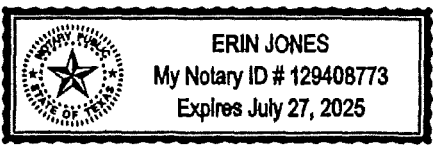
**FIFTH WARD COMMUNITY
REDEVELOPMENT CORPORATION,**
a Texas non-profit corporation

By: 
Charles Turner
Its: Chairman

STATE OF TEXAS §
 §
 §
 §
COUNTY OF HARRIS §

SUBSCRIBED AND SWORN TO BEFORE ME on this 16 day of June, 2022, by Charles Turner, the Chairman of **FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION**, a Texas non-profit corporation, on behalf of such corporation.


Notary Public, State of Texas



**SIGNATURE PAGE FOR CERTIFICATION REGARDING
DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS**

OWNER:

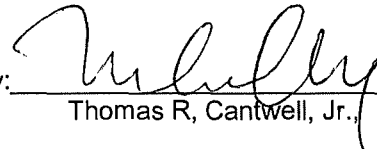
ST. ELIZABETH PLACE LP,
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By: **St. Elizabeth 2020
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limited liability company, its
manager

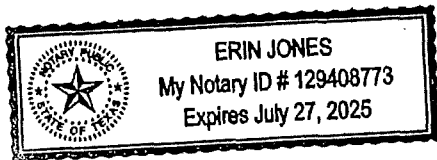
By: 
Kathy Flanagan Payton,
Manager


By: Cloudbreak Development, LLC,
Its Manager

By: 
Thomas R. Cantwell, Jr.,

STATE OF TEXAS §
 §
COUNTY OF Harris §

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Notary Public, State of Texas

Erin Jones
Printed Name of Notary
My commission expires: 7/27/2025

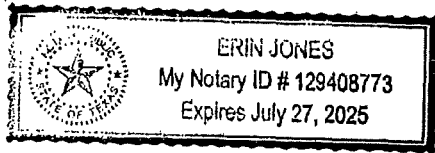
STATE OF TEXAS

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§
§

COUNTY OF HARRIS

SUBSCRIBED AND SWORN TO BEFORE ME on this 16 day of June, 2022, by Kathy Flanagan Payton, the Manager of **ST. ELIZABETH 2020 INVESTMENTS, LLC**, a Texas limited liability company and manager of **ST. ELIZABETH PLACE GP LLC**, a Texas limited liability company and general partner of **ST. ELIZABETH PLACE LP**, a Texas limited partnership, on behalf of such limited liability companies and limited partnership.


Notary Public, State of Texas



I am unable to certify to the above statements. My explanation is attached.

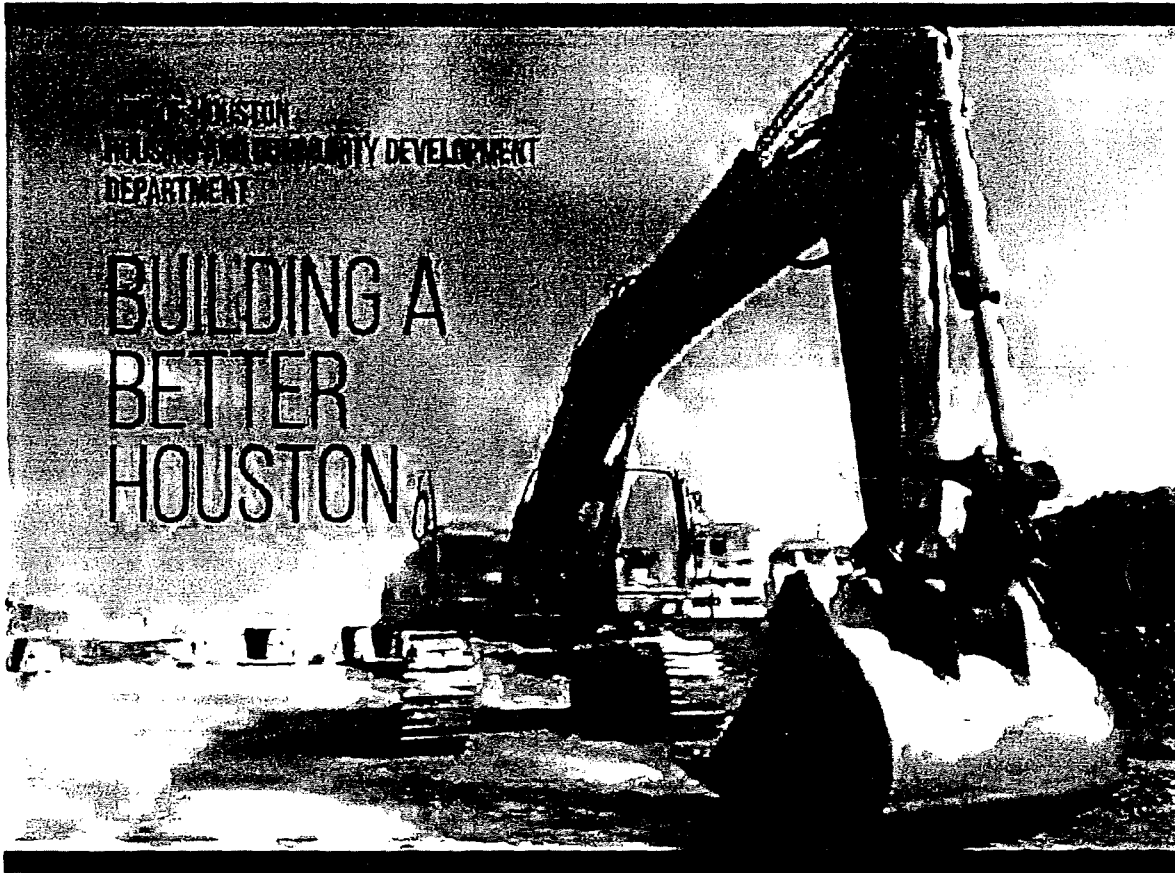
APPENDIX 8

RESERVED

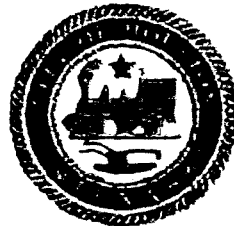
APPENDIX 8

APPENDIX 9

City's MWSBE, Section 3 and Labor Standards Requirements



**FEDERAL LABOR STANDARDS PROVISIONS
MINORITY, WOMEN AND SMALL BUSINESS ENTERPRISES
SECTION 3 REGULATION**



www.houstonia.gov/housitro



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FEDERAL LABOR STANDARDS PROVISIONS (HUD-4010)

Federal Labor Standards Provisions

U.S. Department of Housing
and Urban Development
Office of Labor Relations

Applicability

The Project or Program to which the construction work covered by this contract pertains is being assisted by the United States of America and the following Federal Labor Standards Provisions are included in this Contract pursuant to the provisions applicable to such Federal assistance:

A. 1 (i) **Minimum Wages.** All laborers and mechanics employed or working upon the site of the work will be paid unconditionally and not less often than once a week and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR Part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics. Contributions made or costs reasonably anticipated for bona fide fringe benefits under Section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of 29 CFR § 5(a)(1) (iv), also regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds or programs which cover the particular weekly period are deemed to be constructively made or incurred during such weekly period.

Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed without regard to skill except as provided in 29 CFR 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein. Provided That the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conforming under 29 CFR 5.5(a)(1)(iii) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers.

(ii) (a) Any class of laborers or mechanics which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. HUD shall approve an additional classification and wage rate and fringe benefits therefor only when the following criteria have been met:

(1) The work to be performed by the classification requested is not performed by a classification in the wage determination and

(2) The classification is utilized in the area by the construction industry and

(3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(b) If the contractor and the laborers and mechanics to be employed in the classification (if known) or their representatives and HUD or its designee agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), a report of the action taken shall be sent by HUD or its designee to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, D.C. 20210. The Administrator or an authorized representative will approve, modify or disapprove every additional classification action within 30 days of receipt and so advise HUD or its designee or will notify HUD or its designee within the 30-day period that additional time is necessary. (Approved by the Office of Management and Budget under OMB control number 1215-0140.)

(c) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and HUD or its designee do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits where appropriate) HUD or its designee shall refer the questions (including the views of all interested parties and the recommendation of HUD or its designee to the Administrator for determination. The Administrator or an authorized representative will issue a determination within 30 days of receipt and so advise HUD or its designee or will notify HUD or its designee within the 30-day period that additional time is necessary. (Approved by the Office of Management and Budget under OMB Control Number 1215-0140.)

(d) The wage rate (including fringe benefits where appropriate) determined pursuant to subparagraphs (1)(ii)(b) or (c) of this paragraph shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

(iii) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent therefor.

(iv) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part

of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program. Provided, That the Secretary of Labor has found upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program. (Approved by the Office of Management and Budget under OMB Control Number 1215-0140.)

2. Withholding. HUD or its designee shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld from the contractor under this contract or any other Federal contract with the same prime contractor, or any other Federally-assisted contract subject to Davis-Bacon prevailing wage requirements which is held by the same prime contractor so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics including apprentices, trainees and helpers employed by the contractor or any subcontractor the full amount of wages required by the contract in the event of failure to pay any laborer or mechanic, including any apprentice, trainee or helper employed or working on the site of the work, all or part of the wages required by the contract. HUD or its designee may, after written notice to the contractor, sponsor, applicant or owner take such action as may be necessary to cause the suspension of any further payment advance, or guarantee of funds until such violations have ceased. HUD or its designee may after written notice to the contractor, disburse such amounts withheld for and on account of the contractor or subcontractor to the respective employees to whom they are due. The Comptroller General shall make such disbursements in the case of direct Davis-Bacon Act contracts.

3. (1) Payrolls and basic records. Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in Section 1(b)(2)(B) of the Davis-Bacon Act), duty and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5 (a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in Section 1(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been

communicated in writing to the laborer or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs. (Approved by the Office of Management and Budget under OMB Control Numbers 1215-0140 and 1215-0017.)

(11) (a) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to HUD or its designee if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant sponsor, or owner, as the case may be, for transmission to HUD or its designee. The payrolls submitted shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i) except that full social security numbers and home addresses shall not be included on weekly transmittals. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at <http://www.dol.gov/sa/whd/forms/wh347instr.htm> or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to HUD or its designee if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant sponsor, or owner as the case may be for transmission to HUD or its designee the contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this subparagraph for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own records, without weekly submission to HUD or its designee. (Approved by the Office of Management and Budget under OMB Control Number 1215-0149.)

(b) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

(1) That the payroll for the payroll period contains the information required to be provided under 29 CFR 5.5 (a)(3)(i) the appropriate information is being maintained under 29 CFR 5.5(a)(3)(i), and that such information is correct and complete:

Previous editions are obsolete

(2) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in 29 CFR Part 3.

(3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits of cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

(c) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by subparagraph A 3 III(b).

(d) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under Section 1001 of Title 18 and Section 231 of Title 31 of the United States Code.

(III) The contractor or subcontractor shall make the records required under subparagraph A 3 (i) available for inspection copying or transcription by authorized representatives of HUD or its designee or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, HUD or its designee may, after written notice to the contractor, sponsor, applicant or owner take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12

4. Apprentices and Trainees.

(i) Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice.

The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who

is not registered or otherwise employed as stated above shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the contractor's or subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification.

If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Office withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(ii) Trainees. Except as provided in 29 CFR 5.16 trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by

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The Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(iii) Equal employment opportunity. The utilization of apprentices, trainees and journeymen under 29 CFR Part 5 shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR Part 30.

5. Compliance with Copeland Act requirements. The contractor shall comply with the requirements of 29 CFR Part 3 which are incorporated by reference in this contract.

8. Subcontractors. The contractor or subcontractor will insert in any subcontracts the clauses contained in subparagraphs 1 through 11 in this paragraph A and such other clauses as HUD or its designee may by appropriate instructions require, and a copy of the applicable prevailing wage decision, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in this paragraph.

7. Contract termination; debarment. A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

8. Compliance with Davis-Bacon and Related Act Requirements. All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR Parts 1, 3, and 5 are herein incorporated by reference in this contract.

9. Disputes concerning labor standards. Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR Parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and HUD or its designee, the U.S. Department of Labor, or the employees or their representatives.

10. (i) Certification of Eligibility. By entering into this contract the contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of Section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1) or to be

awarded HUD contracts or participate in HUD programs pursuant to 24 CFR Part 24.

(ii) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of Section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1) or to be awarded HUD contracts or participate in HUD programs pursuant to 24 CFR Part 24.

(iii) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001. Additionally, U.S. Criminal Code, Section 1010, Title 18, U.S.C., "Federal Housing Administration Transactions", provides in part: "Whoever, for the purpose of influencing in any way the action of such Administration... makes utter or publishes any statement knowing the same to be false... shall be fined not more than \$5,000 or imprisoned not more than two years or both."

11. Complaints, Proceedings, or Testimony by Employees. No laborer or mechanic to whom the wage, salary, or other labor standards provisions of this Contract are applicable shall be discharged or in any other manner discriminated against by the Contractor or any subcontractor because such employee has filed any complaint or instituted or caused to be instituted any proceeding or has testified or is about to testify in any proceeding under or relating to the labor standards applicable under this Contract to his employer.

B. Contract Work Hours and Safety Standards Act. The provisions of this paragraph B are applicable where the amount of the prime contract exceeds \$100,000. As used in this paragraph the terms "laborers and mechanics" include watchmen and guards.

(1) Overtime requirements. No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which the individual is employed on such work to work in excess of 40 hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of 40 hours in such workweek.

(2) Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in subparagraph (1) of this paragraph, the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in subparagraph (1) of this paragraph, in the sum of \$25 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of 40 hours without payment of the overtime wages required by the clause set forth in subparagraph (1) of this paragraph.

(3) Withholding for unpaid wages and liquidated damages HUD or its designee shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contract, or any other Federally-assisted contract subject to the Contract Work Hours and Safety Standards Act which is held by the same prime contractor such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (2) of this paragraph.

(4) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in subparagraph (1) through (4) of this paragraph and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in subparagraphs (1) through (4) of this paragraph.

C. Health and Safety. The provisions of this paragraph C are applicable where the amount of the prime contract exceeds \$100,000.

(1) No laborer or mechanic shall be required to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous to his health and safety as determined under construction safety and health standards promulgated by the Secretary of Labor by regulation.

(2) The Contractor shall comply with all regulations issued by the Secretary of Labor pursuant to Title 29 Part 1928 and failure to comply may result in imposition of sanctions pursuant to the Contract Work Hours and Safety Standards Act. (Public Law 81-54 83 Stat 85) 40 USC 3701 et seq.

(3) The contractor shall include the provisions of this paragraph in every subcontract so that such provisions will be binding on each subcontractor. The contractor shall take such action with respect to any subcontractor as the Secretary of Housing and Urban Development or the Secretary of Labor shall direct as a means of enforcing such provisions.

CITY OF HOUSTON'S CODE OF ORDINANCE ARTICLE V. MINORITY, WOMEN, AND SMALL BUSINESS ENTERPRISES

Sec. 15-81. - Declaration of policy.

- (a) It is the policy of the city to stimulate the growth of local minority, women and small business enterprises by encouraging the full participation of these business enterprises in various phases of city contracting, as set forth in this article. The purposes and objectives of this article are:
- (1) To promote equal opportunity for participation amongst local minority, women and small business enterprises in all phases of city contracting;
 - (2) To increase the utilization of such local firms in providing certain goods and services;
 - (3) To provide opportunities to broaden and enhance local firms' ranges of capacities; and
 - (4) To increase opportunities for such local firms to serve as contractors, in addition to acting as subcontractors to others, where applicable, in an effort to remedy discriminatory practices and eliminate statistical disparities in city contracting.
- (b) This article is intended to be remedial in nature and to continue only until its purposes and objectives are achieved. At least every five years the city shall make its best efforts to initiate a review of its minority and women business enterprise program, the results of which shall be provided to city council, who shall determine, upon its receipt of recommendations and the consideration of other relevant information from the OBO director, whether there is strong statistical and anecdotal evidence of discrimination against minority and women business enterprises in city contracting warranting the continuation of a race and gender conscious minority and women business enterprise program.

(Ord. No. 2013-428, § 10(Exh. A), 5-8-2013, eff. 7-1-2013)

Sec. 15-82. - Definitions.

The following words and phrases, when used in this article and in article VI of this chapter, shall have the meanings provided in this section, unless the context clearly indicates another meaning. For the purpose of these definitions, the singular shall also include the plural, and the plural shall also include the singular.

Bidder means any person or legal entity which submits a bid or proposal to provide labor, goods or services to the city by contract for profit.

Commercially useful function means a discrete task or group of tasks, the responsibility for performance of which shall be discharged by the MWSBE by using its own forces or by actively supervising on-site the execution of the tasks by another entity for whose work the MWSBE is responsible. In determining whether a MWSBE is performing a commercially useful function, factors including but not limited to the following shall be considered: (1) whether it has the skill and expertise to perform the work for which it is being utilized and possesses all the necessary licenses; (2) whether it is in the business of performing, managing or supervising the work for which it has been certified and is being utilized; and (3) whether it is performing a real and actual service that is a distinct and verifiable element of the work called for in a contract. MWSBEs shall be responsible for performing more than fifty percent of the task or group of tasks being counted toward the applicable participation goal unless subcontracting such task or group of tasks in excess of fifty percent has been expressly authorized via a waiver by the OBO director.

Contractor means any person or legal entity providing goods, labor, or services to the city by contract for profit.

Established business enterprise means a MWSBE or any business applying for certification as a MWSBE that, by virtue of its size meets or exceeds the standards promulgated by the U.S. Small Business

Administration for that category of business, as determined by the procedures described in section 15-87(a) of this Code.

Goal-oriented contract means any contract, agreement or other undertaking anticipated for construction work in excess of \$1,000,000.00 and for the supply of goods or nonpersonal or nonprofessional services in excess of \$100,000.00:

- a. For which competitive bids are required by law;
- b. Which is not within the scope of the disadvantaged business enterprise programs of the United States Environmental Protection Agency or the United States Department of Transportation or any other federal or state agency having jurisdiction; and
- c. That the initiating city department, in consultation with the OBO director, determines has significant subcontracting potential in fields in which there are adequate numbers of known MWSBEs to compete for and perform the subcontract service(s).

Good faith efforts shall refer to steps taken to achieve a MWSBE goal or other requirements which, by their scope, intensity and usefulness demonstrate a bidder's responsiveness to fulfill the business opportunity objective prior to the award of a contract and a contractor's responsibility to put forth measures to meet or exceed a MWSBE goal throughout the duration of the contract.

Joint venture means an association of a MWSBE and one or more other firms to carry out a single, for-profit business enterprise, for which the parties combine their property, capital, efforts, skills and knowledge, and in which the MWSBE is responsible for a distinct, clearly defined portion of the work of the contract and whose share in the capital contribution, control, management, risks, and profits of the joint venture are commensurate with its ownership interest.

Local firm, local MWSBE, or locally based when describing a firm or entity seeking certification means a sole proprietorship, partnership, corporation or any other business entity with a significant business presence in the Houston-Sugar Land-Baytown metropolitan statistical area, as defined by the Office of Management and Budget within the Executive Office of the President of the United States. A significant business presence includes the requirement that a MWSBE have an established place of business in the Houston-Sugar Land-Baytown metropolitan statistical area at which one or more of its employees is regularly based and that such place of business has a substantial role in the MWSBE's performance of a commercially useful function.

MWSBE means, collectively, MBEs, WBEs, and SBEs.

Minority business enterprise or *MBE* means a business which is:

- a. A sole proprietorship in which the owner is a minority person who owns, controls and manages the business; or
- b. A corporation in which at least 51 percent of the stock or of the assets of such corporation is owned, controlled and managed by one or more minority persons; or
- c. A partnership in which at least 51 percent of the assets of such partnership is owned, controlled and managed by one or more minority persons; or
- d. Any other business or professional entity in which at least 51 percent of the assets in such business or professional entity is owned, controlled and managed by one or more minority persons; or
- e. Any entity in which at least 51 percent of the assets of such entity is owned, controlled and managed by one or more minority persons and one or more women and such minority person; or
- f. A business which has been certified as an MBE by the office of business opportunity under any other recognized MBE program.

Minority person means a citizen or legal resident alien of the United States who is:

- a. Black American, which includes persons having origins in any of the black racial groups of Africa;
- b. Hispanic American, which includes persons of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish or Portuguese culture or origin, regardless of race;

- c. Asian-Pacific American, which includes persons having origins from Japan, China, Taiwan, Korea, Burma (Myanmar), Vietnam, Laos, Cambodia (Kampuchea), Thailand, Malaysia, Indonesia, the Philippines, Brunei, Samoa, Guam, the U.S. Trust Territories of the Pacific Islands (Republic of Palau), the Commonwealth of the Northern Marianas Islands, Macao, Fiji, Tonga, Kiribati, Juvalu, Nauru, the Federated States of Micronesia, or Hong Kong, or the region generally known as the Far East;
- d. Native American, which includes persons having origins in any of the original peoples of North America, American Indian, Eskimo, Aleut, Native Hawaiian; or
- e. Subcontinent Asian American, which includes persons whose origins are from India, Pakistan, Bangladesh, Bhutan, the Maldives Islands, Nepal, or Sri Lanka.

Origin or descent can be regarded as the ancestry, nationality group, lineage or country in which the person or persons' parents or ancestors were born before their arrival in the United States.

Owned, controlled and managed means that the one or more minority persons or women who own the requisite interests in or assets of a business applying for minority or women business enterprise certification possesses equivalent incidents of such ownership, including an equivalent interest in profit and loss, and has contributed an equivalent percentage of capital and equipment to the business. Contributions of capital and equipment must be real and substantial. In instances where expertise is relied upon to demonstrate ownership, control, and management, it must be shown that the expertise is: (1) in a specialized field; (2) in an area critical to the firm's operation and performance of a commercially useful function; (3) critical to the firm's continued success; and (4) documented in the records of the firm, including but not limited to documentation showing the particular expertise and its value to the firm. Additionally, the individual whose expertise is relied upon must have a significant financial investment in the business. Ownership shall be measured as though not subject to the community property interest of a spouse, if both spouses certify in writing that the nonparticipating spouse relinquishes control over his or her community property interest in the subject business (but by doing so is not required to transfer to his or her spouse his or her community property ownership interest or to characterize the property as the separate property of the spouse). The one or more minority person or woman owners shall have recognized, ultimate control over all day-to-day business decisions affecting the MBE or WBE and shall hold a title commensurate with such control. Such ultimate control shall be known to and at least tacitly acknowledged in day-to-day operations by employees of the business.

Regulated contract means any contract, agreement or other undertaking:

- a. For which competitive bids are not required by law;
- b. That is not covered by the MBE/WBE programs of the United States Environmental Protection Agency or the United States Department of Transportation or any other federal or state agency having jurisdiction; and
- c. That the recommending city department has determined, in consultation with the director of the office of business opportunity either:
 - 1. Has significant subcontracting potential in fields in which there are sufficient known MWSBEs to perform the particular subcontract service(s); or
 - 2. Is of a type for which there are sufficient known MWSBEs which have represented their ability to perform the prime contract service to afford effective competition for the prime contract.

Small business enterprise or *SBE* means a firm whose gross revenues or number of employees, averaged over the past three years, inclusive of any affiliates as defined by 13 CFR Section 121.103, does not exceed the size standards defined in Section 3 of the Federal Small Business Act and applicable Small Business Administration regulations related to the size standards found in 13 CFR Part 121. The term shall also include a certified minority/women business enterprise defined in this Code.

Subcontractor means any business providing goods, labor or services to a contractor if such goods, labor or services are procured or used in fulfillment of the contractor's obligations arising from a contract with the City of Houston.

Woman means a person who is a citizen or legal resident alien of the United States and who is of the female gender.

Women business enterprise or *WBE* means a business which is:

- a. A sole proprietorship in which the owner is a woman who owns, controls and manages the business; or
- b. A corporation in which at least 51 percent of the stock or assets of such corporation is owned, controlled and managed by one or more women; or
- c. A partnership in which at least 51 percent of the assets of such partnership is owned, controlled and managed by one or more women; or
- d. Any other business or professional entity in which at least 51 percent of the assets in such business or professional entity is owned, controlled and managed by one or more women; or
- e. Any entity in which at least 51 percent of the assets of such entity is owned, controlled and managed by one or more minority persons and one or more women; or
- f. A business which has been certified as a WBE by the office of business opportunity under any other recognized WBE program.

(Ord. No. 2013-428, § 10(Exh. A), 5-8-2013, eff. 7-1-2013)

Sec. 15-83. - Program elements.

- (a) Based upon a review of annual awards and purchases by affected city departments, the office of business opportunity shall each year submit a progress report to the city council. The report shall include two percentage figures that are intended to as closely as possible represent the ratio of the prior year's measured utilization and availability of local MWSBEs to do business in:
 - (1) The supply of goods and nonpersonal or nonprofessional services; and
 - (2) The performance of personal or professional services;

to the prior year's total local business community utilization and availability to do business in each of the two named fields of city contracting.

In addition, the report shall include percentage figures that are intended to as closely as possible represent the ratio of the prior year's measured utilization and availability of local MWSBEs to do business in construction to the prior year's total local business community utilization and availability to do business in city construction contracting. The report may also include figures and other evidence of factors prescribed in Part 26, Title 49 of the Code of Federal Regulations in the year the report is made that may affect the aforementioned ratio of utilization and availability.

- (b) Based upon the measured utilization and availability and any other relevant factors prescribed in Part 26, Title 49 of the Code of Federal Regulations and identified in the report submitted pursuant to subsection (a) above, city council shall from time to time set annual city-wide percentage goals for city contracting with MWSBEs in each of the two named categories described in subsection (a)(1) and (2) above and for contracting with MWSBEs in the construction category. The adjustment, if any, in the percentage goals shall be made during the first quarter of the fiscal year.
- (c) It is the responsibility of each city department to determine which contracts initiated by it are goal-oriented contracts and which are regulated contracts. If the determination is made that a contract is a goal-oriented contract or a regulated contract, the initiating department shall review the contract and shall determine, by reference to the MWSBE register, the number of certified MWSBEs in each of the two named categories described in subsection (a)(1) and (2), above, and for construction, the number of certified MWSBEs in the construction category. The initiating department director or his or her designee shall determine whether the contract is one to which MWSBE provisions should be applied.
 - (1) These provisions are not required to be applied in the following circumstances:

- a. A public or administrative emergency exists which requires the goods or services to be provided with unusual immediacy;
- b. The service or goods requested are of such a specialized, technical or unique nature as to require the city department to be able to select its contractor without application of MWSBE provisions (such as contracts for expert witnesses, certain financial advisors or technical consultants);
- c. If application of MWSBE provisions would impose an unwarranted economic burden or risk on the city or unduly delay acquisition of the goods or services, or would otherwise not be in the best interest of the city; or
- d. If the possible MWSBE participation level based on MWSBE availability would produce negligible MWSBE participation.

If one of the above-listed conditions is determined to exist, the department director shall certify that determination in writing prior to the award of the contract, specifying the conditions which lead to the determination, and submit the determination to the OBO director for review and approval.

- (2) If the contract does not fall within one of the above-listed exceptions, based upon its overall review, the initiating department shall assign an appropriate MWSBE participation level, if any, for the contract (whether goal-oriented or regulated) considering the local availability of certified MWSBEs in the contract field.

The intention of this article is to provide administrative flexibility in the application of MWSBE provisions of this Code and in the percentage participation level on a contract-by-contract basis so as not to limit access to city contracting by nonminority-owned, nonwomen-owned or established business enterprises to a greater degree than necessary to meet the city-wide annual goal and the policies and objectives of this article.

- (d) The bidding documents and the contract documents for goal-oriented contracts for which a MWSBE participation level has been established shall contain a provision detailing the purposes and objectives of the city's MWSBE ordinance and shall incorporate by reference this article and the then-current motion or ordinance establishing MWSBE annual goals. Regulated contracts which are determined to have significant subcontracting potential for which a MWSBE participation level has been established shall contain contractual provisions (and proposal provisions if submitted for proposals or for bids) requiring the contractor to meet or exceed the determined MWSBE participation level for that contract, or to establish that it has made good-faith efforts to do so, and that notwithstanding such efforts, was unable to meet or exceed the determined participation levels. The OBO director shall establish procedures defining good-faith efforts. These procedures will be reviewed and approved by the mayor and the city attorney.

(Ord. No. 2013-428, § 10(Exh. A), 5-8-2013, eff. 7-1-2013)

Sec. 15-84. - Office of business opportunity.

- (a) Applications for certification as a MWSBE and any addenda thereto shall be made on a form promulgated by the OBO director, and the requirements for certification shall be consistent with the applicable requirements set forth in subsection (b) below.
- (b) The office of business opportunity has responsibility for:
 - (1) Establishing procedures for the implementation of this article, and reviewing and approving procedures established by city departments, such procedures to be narrowly designed to attain the purposes and objectives specified herein without unduly limiting nonminority-owned or nonwoman-owned or established business enterprises. Such procedures shall be reviewed and approved by the mayor and by the city attorney prior to implementation;
 - (2) Certifying businesses as minority, small or women business enterprises and maintaining and distributing to affected city departments a current register, updated monthly, of such business (including a separate listing of such businesses whose applications for certification are pending) specifying the categories of city contracting represented by the certified MWSBEs;

- (3) Developing educational programs for and otherwise assisting (without offering favoritism in relation to the competitive bidding system) MWSBEs to compete effectively for city contracts;
- (4) Making recommendations to the mayor, city council and city departments to further the policies and objectives of this article, including but not limited to assisting city departments in setting contract-specific MWSBE goals;
- (5) Reviewing documentation from potential contractors and from contractors concerning good-faith efforts made to meet or exceed the participation level for contracts. The final recommendation to city council for award or for acceptance of work shall be the city department's, although the office of business opportunity may take exception;
- (6) Compiling a report of the progress of city departments, by department, in attaining the city-wide goals set by city council. This report shall be based upon MWSBE contractor and subcontractor information, to be specified by the office of business opportunity. Upon completion, the report is to be submitted quarterly to city council members, the mayor and all affected city department directors for their information;
- (7) Receiving and reviewing complaints and suggestions concerning the MWSBE program from contractors, MWSBEs and city departments; and
- (8) Without limiting the authority of the office of business opportunity to establish procedures that are consistent with the terms of this article, the office of business opportunity is specifically directed to promulgate and implement procedures as follows:
 - a. Grievance procedures for any person aggrieved by any decision of the office of business opportunity under this article. The procedures shall include notice and a hearing before an impartial hearing officer who shall be appointed by the mayor;
 - b. Mediation procedures for the resolution of disputes between contractors or bidders and MWSBE participants or potential participants with respect to any aspect of compliance with this article, including, without limitation, any assertion that a contractor, subcontractor, or MWSBE has failed to make good faith efforts to comply with this article;
 - c. Procedures to implement and enforce any sanctions provided under this article;
 - d. Procedures to ensure performance of work by MWSBEs, which procedures shall include: (i) a requirement that no more than 50 percent of their work may be subcontracted, without a specific waiver from the office of business opportunity for cause; (ii) a requirement that the minority person, small business or woman owner of a MWSBE have the necessary experience, expertise, credentials and regulatory authority to conduct the type of business for which the business is certified; (iii) a requirement that bidders and contractors make good faith efforts to meet or exceed contract MWSBE goals; and (iv) a requirement that MWSBEs accurately represent all material information required for certification and truly perform a commercially useful function;
 - e. Procedures for counting participation by MWSBEs as prime contractors, subcontractors, suppliers and joint venturers on city contracts, which procedures shall ensure that all work performed by MWSBEs is included in the computation of the progress made toward meeting the annual city-wide goals;
 - f. Procedures to ensure that this article is limited in its application to the certification of locally based MWSBEs;
 - g. Procedures to coordinate the operation of this article with other local MWSBE programs, which may include reliance upon certification procedures of other entities that are determined to be reliable and equivalent to this article;
 - h. Procedures to ensure access to necessary records of prime contractors and subcontractors on city contracts; and
 - i. Procedures for handling theft of services (wage theft) complaints of employees of city contractors and subcontractors.

- (c) MWSBE certification shall be valid for a period of three years from the date of certification; provided, however, all applicants certified as MWSBEs shall be subject to review on an annual basis pursuant to procedures established by the OBO director to ensure compliance with all applicable provisions of this article.
- (d) Applications for renewal of MWSBE certification shall be evaluated under the same criteria and subject to the same manner of review as original applications.
- (e) All procedures established under this section shall be reviewed and approved by the city attorney prior to implementation. A copy of all procedures hereunder shall be maintained in the office of business opportunity for inspection, and copies may be purchased at the fees prescribed by law.

(Ord. No. 2013-428, § 10(Exh. A), 5-8-2013, eff. 7-1-2013)

Sec. 15-84.1. - Responsibilities of city departments; department utilization plan.

- (a) Each department director shall be accountable for the oversight and implementation of the following activities:
 - (1) Informing MWSBE organizations or associations of the department's procurement procedures and future procurement opportunities;
 - (2) Ensuring that department bid solicitations and requests for proposals are sent to MWSBEs in a timely manner;
 - (3) Referring MWSBEs to technical assistance services available from the office of business opportunity and other organizations that provide such services;
 - (4) Reviewing each request for waiver or modification of participation goals prior to its submission to the office of business opportunity for approval;
 - (5) Monitoring the department's procurement activities to ensure compliance with and progress towards the city-wide participation goals; and
 - (6) Providing the OBO director with the departmental utilization plan prescribed in subsection (b) of this section and any other documentation requested by the office of business opportunity necessary in evaluating a department's progress in achieving city-wide participation goals.
- (b) Each department that has procured goods and services in excess of three million dollars during the fiscal year ending on June 30th of the preceding calendar year shall be required to submit a departmental utilization plan for the following fiscal year commencing on July 1st. Departmental utilization plans shall be submitted on or before June 15, 2014, and not later than June 15th of each calendar year thereafter.
- (c) Each department director shall be responsible for creating, submitting, and implementing an annual departmental utilization plan that shall include, at a minimum, the following:
 - (1) The department's forecast of anticipated projects and contract specific goals for the upcoming fiscal year;
 - (2) A detailed, written explanation for any departmental goal that is not consistent with the overall city-wide goals for MWSBE participation;
 - (3) A list of the names and titles of department personnel responsible for the implementation of the departmental utilization plan;
 - (4) The methods and relevant activities proposed for achieving the department's participation goals; and
 - (5) Any other information the department director deems relevant or necessary.
- (d) Upon review by the OBO director, all departmental utilization plans shall be submitted to the mayor and city council for final approval.
- (e) A departmental utilization plan may be amended to reflect changes in the department's projected procurements, expenditures, or other relevant circumstances and resulting changes in the department's participation goals. Such amendments shall be submitted to the OBO director for review and shall be submitted to city council for final approval not less than 30 days prior to the proposed date of implementation.

- (f) Each department director shall be accountable for setting and making reasonable efforts to meet the participation goals stated its departmental utilization plan. Departments shall, at minimum, engage in outreach activities that encourage eligible businesses to apply for certification as MWSBEs and encourage MWSBEs to participate in all facets of the procurement process and compete for city contracts, including contracts awarded by negotiated acquisition and emergency and sole source contracts.

(Ord. No. 2013-428, § 10(Exh. A), 5-8-2013, eff. 7-1-2013)

Sec. 15-85. - Filing of plan.

Before execution of any contract or issuance of any purchase order for which a MWSBE goal has been established, a bidder or potential contractor shall submit a plan setting forth how it intends to meet the contract MWSBE goal or documentation demonstrating its proof of good faith efforts to meet the contract MWSBE goal. After execution of a contract or receipt of a purchase order, the contractor shall comply with the submitted plan, unless it has received approval from the OBO director for a deviation therefrom. Approval shall not be unreasonably withheld. While it is not a requirement that a contractor meet its goal, it is required that the contractor objectively demonstrate to the office of business opportunity that it has made good faith efforts to meet the goal. To this end, the contractor shall maintain records as prescribed by the office of business opportunity demonstrating its efforts at compliance. The contractor shall be required to submit to the office of business opportunity reports of its efforts under this article in such form or manner as shall be prescribed by the OBO director.

(Ord. No. 2013-428, § 10(Exh. A), 5-8-2013, eff. 7-1-2013)

Sec. 15-86. - Sanctions.

- (a) The OBO director is authorized to suspend any contractor who has failed to make good faith efforts to meet any goal established under this article from engaging in any contract with the city for a period up to, but not to exceed, five years. The OBO director is also authorized to suspend any MWSBE who has failed to make good faith efforts to meet all requirements necessary for participation as a MWSBE from engaging in any contract affected by this article for a period up to, but not to exceed, five years.
- (b) In accordance with section 15-84 of this Code, the office of business opportunity shall establish procedures for the imposition of sanctions and shall ensure that no sanction is imposed without notice of the grounds being given and an opportunity for a hearing consistent with the procedures set forth in sections 15-22, 15-23, and 15-24 of this Code. Any procedure established shall be consistent with state law.

(Ord. No. 2013-428, § 10(Exh. A), 5-8-2013, eff. 7-1-2013)

Sec. 15-87. - Determination of established business enterprise status.

- (a) Based upon a review of data submitted by MWSBEs or MWSBE applicants and any other information available from its files or the files of any other governmental entity, the office of business opportunity shall determine the size of each MWSBE or MWSBE applicant by determining the average of the gross receipts for the prior three years and the average number of employees for the 12 calendar months immediately preceding the review, as applicable. The calculation of size shall be based solely upon the size standards and methods of calculation identified by the U.S. Small Business Administration (SBA) including, without limitation those set forth in 13 C.F.R. part 121, subpart A, secs. 121.101 through 121.107, and sec. 121.201, any amendment or successor thereto, or any other document defining such size standards or the calculation thereof that has been fully and finally adopted by the SBA. The review shall be applicable to business entities applying for initial certification as a MWSBE or to certified MWSBEs, provided that such review may not be initiated until the applicant or certified MWSBE has established a business history of sufficient length to allow calculation of size based on the three year financial or 12 month employee data, as applicable.
- (b) Following the review described in this section, each certified MWSBE or MWSBE applicant shall be re-evaluated under this section on an annual basis based upon the size standards and methods of calculation

identified by the SBA and procedures established by the OBO director to ensure compliance with all applicable provisions of this article.

- (c) All MWSBEs and MWSBE applicants shall, upon written request of the OBO director, provide to the office of business opportunity copies of any and all documents, including without limitation financial statements and tax records, requested by the director in connection with the review authorized in subsection (a) of this section, not later than 20 business days following the date of mailing of the request. Failure to timely and completely comply with any such request will authorize the imposition of sanctions under section 15-86 of this Code, or denial of certification in the case of a MWSBE applicant.
- (d) Following the review authorized by subsection (a) of this section, the office of business opportunity shall classify each MWSBE or MWSBE applicant whose size meets or exceeds the size standard identified by the SBA for that class of enterprise as an established business enterprise. The classification shall be effective as of the date of mailing of the notice provided in section 15-88 of this Code.

(Ord. No. 2013-428, § 10(Exh. A), 5-8-2013, eff. 7-1-2013)

Sec. 15-88. - Notice, appeal and waiver.

- (a) Immediately upon classification of a certified MWSBE or MWSBE applicant as an established business enterprise pursuant to section 15-87 of this Code, the office of business opportunity shall notify the business so classified of the action by United States certified mail, return receipt requested, addressed to the last known address of the business and deemed given when placed in a United States mail depository.
- (b) Each notice shall inform the affected MWSBE or MWSBE applicant of the following matters: (1) That the MWSBE or MWSBE applicant has been classified as an established business enterprise;
- (2) That the classification is effective as of the date of mailing of the notice;
- (3) That the MWSBE or MWSBE applicant may appeal the classification or seek a waiver of the classification pursuant to the procedures established under this section;
- (4) That the provisions of section 15-89 of this chapter shall become enforceable with respect to any certified MWSBE one year following the notice of classification, unless the decision is reversed or a waiver is granted and the classification is withdrawn prior to the expiration of the one-year period; and
- (5) That any MWSBE applicant deemed ineligible for certification based upon its classification as an established business enterprise shall remain ineligible for certification unless and until any withdrawal of the classification as an established business enterprise is granted pursuant to an appeal or a request for waiver conducted under this section.
- (c) In order to appeal a classification as an established business enterprise, a MWSBE or MWSBE applicant must submit to the OBO director a written notice of appeal no later than 60 days following the date of mailing of the notice of classification. The sole basis for an appeal shall be that the office of business opportunity has incorrectly calculated the size of the business according to SBA standards based upon incorrect information or error in computation. The notice of appeal shall be accompanied by any documentation necessary to demonstrate the asserted error. If the OBO director finds that an error or errors were made in calculating the size of the business and that any such error resulted in an incorrect classification as an established business enterprise, the classification shall be withdrawn and the business promptly notified of the withdrawal. If the OBO director finds that no error was made, or that any error would not materially alter the classification, he shall notify the business that the classification is not altered, by certified mail, return receipt requested. The business may within ten days of the date of mailing of the notice submit to the OBO director a written request for a hearing, which hearing shall be conducted under the procedures set forth in subsections (e) through (g) of this section.
- (d) In order to seek a waiver of a classification as an established business enterprise, a MWSBE or MWSBE applicant must submit to the OBO director a written request for a hearing no later than 60 days following the date of mailing of the notice of classification. The written request shall include documentary evidence, including but not limited to financial statements and tax records, relevant to the following criteria:

- (1) Profitability of the enterprise;
 - (2) Sales of the enterprise, including a demonstration that 55 percent or more of the enterprise's sales, within the period utilized by the office of business opportunity in its classification determination, are not related to city contracts;
 - (3) Ability of the MWSBE or MWSBE applicant to obtain bonding, if the enterprise acts as a prime contractor or in a category in which obtaining bonding is required; and
 - (4) Positive comparison of the enterprise's business and financial profile with those of non-MWSBE firms in the same business category based on an objective industry standard.
- (e) The OBO director shall notify the affected MWSBE or MWSBE applicant of the place and time of a hearing before the OBO director or his designee to consider an appeal requested under subsection (c) of this section, or a request for waiver of the classification under subsection (d) of this section, or both, as applicable, by United States certified mail, return receipt requested. The hearing shall be set not later than 30 days following receipt of the request, provided that the OBO director or his designee may in his discretion extend such date by a reasonable period for good and sufficient cause shown. Hearings for businesses that have both appealed under subsection (c) of this section and requested a waiver under subsection (d) of this section may be consolidated in a single hearing at the discretion of the OBO director or his designee.
- (f) The OBO director shall promulgate written procedures for the conduct of hearings. The OBO director or his designee shall hear each appeal or request for waiver and shall consider only the criteria set forth under subsections (c) and (d)(1) through (d)(4) of this section, as applicable, in determining whether to withdraw the classification of the affected business as an established business enterprise. The OBO director shall develop objective standards for evaluating each factor set forth under subsections (d)(1) through (d)(4) based upon recognized industry or governmental practices or standards. The burden shall be on the business to demonstrate by clear, convincing and cogent evidence either that a material error in classification was made or that the granting of a waiver is justified by at least two of the criteria set forth in subsections (d)(1) through (d)(4) of this section.
- (g) Notwithstanding any provision of this Code or of the rules or regulations of the office of business opportunity to the contrary, including any provision for mediation of a decision of the OBO director, the decision of the OBO director or his designee regarding appeal or waiver shall be final.

(Ord. No. 2013-428, § 10(Exh. A), 5-8-2013, eff. 7-1-2013)

Sec. 15-89. - Effect of classification; re-application.

- (a) Upon the expiration of one year following the notice of classification as an established business enterprise referenced in section 15-88(a) of this Code, and in the absence of any withdrawal of such classification by the OBO director, each certified MWSBE so classified shall be ineligible for future participation in any city contract as a MWSBE and its certification shall be withdrawn. No application for re-certification shall be granted absent the prior determination of the OBO director that the applicant does not meet or exceed the SBA size standards referenced in section 15-87(a) of this Code. Certified businesses whose evaluation results in classification as an established business enterprise shall timely file any re-certification application due prior to expiration of the one year extension of program eligibility referenced in this section, but the application shall not be granted unless and until the classification is withdrawn or waived.
- (b) Notwithstanding any provision of this Code or the rules or regulations of the office of business opportunity to the contrary, including any provision for mediation of a decision of the OBO director, any initial applicant for MWSBE certification who meets the criteria for an established business enterprise at the time of its application and is so classified shall be denied certification on that basis alone and shall have no recourse for the denial except through challenging the classification in the manner set forth in section 15-88 of this chapter. Any and all other matters pertaining to the eligibility of the applicant shall be abated and shall only be reinstated if the classification as an established business enterprise is withdrawn.
- (c) The office of business opportunity may continue to assist established business enterprises following ineligibility as follows:

- (1) Such businesses, if formerly certified by the city, may continue to be listed in any listing of MWSBE firms in a separate category of established MWSBE firms for the information of other private or public entities; and
 - (2) Such businesses, if formerly certified by the city, may receive information, counseling and referrals to other agencies supporting business enterprises from the office of business opportunity after their classification as established business enterprises.
- (d) No sooner than one year following the date of program ineligibility provided in subsection (a) of this section or the denial of certification provided in subsection (b) of this section, any established business enterprise may apply for reinstatement as a fully eligible, certified MWSBE or reinstatement of an application for certification abated under subsection (b) of this section, as applicable, upon demonstrating the existence of one or more of the following conditions:
- (1) That the subsequent history from the date of initial classification as an established business enterprise demonstrates that a size calculation as of the date of application for reinstatement would place the business below the SBA size standards for that category of business;
 - (2) That the established business enterprise has successfully obtained an SBA size determination from a federal agency authorized to make such a determination, or has prevailed in an SBA size protest under 13 CFR § 121.1001, et seq., as amended, including any judicial review thereof, establishing that the business does not meet or exceed the applicable SBA size standard;
 - (3) That the SBA size standards have been revised in such a manner that the subject business no longer meets or exceeds the size standard for its category based upon the most recent three-year average for receipts or 12 month average for employees, as applicable; or
 - (4) That the criteria listed in section 15-88(d) of this Code demonstrate the need to grant a waiver and withdraw the classification of the business as an established business enterprise.
- (e) Applications for reinstatement shall be on a form prescribed by the OBO director and shall be accompanied by relevant documentary evidence supporting the ground or grounds for reinstatement asserted, as requested by the OBO director.
- (f) Within 30 days following receipt of a completed application for reinstatement, the OBO director shall grant the application or deny the application and set the matter for hearing within 30 days of the date of mailing notice of such denial.
- (g) The burden on the business applying for reinstatement shall be to demonstrate the existence of one or more of the conditions set forth in subsections d(1) through d(4) of this section by clear, convincing and cogent evidence, to be evaluated by the director under hearing procedures consistent with the nature of the application and, to the extent applicable, with the provisions of subsections (c), (d), (e) and (f) of section 15-88 of this Code. In addition, a business seeking reinstatement under subsection (b)(4) of this section that has previously sought a waiver of classification as an established business enterprise pursuant to section 15-88(d) of this chapter must present evidence of a material and substantial change in circumstances not shown at the preceding hearing, and the OBO director or his designee shall disregard evidence that is repetitious or cumulative of the prior hearing on the matter.
- (h) The decision of the OBO director or his designee following a hearing on reinstatement shall be final, and any applicant denied reinstatement is to be notified in writing of the decision within ten days following the hearing. No business denied reinstatement may subsequently apply for reinstatement until the expiration of one year from the date of the denial.

(Ord. No. 2013-428, § 10 (Exh. A), 5-8-2013, eff. 7-1-2013)

**REQUIREMENTS FOR THE CITY OF HOUSTON PROGRAM FOR
MINORITY, WOMEN, AND SMALL BUSINESS ENTERPRISES (MWSBE) AND
PERSONS WITH DISABILITIES ENTERPRISES (PDBE)**

CONSTRUCTION CONTRACTS

I. GENERAL

A. CITY AUTHORITIES

1. The "OBO Director" is the City of Houston's Office of Business Opportunity Director, or his or her designee.

City of Houston
611 Walker Street, 7th Floor
Houston, Texas 77002

2. The "Contracting Department" for this Project is the City of Houston Department specified in Document 00520 – Agreement.
3. The "Project Manager" for this Project is specified in Document 00550, Contract Approval Notification.

II. REOCCURRING REPORTS THAT MUST BE SUBMITTED DURING THE COURSE OF THE CONTRACT:

A. MWSBE MONTHLY REPORT PROCESS

The Contractor shall complete the MWSBE Monthly Utilization Report in the Contract Compliance and Monitoring System (available at <https://houston.mwdbe.com/>).

- B. The Contractor shall comply with further, applicable instructions regarding reporting and compliance as provided in Sections III.E and III.I below.

III. BUSINESS ENTERPRISE PROGRAM REQUIREMENTS:

A. PURPOSE

This Document facilitates implementation of City of Houston, Tex. Code of Ordinances Chapter 15, Article V, § 15-81 *et seq.*, relating to MWSBE contract participation, and Code of Ordinances Chapter 15, Article VI, § 15-90 *et seq.*,

relating to PDBE contract participation (collectively, the "Business Enterprise Program or "MWSBE"). City of Houston, Tex. Ordinance 2013-0428, May 8, 2013.

B. POLICY

It is the policy of the City to encourage the full participation of Minority and Women-owned Business Enterprises, Small Business Enterprises, and Persons with Disabilities Business Enterprises in all phases of its procurement activities and to afford them a full and fair opportunity to compete for City contracts at all levels.

C. POLICY ELEMENTS

1. The Contractor agrees to ensure that MWSBE firms have a full and fair opportunity to participate in the performance of City contracts. In this regard the Contractor shall make all reasonable Good Faith Efforts to meet the Contract Goals for this Contract.
2. The Contractor and any Subcontractor shall not discriminate on the basis of race, color, religion, national origin, or sex in the performance of City contracts.
3. Contractor's performance in meeting the Participation Plan Percentage will be monitored during the construction phase of the Contract by the Office of Business Opportunity ("OBO") and the Contracting Department (the "Department").

D. PERCENTAGE GOALS

The MWSBE goals and PDBE goals, if any, for the Work are specified in Document 00800 – Supplementary Conditions Goals.

E. CONTRACTOR RESPONSIBILITIES

1. **Prior to Award:**

The Bidder shall submit MWSBE documents in accordance with the requirements of Document 00410 – Bid Form Part A.

 - a. In accordance with the Code of Ordinances and the OBO Good Faith Efforts Policy (Attachment A), the Department shall approve an Apparent Low Bidder's MWSBE Participation Plan, Document 00470 (the "Bidder's Plan" or "Plan"), within three business days of the Bid Opening only if the Department representative determines that Bidder's Plan meets the advertised Contract Goal and is administratively complete.

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- b. If the Department cannot approve the Bidder's Plan, it shall forward the Plan to OBO, who shall review the Bidder's Plan, and if applicable, the Bidder's Document 00471 (Record of Good Faith Efforts) and Document 00472 (Pre-Award Deviation Request) and determine whether the Bidder has made Good Faith Efforts to meet the Contract Goals within 10 business days of the Bid Opening.
- c. If OBO determines that the Bidder has failed to provide a valid participation plan or make Good Faith Efforts or if the Bidder fails to provide documents and associated information required by this Document 00808 or reasonably requested in writing by OBO, OBO may declare the Bidder to be non-responsible.
- d. If OBO determines that the Bidder has made Good Faith Efforts, OBO may approve the Bidder's Contract Goal Deviation request. Thereafter, the Bidder/Contractor shall be bound by the Plan, as approved or modified by OBO.
- e. The Contractor shall:
 - (1) ensure that all MWSBE firms listed in the Plan are certified by the Office of Business Opportunity prior to bid date. Qualified, non-certified firms may obtain priority consideration for certification if no more than two firms are certified with the same capability as the non-certified firm.
 - (2) execute written contracts with all certified Subcontractors and Suppliers. All such contracts must be executed and sent to OBO and Contracting Department within 30 days after the date of the Notice to Proceed and must include provisions set forth in Articles 3 and 5 of Document 00700, General Conditions; and
 - (3) designate an MWSBE liaison officer who will administer the Contractor's MWSBE program and who shall document and maintain records of Good Faith Efforts to subcontract with MWSBE Subcontractors and Suppliers.

2. After Award:

- a. The Contractor shall submit MWSBE Monthly Utilization Reports, as requested in Article II above.
- b. The Contractor shall complete and submit to OBO a deviation request if the Contractor reasonably believes that it will not achieve the Business Enterprise Program Participation Plan Percentage documented in the Plan. The Contractors shall also submit to OBO, with a copy to the Contracting Department, a Record of Post-Award Good Faith Efforts (Document 00571) for each Certified Firm that the Contractor does not use in accordance with the Approved Plan before the Contractor uses another firm to perform the work.
- c. The Contractor shall conform to the Plan unless OBO approves a

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deviation request. OBO shall approve or reject a request for deviation within five business days of receipt of the request.

- d. OBO shall approve a deviation request if:
 - (1) for a reason beyond the Contractor's control, the Contractor is unable to use the certified MWSBE firm in the Plan to perform the specified work. In such cases, the Contractor shall use and document Good Faith Efforts to find a similarly qualified, certified MWSBE firm to perform such specified work; or
 - (2) the Contractor reasonably believes that, due to a change of scope, execution of the work in accordance with the directions from the Contracting Department is unlikely to meet the terms of the Plan. In such cases, the Contractor shall use and document Good Faith efforts to achieve a reasonable amount of MWSBE participation on the remaining work on the Contract.
 - (3) OBO shall not unreasonably withhold approval of a deviation request.
- e. After the Date of Substantial Completion, OBO shall evaluate the Contractor's Good Faith Efforts towards meeting the Plan, as it may be amended.
- f. If the Contractor fails to conform to the Plan and fails to submit a Post-Award Deviation Request or provide documents and associated information required by the Good Faith Efforts Policy or reasonably requested in writing by OBO, OBO may impose sanctions in accordance with Article VI of this Document 00808.

F. ELIGIBILITY OF MWSBE FIRMS FOR SUBCONTRACTING

- 1. To ensure that the City's Business Enterprise Program benefits only those firms that are owned and controlled by a minority person(s), a woman (women), a person(s) with a disability, or a small business enterprise, the Office of Business Opportunity will certify the eligibility of MWSBE and PDBE Contractors, Subcontractors, and Suppliers. Contact the OBO Certification Division at 832-393-0600 for information regarding certification.
- 2. Firms must be certified by OBO at the time of bid in order to be counted towards meeting MWSBE goals. OBO maintains a Certified Minority, Women and Small Business Enterprises and Persons with Disabilities Business Enterprises Directory on the City's website. This Directory also lists federally-designated Disadvantaged Business Enterprises (DBEs).

G. DETERMINATION OF MWSBE PARTICIPATION

MWSBE participation shall be counted toward meeting the Contract Goals in

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response to the following:

1. Contractor may count toward its Contract Goals only those MWSBE Subcontractors/ Suppliers performing a Commercially Useful Function.
 - a. **COMMERCIALLY USEFUL FUNCTION** means a discrete task or group of tasks, the responsibility for performance of which shall be discharged by the MWSBE firm by using its own forces or by actively supervising on-site the execution of the tasks by another entity for whose work the MWSBE firm is responsible. In determining whether a certified firm is performing a commercially useful function, factors including but not limited to the following shall be considered: (1) whether the firm has the skill and expertise to perform the work for which it is being utilized and possesses all necessary licenses; (2) whether the firm is in the business of performing, managing, or supervising the work for which it has been certified and is being utilized; and (3) whether it is performing a real and actual service that is a distinct and verifiable element of the work called for in a contract. Without limiting the generality of the foregoing, a MWSBE will not be considered to be performing a commercially useful function, if it subcontracts more than 50 percent of a contract being counted toward the applicable Contract Goals, unless such subcontracting in excess of 50 percent has been expressly approved by OBO either pre-bid or post award.
 - b. OBO shall approve a Plan Deviation Request if the Contractor demonstrates that the industry standard for the type of work involved is to subcontract over 50 percent of the work.
2. Once a firm is certified as a MWSBE firm, the total dollar value of the subcontract awarded to the MWSBE firm is counted toward the Contract Goals, counting only the work in which the MWSBE has performed a Commercially Useful Function. The use of one MWSBE certified firm to meet multiple goals (e.g. MBE, WBE, SBE goals) on a contract is prohibited, unless expressly approved by OBO. Safety and Participation goals do not count as a single goal concerning MWSBE/DBE requirements.
3. The dollar value of the work performed by a certified Prime Contractor may not be counted toward the MWSBE goal unless the certified Prime Contractor is a part of a joint venture. When the Contractor or Subcontractor is in a joint venture with one or more MWSBE firms, OBO shall determine the percent of participation resulting from such joint venture to be counted toward the Contract Goals. The City may count towards the Contractor's MWSBE contract goal that portion of the total value of the contract amount paid to an MWSBE joint venturer equal

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to the distinct, clearly defined portion of the contract work performed by the MWSBE.

4. A MWSBE Supplier's participation will be counted towards the MWSBE goals if all of the following criteria are met. The MWSBE Supplier must:
 - (a) negotiate price;
 - (b) determine quality and quantity;
 - (c) order the materials;
 - (d) show that the invoice is in the certified firm's name;
 - (e) pay for the material itself;
 - (f) control delivery; and
 - (g) be certified to provide the supplies in the appropriate NAICS code.

If the listed criteria above are not met, only the entire amount of fees or commissions charged for assistance in the procurement of the supplies and materials, or fees or transportation charges for the delivery of supplies or materials required on a job site will be counted towards the MWSBE goal. To be counted, proof must be provided of the fees paid and the fees must be reasonable and not excessive as compared with fees customarily allowed for similar services. MWSBE Supplier participation may account for no more than 50% of the MWSBE participation plan.

5. The OBO Policy and Procedures Manual, as amended from time to time, shall apply to the Contract for other determinations regarding counting MWSBE participation not explicitly provided for in the Contract.

H. CONTRACTOR COMPLIANCE

To ensure compliance with MWSBE requirements, OBO and the Department will monitor Contractor's efforts regarding MWSBE Subcontractors/Suppliers during the performance of this Contract. This may be accomplished through the following: job site visits; reviewing of records and reports; and interviews of randomly selected personnel.

I. RECORDS AND REPORTS

1. In accordance with II.A of this Document, the Contractor shall submit an initial report outlining MWSBE participation 40 days after the Notice to Proceed date, and on or before the 15th day of each month thereafter until all MWSBE subcontracting or material supply activity is completed. Each report shall cover the preceding month's activity. The Contractor shall use the MWSBE Contract Compliance and Monitoring System (B2G Now) to meet this requirement.
2. Contractor shall maintain the following records for review upon request by OBO or the Department:

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- a. Copies of executed Subcontractor agreements and purchase orders;
 - b. Documentation of payments and other transactions with MWSBE Subcontractors/ Suppliers; and
 - c. Appropriate explanations of any changes or replacements of MWSBE Subcontractors/Suppliers. All replacement MWSBE Subcontractors/Suppliers must be certified by OBO.
 - d. Any other records required by OBO or Contracting Department.
3. If a Participation Plan Percentage is not being met, the monthly report shall include a narrative description of the progress being made in MWSBE participation. If sufficient MWSBE Subcontractors or Suppliers to meet the Participation Plan Percentage are being utilized, they should be identified by name and the dollar amount paid to date for work performed or materials furnished by each MWSBE during the monthly period. Reports are required when no activity has occurred in a monthly period.
 4. Contractor shall retain all such records for a period of four years following completion of the Work and shall be available at reasonable times and places for inspection by authorized representatives of the City including the City Controller.

IV. SANCTIONS:

A. SUSPENSION PERIOD AND WAIVER

Pursuant to Section 15-86 of the Code of Ordinances, OBO is authorized to suspend any Contractor who has failed to make Good Faith Efforts for a period of up to, but not to exceed, five years.

B. GUIDELINES FOR IMPOSITION OF SANCTIONS

1. General:

- a. OBO shall not impose any sanction except upon evidence of specific conduct on the part of a MWSBE or Contractor that is inconsistent with, or in direct contravention of, specific applicable requirements for Good Faith Efforts.
- b. Imposition and enforcement of suspensions shall be consistent with applicable state law.

2. Severity of Sanctions:

- a. In determining the length of any suspension, OBO shall consider the following factors:
 - (1) Whether the failure to comply with applicable requirements involved intentional conduct or, alternatively,

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may be reasonably concluded to have resulted from a misunderstanding on the part of the Contractor or MWSBE of the duties imposed on them by Article V of Chapter 15 of the Code of Ordinances and these procedures;

- (2) The number of specific incidences of failure by Contractor or MWSBE to comply;
- (3) Whether the Contractor or MWSBE has been previously suspended;
- (4) Whether the Contractor or MWSBE has failed or refused to provide OBO with any information requested by OBO's Director or required to be submitted to OBO's Director pursuant to law or these procedures;
- (5) Whether the Contractor or MWSBE has materially misrepresented any applicable facts in any filing or communication to OBO; and
- (6) Whether any subsequent restructuring of the subject business or other action has been undertaken to cure the deficiencies in meeting applicable requirements.

b. Suspensions may be for any length of time not to exceed five years. Suspensions in excess of one year shall be reserved for cases involving intentional or fraudulent misrepresentation or concealment of material facts, multiple acts in contravention of applicable requirements, cases where the Contractor or MWSBE has been previously suspended, or other similarly egregious conduct.

C. APPEALS

A decision to implement a suspension may be taken after notice and an opportunity for an informal conciliation conference with OBO and a hearing by the Contract Compliance Commission. Commission members shall not have participated in the actions or investigations giving rise to the suspension hearing.

D. NOTICE

1. Prior to imposing any suspension, OBO shall deliver written notice to the Contractor or MWSBE setting forth the grounds for the proposed suspension and setting a date, time, and place to appear for an informal conciliation conference with OBO, in addition to information regarding the appearance before the Contract Compliance Commission for a hearing on the matter.
2. Any notice required or permitted to be given hereunder to any Contractor or MWSBE may be given either by personal delivery or by certified United States mail, postage prepaid, return receipt requested, addressed to their

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most recent address as specified in the records of the Office of Business Opportunity or in the Contract if no address is on file with the Office of Business Opportunity.

E. HEARING PROCEDURES

Proceedings before the Contract Compliance Commission shall be conducted in accordance with Section 15-23 of the Code of Ordinances. If the Commission, in a written decision, finds that a suspension is supported by the evidence presented, the Commission shall submit its recommendation to the Mayor and City Council.

ATTACHMENT A

**City of Houston
Office of Business Opportunity
Good Faith Efforts Policy**

General Policy.

Good Faith Efforts are steps taken to achieve an Contract Goal or other requirements which, by their scope, intensity and usefulness demonstrates the bidder's responsiveness to fulfill the business opportunity objective prior to the award of a contract, as well as the contractor's responsibility to put forth measures to meet or exceed the Contract Goal throughout the duration of the contract.

Good Faith Efforts are required to be made and demonstrated by an apparent successful bidder on goal oriented contracts or proposer on a regulated contract prior to award of a contract. Good Faith Efforts are required on professional services and construction contracts and on procurement of goods and non-professional service contracts with goals. If a bidder, when submitting a participation plan at the time of bid or proposal submission, anticipates it cannot or will not meet the Contract Goal prior to the award, the bidder must demonstrate to Office of Business Opportunity ("OBO") it has made Good Faith Efforts to meet the Contract Goal, to be eligible for the contract award.

Good Faith Efforts shall be evaluated on a case-by-case basis in making a determination whether a bidder or contractor is in compliance with this policy. The efforts employed by a bidder or contractor should be those that one could reasonably expect a bidder or contractor to take if the bidder were actively and aggressively attempting to obtain MWSBE participation sufficient to meet the Contract Goal. Efforts taken that are mere formalities or other perfunctory acts shall not be considered Good Faith Efforts to meet Contract Goals.

The factors provided herein are representative of the types of actions OBO will consider in determining whether the bidder or contractor made Good Faith Efforts to obtain MWSBE participation to meet the Contract Goal. The factors prescribed below are not intended to be a mandatory checklist, nor is it intended to be exhaustive or exclusive. OBO may consider other factors or types of efforts that may be relevant in appropriate cases.

If a contractor fails to submit Good Faith Efforts documentation as provided in this Policy, it waives the right to appeal OBO decisions related to this Policy. OBO will review all the efforts made by the contractor, including the quality and quantity of those efforts.

Pre-Award.

A bidder must submit a participation plan (Document 00470) to OBO at the time the bidder

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submits the bid. If the participation by certified MWSBE subcontractors documented on the participation plan ("participation") is less than the Contract Goal, a bidder should submit a Record of Good Faith Efforts (Document 00471) with the bid. A bidder should also submit a request for a deviation (Document 00472) if the bidder, having used Good Faith Efforts, reasonably believes that it cannot meet the Contract Goal or a commercially useful deviation.

In making a determination that the bidder has made a good faith effort to meet the Contract Goals, OBO shall consider specific documentation¹ concerning the steps taken to obtain MWSBE participation, with a consideration of, by way of illustration and not limitation, whether the bidder demonstrated a genuine effort to comply with the following factors.

1. Attended any pre-bid or pre-proposal meetings scheduled by the City Department;
2. Followed up with MWSBEs that attended the pre-bid or pre-proposal meetings to discuss subcontracting and supplier opportunities and contacted MWSBEs listed in the City's online directory;
3. Conducted outreach with minority and women focused organizations and associations far in advance of solicitation due date (no less than 10 business days);
4. Identified and designated portions of the work to be performed by MWSBEs to increase the likelihood of meeting the Contract Goals (including where appropriate breaking down the contract into reasonably sized subcontracts to ensure participation);
5. Advertised subcontracting opportunities in news media focused towards minority and women persons far in advance of solicitation due date;
6. Provided MWSBEs with a point of contact that was knowledgeable about the project and possessed decision-making authority to answer questions from interested MWSBEs;
7. Provided a reasonable number of MWSBEs certified with timely written notices via email, mail, and/or fax and/or with documented contact regarding the subcontracting/supplier opportunities. A "reasonable number of MWSBEs" shall be based on the number of MWSBEs available in the directory;
8. Solicited the MWSBEs within a reasonable amount of time (no less than seven business days) before bid submission, as well as followed up with the MWSBEs solicited to determine if they were interested in submitting a bid or proposal or participating on a team.

¹ A list of common supporting documentation that may allow Contractors to support their good faith efforts can be found on the Office of Business Opportunity website at www.houstontx.gov/obo.

9. Provided interested MWSBEs certified to perform the solicited work with prompt access to the plans, specifications, scope of work and requirements of the contract;
10. Negotiated in good faith with interested MWSBEs, and not rejecting MWSBEs as unqualified without sound reasons based on a thorough investigation of their capabilities;
11. Entered into a formal contract, or signing enforceable letters of intent with MWSBEs;
12. Provided an explanation to any MWSBE whose bid or price quotation is rejected, unless another MWSBE is accepted for the same work, as follows:
 - a. Where price competitiveness is not the reason for rejection, a written rejection notice including the reason for rejection will be sent to the rejected MWSBE firm;
 - b. Where price competitiveness is the reason for rejection, a meeting must be held with the price-rejected MWSBE, if requested, to discuss the rejection;
13. Made efforts to assist interested MWSBEs in obtaining bonding, lines of credit, insurance required for the contract, and documenting MWSBE denied by bona fide surety agents;
14. Ensured that the conditions and requirements for subcontracts are commensurate with industry standards and would not cause an economic hardship on MWSBEs, such as unnecessary insurance or coupling bid bonds with retainage;
15. Incorporated efforts not attempted earlier or on previous bids that appear more likely to lead to attaining the Contract Goal. Past performance on similar contracts with similar scopes will also be taken in consideration when determining Good Faith Efforts. A bidder that continues to make same efforts without any significant change in the level of participation may not be making Good Faith Efforts.

Post-Award.

The contractor must sign the approved participation plan (Document 00470 or Document 00570) prior to starting work on the Project. A contractor should submit a request for deviation (Document 00572) from OBO if the contractor, having made Good Faith Efforts, reasonably believes that it will not achieve the Participation Plan Percentage documented in the approved participation plan. Unless OBO approves a deviation, a contractor must submit to OBO a Participation Summary (Document 00660) prior to City Council's consideration of any close-out, term extension, or change order. If participation is less than anticipated in the approved

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participation plan, the contractor must submit a Record of Good Faith Efforts (Document 00571) along with the Participation Summary. A contractor that fails to submit a deviation request and Good Faith Efforts documentation waives the right to appeal OBO decisions related to this Policy.

If the contractor is awarded the contract and fails to achieve the established Participation Plan Percentage, the contractor must demonstrate to OBO its efforts to meet the Participation Plan Percentage and failure to do so based on circumstances that the contractor could not reasonably control. In determining whether the contractor made Good Faith Efforts to ensure full participation and achievement of the Participation Plan Percentage, OBO shall consider the following factors:

1. Whether the contractor designated an MWSBE liaison officer to administer the Contractor's MWSBE programs and to be responsible for maintenance of records of Good Faith Efforts.
2. Whether the contractor furnished prompt MWSBE Utilization Reports in a timely and accurate manner through the online Contract Monitoring System or via hard copy.
3. Whether the contractor responded to efforts to resolve disputes with MWSBEs, and genuinely attempted to resolve these issues.
4. Whether the contractor disclosed payment discrepancies timely and within the monthly reporting period;
5. Whether the contractor complied with the participation plan, unless the contractor received a deviation from the OBO Director and whether upon approval, the contractor made Good Faith Efforts to replace a removed MWSBE with another certified firm;
6. Whether the contractor furnished prompt written responses to written inquiries from the Director or any employee of OBO regarding the MWSBE's performance or information germane to the MWSBE's certification;
7. Whether the contractor ensured that at all times during the performance of any contract or subcontract the MWSBE firm is engaging in a commercially useful function as that term is defined in Chapter 15 of the City of Houston Code of Ordinances;
8. Whether the contractor provided the OBO information, or other material, that was factually accurate and free of material misrepresentation; and
9. Whether the contractor furnished prompt responses to requests for information, books and records needed to verify compliance from the department administering the Contract, the City Attorney and the City Controller;

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10. Whether the contractor attended all meetings and mediation hearings as requested by the Director or his/her designee; and
11. How the contractor may be affected by change orders, with consideration given to the size of the change orders.

Change Orders.

The requirement to make Good Faith Efforts to achieve the approved Participation Plan Percentage is applicable to change orders. Contractors should make Good Faith Efforts to ensure that the Participation Plan Percentage remains substantially the same after the issuance of change orders. If a contractor cannot maintain substantially the same level of participation provided in the latest approved Participation Plan (Document 00470 or Document 00570) due to a change order, the contractor shall submit to the OBO Director and Contracting Department a Document 00571 (Post-Award Record of Good Faith Efforts) and Document 00572 (Post-Award Plan Deviation Request) in a timely manner that does not cause disruption to the project. In addition to other relevant factors, in evaluating whether Good Faith Efforts were made by the contractor to meet the Participation Plan Percentage despite change orders, the OBO Director shall consider the contractor's efforts to timely and efficiently deliver the project.

END OF DOCUMENT

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SECTION 3 REGULATION

§ 135.1

APPENDIX TO PART 135

AUTHORITY: 12 U.S.C. 1701u; 42 U.S.C. 3535(d).

SOURCE: 59 FR 33880, June 30, 1994, unless otherwise noted.

EFFECTIVE DATE NOTE: At 59 FR 33880, June 30, 1994, part 135 was revised effective August 1, 1994 through June 30, 1995. At 60 FR 28325, May 31, 1995, the effective period was extended until the final rule implementing changes made to section 3 of the Housing and Urban Development Act of 1968 by the Housing and Community Development Act of 1992 is published and becomes effective.

Subpart A—General Provisions

§ 135.1 Purpose.

- (a) *Section 3*. The purpose of section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (section 3) is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low- income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.
- (b) *Part 135*. The purpose of this part is to establish the standards and procedures to be followed to ensure that the objectives of section 3 are met.

§ 135.2 Effective date of regulation.

The regulations of this part will remain in effect until the date the final rule adopting the regulations of this part with or without changes is published and becomes effective, at which point the final rule will remain in effect.

[60 FR 28326, May 31, 1995]

§ 135.3 Applicability.

- (a) *Section 3 covered assistance*. Section 3 applies to the following HUD assistance (section 3 covered assistance):
- (1) *Public and Indian housing assistance*. Section 3 applies to training, employment, contracting and other economic opportunities arising from the

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expenditure of the following public and Indian housing assistance:

(i) Development assistance provided pursuant to section 5 of the U.S. Housing Act of 1937 (1937 Act);

(ii) Operating assistance provided pursuant to section 9 of the 1937 Act; and

(iii) Modernization assistance provided pursuant to section 14 of the 1937 Act;

(2) *Housing and community development assistance*. Section 3 applies to training, employment, contracting and other economic opportunities arising in connection with the expenditure of housing assistance (including section 8 assistance, and including other housing assistance not administered by the Assistant Secretary of Housing) and community development assistance that is used for the following projects;

(i) Housing rehabilitation (including reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair and replacement);

(ii) Housing construction; and

(iii) Other public construction.

(3) *Thresholds*—(i) *No thresholds for section 3 covered public and Indian housing assistance*. The requirements of this part apply to section 3 covered assistance provided to recipients, notwithstanding the amount of the assistance provided to the recipient. The requirements of this part apply to all contractors and subcontractors performing work in connection with projects and activities funded by public and Indian housing assistance covered by section 3, regardless of the amount of the contractor subcontract.

(ii) *Thresholds for section 3 covered housing and community development assistance*—(A) *Recipient thresholds*. The requirements of this part apply to recipients of other housing and community development program assistance for a section 3 covered project(s) for which the amount of the assistance exceeds \$200,000.

(B) *Contractor and subcontractor thresholds*. The requirements of this part apply to contractors and subcontractors performing work on section 3 covered project(s) for which the amount of the assistance exceeds \$200,000; and the contract or subcontract exceeds \$100,000.

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(C) *Threshold met for recipients, but not contractors or subcontractors.* If a recipient receives section 3 covered housing or community development assistance in excess of \$200,000, but no contract exceeds \$100,000, the section 3 preference requirements only apply to the recipient.

(b) *Applicability of section 3 to entire project or activity funded with section 3 assistance.* The requirements of this part apply to the entire project or activity that is funded with section 3 covered assistance, regardless of whether the section 3 activity is fully or partially funded with section 3 covered assistance.

(c) *Applicability to Indian housing authorities and Indian tribes.* Indian housing authorities and tribes that receive HUD assistance described in paragraph

(a) of this section shall comply with the procedures and requirements of this part to the maximum extent consistent with, but not in derogation of, compliance with section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e(b)). (See 24 CFR part 905.)

(d) *Other HUD assistance and other Federal assistance.* Recipients, contractors and subcontractors that receive HUD assistance, not listed in paragraph (a) of this section, or other Federal assistance, are encouraged to provide, to the greatest extent feasible, training, employment, and contracting opportunities generated by the expenditure of this assistance to low- and very low-income persons, and business concerns owned by low- and very low-income persons, or which employ low- and very low-income persons.

§ 135.5 Definitions.

The terms *Department*, *HUD*, *Indian housing authority (IHA)*, *Public housing agency (PHA)*, and *Secretary* are defined in 24 CFR part 5.

Annual Contributions Contract (ACC) means the contract under the U.S. Housing Act of 1937 (1937 Act) between HUD and the PHA, or between HUD and the IHA, that contains the terms and conditions under which HUD assists the PHA or the IHA in providing decent, safe, and sanitary housing for low income families. The ACC must be in a form prescribed by HUD under

which HUD agrees to provide assistance in the development, modernization and/or operation of a low income housing project under the 1937 Act, and the PHA or IHA agrees to develop, modernize and operate the project in compliance with all provisions of the ACC and the 1937 Act, and all HUD regulations and implementing requirements and procedures. (The ACC is not a form of procurement contract.)

Applicant means any entity which makes an application for section 3 covered assistance, and includes, but is not limited to, any State, unit of local government, public housing agency, Indian housing authority, Indian tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization (CHDO), resident management corporation, resident council, or cooperative association.

Assistant Secretary means the Assistant Secretary for Fair Housing and Equal Opportunity.

Business concern means a business entity formed in accordance with State law, and which is licensed under State, county or municipal law to engage in the type of business activity for which it was formed.

Business concern that provides economic opportunities for low- and very low-income persons. See definition of "section 3 business concern" in this section.

Contract. See the definition of "section 3 covered contract" in this section.

Contractor means any entity which contracts to perform work generated by the expenditure of section 3 covered assistance, or for work in connection with a section 3 covered project.

Employment opportunities generated by section 3 covered assistance means all employment opportunities generated by the expenditure of section 3 covered public and Indian housing assistance (i.e., operating assistance, development assistance and modernization assistance, as described in § 135.3(a)(1)). With respect to section 3 covered housing and community development assistance, this term means all employment opportunities arising in connection

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with section 3 covered projects (as described in § 135.3(a)(2)), including management and administrative jobs connected with the section 3 covered project. Management and administrative jobs include architectural, engineering or related professional services required to prepare plans, drawings, specifications, or work write-ups; and jobs directly related to administrative support of these activities, e.g., construction manager, relocation specialist, payroll clerk, etc.

Housing authority (HA) means, collectively, public housing agency and Indian housing authority.

Housing and community development assistance means any financial assistance provided or otherwise made available through a HUD housing or community development program through any grant, loan, loan guarantee, cooperative agreement, or contract, and includes community development funds in the form of community development block grants, and loans guaranteed under section 108 of the Housing and Community Development Act of 1974, as amended. Housing and community development assistance does not include financial assistance provided through a contract of insurance or guaranty.

Housing development means low-income housing owned, developed, or operated by public housing agencies or Indian housing authorities in accordance with HUD's public and Indian housing program regulations codified in 24 CFR Chapter IX.

HUD Youthbuild programs mean programs that receive assistance under subtitle D of Title IV of the National Affordable Housing Act, as amended by the Housing and Community Development Act of 1992 (42 U.S.C. 12899), and provide disadvantaged youth with opportunities for employment, education, leadership development, and training in the construction or rehabilitation of housing for homeless individuals and members of low- and very low-income families.

Indian tribes shall have the meaning given this term in 24 CFR part 571.

JTPA means the Job Training Partnership Act (29 U.S.C. 1579(a)).

Low-income person. See the definition of "section 3 resident" in this section.

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Metropolitan area means a metropolitan statistical area (MSA), as established by the Office of Management and Budget.

Neighborhood area means:

(1) For HUD housing programs, a geographical location within the jurisdiction of a unit of general local government (but not the entire jurisdiction) designated in ordinances, or other local documents as a neighborhood, village, or similar geographical designation.

(2) For HUD community development programs, see the definition, if provided, in the regulations for the applicable community development program, or the definition for this term in 24 CFR 570.204(c)(1).

New hires mean full-time employees for permanent, temporary or seasonal employment opportunities.

Nonmetropolitan county means any county outside of a metropolitan area. *Other HUD programs* means HUD programs, other than HUD public and Indian housing programs, that provide housing and community development assistance for "section 3 covered projects," as defined in this section.

Public housing resident has the meaning given this term in 24 CFR part 963. *Recipient* means any entity which receives section 3 covered assistance, directly from HUD or from another recipient and includes, but is not limited to, any State, unit of local government, PHA, IHA, Indian tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization, resident management corporation, resident council, or cooperative association. Recipient also includes any successor, assignee or transferee of any such entity, but does not include any ultimate beneficiary under the HUD program to which section 3 applies and does not include contractors.

Section 3 means section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u).

Section 3 business concern means a business concern, as defined in this section—

- (1) That is 51 percent or more owned by section 3 residents; or

- (2) Whose permanent, full-time employees include persons, at least 30 per cent of whom are currently section 3 residents, or within three years of the date of first employment with the business concern were section 3 residents; or
- (3) That provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all sub-contracts to be awarded to business concerns that meet the qualifications set forth in paragraphs (1) or (2) in this definition of "section 3 business concern."

Section 3 clause means the contract provisions set forth in § 135.38.

Section 3 covered activity means any activity which is funded by section 3 covered assistance public and Indian housing assistance.

Section 3 covered assistance means:

- (1) Public and Indian housing development assistance provided pursuant to section 5 of the 1937 Act;
- (2) Public and Indian housing operating assistance provided pursuant to section 9 of the 1937 Act;
- (3) Public and Indian housing modernization assistance provided pursuant to section 14 of the 1937 Act;
- (4) Assistance provided under any HUD housing or community development program that is expended for work arising in connection with:
 - (i) Housing rehabilitation (including reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair and replacement);
 - (ii) Housing construction; or
 - (iii) Other public construction project (which includes other buildings or improvements, regardless of ownership).

Section 3 covered contract means a contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of section 3 covered assistance, or for work arising in connection with a section 3 covered project. "Section 3 covered contracts" do not include contracts awarded under HUD's procurement program, which are governed by the Federal Acquisition Regulation System (see 48 CFR, Chapter 1). "Section 3 covered contracts" also do not include contracts for the purchase of supplies and

materials. However, whenever a contract for materials includes the installation of the materials, the contract constitutes a section 3 covered contract. For example, a contract for the purchase and installation of a furnace would be a section 3 covered contract because the contract is for work (i.e., the installation of the furnace) and thus is covered by section 3.

Section 3 covered project means the construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction which includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance.

Section 3 joint venture. See § 135.40.
Section 3 resident means: (1) A public housing resident; or

(2) An individual who resides in the metropolitan area or non metropolitan county in which the section 3 covered assistance is expended, and who is:

(i) *A low-income person*, as this term is defined in section 3(b)(2) of the 1937 Act (42 U.S.C. 1437a(b)(2)). Section 3(b)(2) of the 1937 Act defines this term to mean families (including single persons) whose incomes do not exceed 80 per centum of the median income for the area, as determined by the Secretary, with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 per centum of the median for the area on the basis of the Secretary's findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low-income families; or

(ii) *A very low-income person*, as this term is defined in section 3(b)(2) of the 1937 Act (42 U.S.C. 1437a(b)(2)). Section 3(b)(2) of the 1937 Act (42 U.S.C. 1437a(b)(2)) defines this term to mean families (including single persons) whose incomes do not exceed 50 per centum of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50 per centum of the median for the area on the basis of the Secretary's findings that

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such variations are necessary because of unusually high or low family incomes.

(3) A person seeking the training and employment preference provided by section 3 bears the responsibility of providing evidence (if requested) that the person is eligible for the preference.

Section 8 assistance means assistance provided under section 8 of the 1937 Act (42 U.S.C. 1437f) pursuant to 24 CFR part 882, subpart G.

Service area means the geographical area in which the persons benefitting from the section 3 covered project reside. The service area shall not extend beyond the unit of general local government in which the section 3 covered assistance is expended. In HUD's Indian housing programs, the service area, for IHAs established by an Indian tribe as a result of the exercise of the tribe's sovereign power, is limited to the area of tribal jurisdiction.

Subcontractor means any entity (other than a person who is an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor's obligation for the performance of work generated by the expenditure of section 3 covered assistance, or arising in connection with a section 3 covered project.

Very low-income person. See the definition of "section 3 resident" in this section.

Youthbuild programs. See the definition of "HUD Youthbuild programs" in this section.

[59 FR 33880, June 30, 1994, as amended at 61 FR 5206, Feb. 9, 1996]

§ 135.7 Delegation of authority.

Except as may be otherwise provided in this part, the functions and responsibilities of the Secretary under section 3, and described in this part, are delegated to the Assistant Secretary for Fair Housing and Equal Opportunity. The Assistant Secretary is further authorized to redelegate functions and responsibilities to other employees of HUD; *provided however*, that the authority to issue rules and regulations under this part, which authority is delegated to the Assistant Secretary, may

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not be redelegated by the Assistant Secretary.

§ 135.9 Requirements applicable to HUD NOFAs for section 3 covered programs.

(a) *Certification of compliance with part 135.* All notices of funding availability (NOFAs) issued by HUD that announce the availability of funding covered by section 3 shall include a provision in the NOFA that notifies applicants that section 3 and the regulations in part

135 are applicable to funding awards made under the NOFA. Additionally the NOFA shall require as an application submission requirement (which may be specified in the NOFA or application kit) a certification by the applicant that the applicant will comply with the regulations in part 135. (For PHAs, this requirement will be met where a PHA Resolution in Support of the Application is submitted.) With respect to application evaluation, HUD will accept an applicant's certification unless there is evidence substantially challenging the certification.

(b) *Statement of purpose in NOFAs.*
 (1) For competitively awarded assistance in which the grants are for activities administered by an HA, and those activities are anticipated to generate significant training, employment or contracting opportunities, the NOFA must include a statement that one of the purposes of the assistance is to give to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, job training, employment, contracting and other economic opportunities to section 3 residents and section 3 business concerns.

(2) For competitively awarded assistance involving housing rehabilitation, construction or other public construction, where the amount awarded to the applicant may exceed \$200,000, the NOFA must include a statement that one of the purposes of the assistance is to give, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, job training, employment, contracting and other economic opportunities to section 3 residents and section 3 business concerns.

(c) *Section 3 as NOFA evaluation criteria.*

Where not otherwise precluded by statute, in the evaluation of applications for the award of assistance, consideration shall be given to the extent to which an applicant has demonstrated that it will train and employ section 3 residents and contract with section 3 business concerns for economic opportunities generated in connection with the assisted project or activity. The evaluation criteria to be utilized, and the rating points to be assigned, will be specified in the NOFA.

§ 135.11 Other laws governing training, employment, and contracting.

Other laws and requirements that are applicable or may be applicable to the economic opportunities generated from the expenditure of section 3 covered assistance include, but are not necessarily limited to those listed in this section.

(a) *Procurement standards for States and local governments (24 CFR 85.36)*—(1) *General.* Nothing in this part prescribes specific methods of procurement. However, neither section 3 nor the requirements of this part supersede the general requirement of 24 CFR 85.36(c) that all procurement transactions be conducted in a competitive manner. Consistent with 24 CFR 85.36(c)(2), section 3 is a Federal statute that expressly encourages, to the maximum extent feasible, a geographic preference in the evaluation of bids or proposals.

(2) *Flexible Subsidy Program.* Multifamily project mortgagors in the Flexible Subsidy Program are not required to utilize the methods of procurement in 24 CFR 85.36(d), and are not permitted to utilize methods of procurement that would result in their award of a contract to a business concern that submits a bid higher than the lowest responsive bid. A multifamily project mortgagor, however, must ensure that, to the greatest extent feasible, the procurement practices it selects provide preference to section 3 business concerns.

(b) *Procurement standards for other recipients (OMB Circular No. A-110).* Nothing in this part prescribes specific methods of procurement for grants and other agreements with institutions of

higher education, hospitals, and other nonprofit organizations. Consistent with the requirements set forth in OMB Circular No. A-110, section 3 is a Federal statute that expressly encourages a geographic preference in the evaluation of bids or proposals.

(a) *Federal labor standards provisions.* Certain construction contracts are subject to compliance with the requirement to pay prevailing wages determined under Davis-Bacon Act (40

U.S.C. 276a—276a-7) and implementing U.S. Department of Labor regulations in 29 CFR part 5. Additionally, certain HUD-assisted rehabilitation and maintenance activities on public and Indian housing developments are subject to compliance with the requirement to pay prevailing wage rates, as determined or adopted by HUD, to laborers and mechanics employed in this work. Apprentices and trainees may be utilized on this work only to the extent permitted under either Department of Labor regulations at 29 CFR part 5 or for work subject to HUD-determined prevailing wage rates, HUD policies and guidelines. These requirements include adherence to the wage rates and ratios of apprentices or trainees to journeymen set out in "approved apprenticeship and training programs," as described in paragraph (d) of this section.

(b) *Approved apprenticeship and trainee programs.* Certain apprenticeship and trainee programs have been approved by various Federal agencies. Approved apprenticeship and trainee programs include: an apprenticeship program approved by the Bureau of Apprenticeship and Training of the Department of Labor, or a State Apprenticeship Agency, or an on-the-job training program approved by the Bureau of Apprenticeship and Training, in accordance with the regulations at 29 CFR part 5; or a training program approved by HUD in accordance with HUD policies and guidelines, as applicable. Participation in an approved apprenticeship program does not, in and of itself, demonstrate compliance with the regulations of this part.

(c) *Compliance with Executive Order 11246.* Certain contractors covered by this part are subject to compliance with Executive Order 11246, as amended

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by Executive Order 12086, and the Department of Labor regulations issued pursuant thereto (41 CFR chapter 60) which provide that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in all phases of employment during the performance of Federal or Federally assisted construction contracts.

Subpart B—Economic Opportunities for Section 3 Residents and Section 3 Business Concerns

§ 135.30 Numerical goals for meeting the greatest extent feasible requirement.

(a) *General.* (1) Recipients and covered contractor may demonstrate compliance with the “greatest extent feasible” requirement of section 3 by meeting the numerical goals set forth in this section for providing training, employment, and contracting opportunities to section 3 residents and section 3 business concerns.

(2) The goals established in this section apply to the entire amount of section 3 covered assistance awarded to a recipient in any Federal Fiscal Year (FY), commencing with the first FY following the effective date of this rule.

(3) For recipients that do not engage in training, or hiring, but award contracts to contractors that will engage in training, hiring, and subcontracting, recipients must ensure that, to the greatest extent feasible, contractors will provide training, employment, and contracting opportunities to section 3 residents and section 3 business concerns.

(4) The numerical goals established in this section represent minimum numerical targets.

b. *Training and employment.* The numerical goals set forth in paragraph (b) of this section apply to new hires. The numerical goals reflect the aggregate hires. Efforts to employ section 3 residents, to the greatest extent feasible, should be made at all job levels.

(1) *Numerical goals for section 3 covered public and Indian housing programs.* Recipients of section 3 covered public and Indian housing assistance (as described in § 135.5) and their contractors and

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subcontractors may demonstrate compliance with this part by committing to employ section 3 residents as:

(i) 10 percent of the aggregate number of new hires for the one year period beginning in FY 1995;

(ii) 20 percent of the aggregate number of new hires for the one period beginning in FY 1996;

(iii) 30 percent of the aggregate number of new hires for one year period beginning in FY 1997 and continuing thereafter.

(2) *Numerical goals for other HUD programs*

covered by section 3. (i) Recipients of section 3 covered housing assistance provided under other HUD programs, and their contractors and subcontractors (unless the contract or sub-contract awards do not meet the threshold specified in § 135.3(a)(3)) may demonstrate compliance with this part by committing to employ section 3 residents as 10 percent of the aggregate number of new hires for each year over the duration of the section 3 project;

(ii) Where a managing general partner or management agent is affiliated, in a given metropolitan area, with recipients of section 3 covered housing assistance, for an aggregate of 500 or more units in any fiscal year, the managing partner or management agent may demonstrate compliance with this part by committing to employ section 3 residents as:

(A) 10 percent of the aggregate number of new hires for the one year period beginning in FY 1995;

(B) 20 percent of the aggregate number of new hires for the one year period beginning in FY 1996;

(C) 30 percent of the aggregate number of new hires for the one year period beginning in FY 1997, and continuing thereafter.

(3) Recipients of section 3 covered community development assistance, and their contractors and subcontractors (unless the contract or sub-contract awards do not meet the threshold specified in § 135.3(a)(3)) may demonstrate compliance with the requirements of this part by committing to employ section 3 residents as:

(i) 10 percent of the aggregate number of new hires for the one year period beginning in FY 1995;

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(ii) 20 percent of the aggregate number of new hires for the one year period beginning in FY 1996; and
 (iii) 30 percent of the aggregate number of new hires for the one year period beginning in FY 1997 and continuing thereafter.

(c) *Contracts.* Numerical goals set forth in paragraph (c) of this section apply to contracts awarded in connection with all section 3 covered projects and section 3 covered activities. Each recipient and contractor and subcontractor (unless the contract or sub-contract awards do not meet the threshold specified in § 135.3(a)(3)) may demonstrate compliance with the requirements of this part by committing to award to section 3 business concerns:

(1) At least 10 percent of the total dollar amount of all section 3 covered contracts for building trades work for maintenance, repair, modernization or development of public or Indian housing, or for building trades work arising in connection with housing rehabilitation, housing construction and other public construction; and

(2) At least three (3) percent of the total dollar amount of all other section 3 covered contracts.

(d) *Safe harbor and compliance determinations.*

(1) In the absence of evidence to the contrary, a recipient that meets the minimum numerical goals set forth in this section will be considered to have complied with the section 3 preference requirements.

(2) In evaluating compliance under subpart D of this part, a recipient that has not met the numerical goals set forth in this section has the burden of demonstrating why it was not feasible to meet the numerical goals set forth in this section. Such justification may include impediments encountered despite actions taken. A recipient or contractor also can indicate other economic opportunities, such as those listed in § 135.40, which were provided in its efforts to comply with section 3 and the requirements of this part.

§ 135.32 Responsibilities of the recipient.

Each recipient has the responsibility to comply with section 3 in its own operations, and ensure compliance in the

operations of its contractors and sub-contractors. This responsibility includes but may not be necessarily limited to:

(a) Implementing procedures designed to notify section 3 residents about training and employment opportunities generated by section 3 covered assistance and section 3 business concerns about contracting opportunities generated by section 3 covered assistance;

(b) Notifying potential contractors for section 3 covered projects of the requirements of this part, and incorporating the section 3 clause set forth in § 135.38 in all solicitations and contracts.

(c) Facilitating the training and employment of section 3 residents and the award of contracts to section 3 business concerns by undertaking activities such as described in the Appendix to this part, as appropriate, to reach the goals set forth in § 135.30. Recipients, at their own discretion, may establish reasonable numerical goals for the training and employment of section 3 residents and contract award to section 3 business concerns that exceed those specified in § 135.30;

(d) Assisting and actively cooperating with the Assistant Secretary in obtaining the compliance of contractors and subcontractors with the requirements of this part, and refraining from entering into any contract with any contractor where the recipient has notice or knowledge that the contractor has been found in violation of the regulations in 24 CFR part 135.

(e) Documenting actions taken to comply with the requirements of this part, the results of actions taken and impediments, if any.

(f) A State or county which distributes funds for section 3 covered assistance to units of local governments, to the greatest extent feasible, must attempt to reach the numerical goals set forth in 135.30 regardless of the number of local governments receiving funds from the section 3 covered assistance which meet the thresholds for applicability set forth at 135.3. The State or county must inform units of local government to whom funds are distributed of the requirements of this part; assist

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local governments and their contractors in meeting the requirements and objectives of this part; and monitor the performance of local governments with respect to the objectives and requirements of this part.

§ 135.34 Preference for section 3 residents in training and employment opportunities.

(a) *Order of providing preference.* Recipients, contractors and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of section 3 covered assistance to section 3 residents in the order of priority provided in paragraph (a) of this section.

(1) *Public and Indian housing programs.* In public and Indian housing programs, efforts shall be directed to provide training and employment opportunities to section 3 residents in the following order of priority:

- (i) Residents of the housing development or developments for which the section 3 covered assistance is expended (category 1 residents);
- (ii) Residents of other housing developments managed by the HA that is expending the section 3 covered housing assistance (category 2 residents);
- (iii) Participants in HUD Youthbuild programs being carried out in the metropolitan area (or nonmetropolitan county) in which the section 3 covered assistance is expended (category 3 residents);
- (iv) Other section 3 residents.

(2) *Housing and community development programs.* In housing and community development programs, priority consideration shall be given, where feasible, to:

- (i) Section 3 residents residing in the service area or neighborhood in which the section 3 covered project is located (collectively, referred to as category 1 residents); and
 - (ii) Participants in HUD Youthbuild programs (category 2 residents).
- (iii) Where the section 3 project is assisted under the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 et seq.), homeless persons residing in the service area or neighborhood in which the section 3 covered project is

located shall be given the highest priority;

(iv) Other section 3 residents.

(3) Recipients of housing assistance programs administered by the Assistant Secretary for Housing may, at their own discretion, provide preference to residents of the housing development receiving the section 3 covered assistance within the service area or neighborhood where the section 3 covered project is located.

(4) Recipients of community development programs may, at their own discretion, provide priority to recipients of government assistance for housing, including recipients of certificates or vouchers under the Section 8 housing assistance program, within the service area or neighborhood where the section 3 covered project is located.

(b) *Eligibility for preference.* A section 3 resident seeking the preference in training and employment provided by this part shall certify, or submit evidence to the recipient contractor or subcontractor, if requested, that the person is a section 3 resident, as defined in § 135.5. (An example of evidence of eligibility for the preference is evidence of receipt of public assistance, or evidence of participation in a public assistance program.)

(c) *Eligibility for employment.* Nothing in this part shall be construed to require the employment of a section 3 resident who does not meet the qualifications of the position to be filled.

§ 135.36 Preference for section 3 business concerns in contracting opportunities.

(a) *Order of providing preference.* Recipients, contractors and subcontractors shall direct their efforts to award section 3 covered contracts, to the greatest extent feasible, to section 3 business concerns in the order of priority provided in paragraph (a) of this section.

(1) *Public and Indian housing programs.* In public and Indian housing programs, efforts shall be directed to award contracts to section 3 business concerns in the following order of priority:

- (i) Business concerns that are 51 percent or more owned by residents of the housing development or developments

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for which the section 3 covered assistance is expended, or whose full-time, permanent workforce includes 30 per cent of these persons as employees (category 1 businesses); (ii) Business concerns that are 51 per cent or more owned by residents of other housing developments or developments managed by the HA that is expending the section 3 covered assistance, or whose full-time, permanent workforce includes 30 percent of these persons as employees (category 2 businesses); or

(iii) HUD Youthbuild programs being carried out in the metropolitan area (or nonmetropolitan county) in which the section 3 covered assistance is expended (category 3 businesses).

(iv) Business concerns that are 51 percent or more owned by section 3 residents, or whose permanent, full-time workforce includes no less than 30 percent section 3 residents (category 4 businesses), or that subcontract in excess of 25 percent of the total amount of subcontracts to business concerns identified in paragraphs (a)(1)(i) and (a)(1)(ii) of this section.

(2) *Housing and community development programs.* In housing and community development programs, priority consideration shall be given, where feasible, to:

(i) Section 3 business concerns that provide economic opportunities for section 3 residents in the service area or neighborhood in which the section 3 covered project is located (category 1 businesses); and

(ii) Applicants (as this term is defined in 42 U.S.C. 12899) selected to carry out HUD Youthbuild programs (category 2 businesses);

(iii) Other section 3 business concerns.

(b) *Eligibility for preference.* A business concern seeking to qualify for a section 3 contracting preference shall certify or submit evidence, if requested, that the business concern is a section 3 business concern as defined in § 135.5.

(c) *Ability to complete contract.* A section 3 business concern seeking a contract or a subcontract shall submit evidence to the recipient, contractor, or subcontractor (as applicable), if requested, sufficient to demonstrate to the satisfaction of the party awarding

the contract that the business concern is responsible and has the ability to perform successfully under the terms and conditions of the proposed contract. (The ability to perform successfully under the terms and conditions of the proposed contract is required of all contractors and subcontractors subject to the procurement standards of 24 CFR 85.36 (see 24 CFR 85.36(b)(8)).) This

regulation requires consideration of, among other factors, the potential contractor's record in complying with public policy requirements. Section 3 compliance is a matter properly considered as part of this determination.

§ 135.38 Section 3 clause.

All section 3 covered contracts shall include the following clause (referred to as the section 3 clause):

A. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR

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part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

G. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

§ 135.40 Providing other economic opportunities.

(a) *General.* In accordance with the findings of the Congress, as stated in section 3, that other economic opportunities offer an effective means of empowering low-income persons, a recipient is encouraged to undertake efforts to provide to low-income persons economic opportunities other than training, employment, and contract awards, in connection with section 3 covered assistance.

(b) *Other training and employment related opportunities.* Other economic opportunities to train and employ section 3 residents include, but need not be limited to, use of "upward mobility", "bridge" and trainee positions to fill vacancies; hiring section 3 residents in

management and maintenance positions within other housing developments; and hiring section 3 residents in part-time positions.

(c) *Other business related economic opportunities.* (1) A recipient or contractor may provide economic opportunities to establish, stabilize or expand section 3 business concerns, including microenterprises. Such opportunities include, but are not limited to the formation of section 3 joint ventures, financial support for affiliating with franchise development, use of labor only contracts for building trades, purchase of supplies and materials from housing authority resident-owned businesses, purchase of materials and supplies from PHA resident-owned businesses and use of procedures under 24 CFR part 963 regarding HA contracts to HA resident-owned businesses. A recipient or contractor may employ these methods directly or may provide incentives to non-section 3 businesses to utilize such methods to provide other economic opportunities to low-income persons.

(2) A *section 3 joint venture* means an association of business concerns, one of which qualifies as a section 3 business concern, formed by written joint venture agreement to engage in and carry out a specific business venture for which purpose the business concerns combine their efforts, resources, and skills for joint profit, but not necessarily on a continuing or permanent basis for conducting business generally, and for which the section 3 business concern:

(i) is responsible for a clearly defined portion of the work to be performed and holds management responsibilities in the joint venture; and

(ii) Performs at least 25 percent of the work and is contractually entitled to compensation proportionate to its work.

Subpart C [Reserved]

Subpart D—Complaint and Compliance Review

§ 135.70 General.

(a) *Purpose.* The purpose of this subpart is to establish the procedures for handling complaints alleging non-compliance with the regulations of this

part, and the procedures governing the Assistant Secretary's review of a recipient's or contractor's compliance with the regulations in this part.

(b) *Definitions.* For purposes of this subpart:

(1) *Complaint* means an allegation of noncompliance with regulations of this part made in the form described in § 135.76(d).

(2) *Complainant* means the party which files a complaint with the Assistant Secretary alleging that a recipient or contractor has failed or refused to comply with the regulations in this part.

(3) *Noncompliance with section 3* means failure by a recipient or contractor to comply with the requirements of this part.

(4) *Respondent* means the recipient or contractor against which a complaint of noncompliance has been filed. The term "recipient" shall have the meaning set forth in § 135.7, which includes PHA and IHA.

§ 135.72 Cooperation in achieving compliance.

(a) The Assistant Secretary recognizes that the success of ensuring that section 3 residents and section 3 business concerns have the opportunity to apply for jobs and to bid for contracts generated by covered HUD financial assistance depends upon the cooperation and assistance of HUD recipients and their contractors and subcontractors. All recipients shall cooperate fully and promptly with the Assistant Secretary in section 3 compliance reviews, in investigations of allegations of noncompliance made under § 135.76, and with the distribution and collection of data and information that the Assistant Secretary may require in connection with achieving the economic objectives of section 3.

(b) The recipient shall refrain from entering into a contract with any contractor after notification to the recipient by HUD that the contractor has been found in violation of the regulations in this part. The provisions of 24 CFR part 24 apply to the employment, engagement of services, awarding of contracts or funding of any contractors or subcontractors during any period of debarment, suspension or otherwise ineligible status.

§ 135.74 Section 3 compliance review procedures.

(a) *Compliance reviews by Assistant Secretary.* The Assistant Secretary shall periodically conduct section 3 compliance reviews of selected recipients and contractors to determine whether these recipients are in compliance with the regulations in this part.

(b) *Form of compliance review.* A section 3 compliance review shall consist of a comprehensive analysis and evaluation of the recipient's or contractor's compliance with the requirements and obligations imposed by the regulations of this part, including an analysis of the extent to which section 3 residents have been hired and section 3 business concerns have been awarded contracts as a result of the methods undertaken by the recipient to achieve the employment, contracting and other economic objectives of section 3.

(c) *Where compliance review reveals noncompliance with section 3 by recipient or contractor.* Where the section 3 compliance review reveals that a recipient or contractor has not complied with section 3, the Assistant Secretary shall notify the recipient or contractor of its specific deficiencies in compliance with the regulations of this part, and shall advise the recipient or contractor of the means by which these deficiencies may be corrected. HUD shall conduct a follow-up review with the recipient or contractor to ensure that action is being taken to correct the deficiencies.

(d) *Continuing noncompliance by recipient or contractor.* A continuing failure or refusal by the recipient or contractor to comply with the regulations in this part may result in the application of sanctions specified in the contract through which HUD assistance is provided, or the application of sanctions specified in the regulations governing the HUD program under which HUD financial assistance is provided. HUD will notify the recipient of any continuing failure or refusal by the contractor to comply with the regulations in this part for possible action under any procurement contract between the recipient and the contractor.

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Debarment, suspension and limited denial of participation pursuant to HUD's regulations in 24 CFR part 24, where appropriate, may be applied to the recipient or the contractor.

(e) *Conducting compliance review before the award of assistance.* Section 3 compliance reviews may be conducted before the award of contracts, and especially where the Assistant Secretary has reasonable grounds to believe that the recipient or contractor will be unable or unwilling to comply with the regulations in this part.

(f) *Consideration of complaints during compliance review.* Complaints alleging noncompliance with section 3, as provided in § 135.76, may also be considered during any compliance review conducted to determine the recipient's conformance with regulations in this part.

§ 135.76 Filing and processing complaints.

(a) *Who may file a complaint.* The following individuals and business concerns may, personally or through an authorized representative, file with the Assistant Secretary a complaint alleging noncompliance with section 3:

(1) Any section 3 resident on behalf of himself or herself, or as a representative of persons similarly situated, seeking employment, training or other economic opportunities generated from the expenditure of section 3 covered assistance with a recipient or contractor, or by a representative who is not a section 3 resident but who represents one or more section 3 residents;

(2) Any section 3 business concern on behalf of itself, or as a representative of other section 3 business concerns similarly situated, seeking contract opportunities generated from the expenditure of section 3 covered assistance from a recipient or contractor, or by an individual representative of section 3 business concerns.

(b) *Where to file a complaint.* A complaint must be filed with the Assistant Secretary for Fair Housing and Equal Opportunity, Department of Housing and Urban Development, Washington, DC, 20410.

(c) *Time of filing.* (1) A complaint must be received not later than 180 days from the date of the action or

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omission upon which the complaint is based, unless the time for filing is extended by the Assistant Secretary for good cause shown.

(2) Where a complaint alleges noncompliance with section 3 and the regulations of this part that is continuing, as manifested in a number of incidents of noncompliance, the complaint will be timely if filed within 180 days of the last alleged occurrence of noncompliance.

(3) Where a complaint contains incomplete information, the Assistant Secretary shall request the needed information from the complainant. In the event this information is not furnished to the Assistant Secretary within sixty (60) days of the date of the request, the complaint may be closed.

(d) *Contents of complaint—(1) Written complaints.* Each complaint must be in writing, signed by the complainant, and include:

(i) The complainant's name and address;

(ii) The name and address of the respondent;

(iii) A description of the acts or omissions by the respondent that is sufficient to inform the Assistant Secretary of the nature and date of the alleged noncompliance.

(iv) A complainant may provide information to be contained in a complaint by telephone to HUD or any HUD Field Office, and HUD will reduce the information provided by telephone to writing on the prescribed complaint form and send the form to the complainant for signature.

(2) *Amendment of complaint.* Complaints may be reasonably and fairly amended at any time. Such amendments may include, but are not limited to, amendments to cure technical defects or omissions, including failure to sign or affirm a complaint, to clarify or amplify the allegations in a complaint, or to join additional or substitute respondents. Except for the purposes of notifying respondents, amended complaints will be considered as having been made as of the original filing date.

(e) *Resolution of complaint by recipient.*

(1) Within ten (10) days of timely filing of a complaint that contains complete

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information (in accordance with paragraphs (c) and (d) of this section), the Assistant Secretary shall determine whether the complainant alleges an action or omission by a recipient or the recipient's contractor that if proven qualifies as noncompliance with section 3. If a determination is made that there is an allegation of noncompliance with section 3, the complaint shall be sent to the recipient for resolution.

(2) If the recipient believes that the complaint lacks merit, the recipient must notify the Assistant Secretary in writing of this recommendation with supporting reasons, within 30 days of the date of receipt of the complaint. The determination that a complaint lacks merit is reserved to the Assistant Secretary.

(3) If the recipient determines that there is merit to the complaint, the recipient will have sixty (60) days from the date of receipt of the complaint to resolve the matter with the complainant. At the expiration of the 60-day period, the recipient must notify the Assistant Secretary in writing whether a resolution of the complaint has been reached. If resolution has been reached, the notification must be signed by both the recipient and the complainant, and must summarize the terms of the resolution reached between the two parties.

(4) Any request for an extension of the 60-day period by the recipient must be submitted in writing to the Assistant Secretary, and must include a statement explaining the need for the extension.

(5) If the recipient is unable to resolve the complaint within the 60-day period (or more if extended by the Assistant Secretary), the complaint shall be referred to the Assistant Secretary for handling.

(f) *Informal resolution of complaint by Assistant Secretary*—(1) *Dismissal of complaint*. Upon receipt of the recipient's written recommendation that there is no merit to the complaint, or upon failure of the recipient and complainant to reach resolution, the Assistant Secretary shall review the complaint to determine whether it presents a valid allegation of noncompliance with section 3. The Assistant Secretary may conduct further investigation if deemed necessary. Where the com-

plaint fails to present a valid allegation of noncompliance with section 3, the Assistant Secretary will dismiss the complaint without further action. The Assistant Secretary shall notify the complainant of the dismissal of the complaint and the reasons for the dismissal.

(2) *Informal resolution*. Where the allegations in a complaint on their face, or as amplified by the statements of the complainant, present a valid allegation of noncompliance with section 3, the Assistant Secretary will attempt, through informal methods, to obtain a voluntary and just resolution of the complaint. Where attempts to resolve the complaint informally fail, the Assistant Secretary will impose a resolution on the recipient and complainant. Any resolution imposed by the Assistant Secretary will be in accordance with requirements and procedures concerning the imposition of sanctions or resolutions as set forth in the regulations governing the HUD program under which the section 3 covered assistance was provided.

(3) *Effective date of informal resolution*. The imposed resolution will become effective and binding at the expiration of 15 days following notification to recipient and complainant by certified mail of the imposed resolution, unless either party appeals the resolution before the expiration of the 15 days. Any appeal shall be in writing to the Secretary and shall include the basis for the appeal.

(g) *Sanctions*. Sanctions that may be imposed on recipients that fail to comply with the regulations of this part include debarment, suspension and limited denial of participation in HUD programs.

(h) *Investigation of complaint*. The Assistant Secretary reserves the right to investigate a complaint directly when, in the Assistant Secretary's discretion, the investigation would further the purposes of section 3 and this part.

(i) *Intimidatory or retaliatory acts prohibited*. No recipient or other person shall intimidate, threaten, coerce, or discriminate against any person or business because the person or business has made a complaint, testified, assisted or participated in any manner in an investigation, proceeding, or hearing under this part. The identity of

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complainants shall be kept confidential except to the extent necessary to carry out the purposes of this part, including the conduct of any investigation, hearing or judicial proceeding arising thereunder.

(j) *Judicial relief.* Nothing in this sub-part D precludes a section 3 resident or section 3 business concerning from exercising the right, which may otherwise be available, to seek redress directly through judicial procedures.

(Approved by the Office of Management and Budget under control number 2529-0043)

Subpart E—Reporting and Recordkeeping

§ 135.90 Reporting.

Each recipient which receives directly from HUD financial assistance that is subject to the requirements of this part shall submit to the Assistant Secretary an annual report in such form and with such information as the Assistant Secretary may request, for the purpose of determining the effectiveness of section 3. Where the program providing the section 3 covered assistance requires submission of an annual performance report, the section

3 report will be submitted with that annual performance report. If the program providing the section 3 covered assistance does not require an annual performance report, the section 3 report is to be submitted by January 10 of each year or within 10 days of project completion, whichever is earlier. All reports submitted to HUD in accordance with the requirements of this part will be made available to the public.

(Approved by the Office of Management and Budget under control number 2529-0043)

§ 135.92 Recordkeeping and access to records.

HUD shall have access to all records, reports, and other documents or items of the recipient that are maintained to demonstrate compliance with the requirements of this part, or that are maintained in accordance with the regulations governing the specific HUD program under which section 3 covered assistance is provided or otherwise made available to the recipient or contractor.

APPENDIX TO PART 135

I. Examples of Efforts To Offer Training and Employment Opportunities to Section 3 Residents

(1) Entering into "first source" hiring agreements with organizations representing Section 3 residents.

(2) Sponsoring a HUD-certified "Step-Up" employment and training program for section 3 residents.

(3) Establishing training programs, which are consistent with the requirements of the Department of Labor, for public and Indian housing residents and other section 3 residents in the building trades.

(4) Advertising the training and employment positions by distributing flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) to every occupied dwelling unit in the housing development or developments where category 1 or category 2 persons (as these terms are defined in § 135.34) reside.

(5) Advertising the training and employment positions by posting flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) in the common areas or other prominent areas of the housing development or developments. For HAs, post such advertising in the housing development or developments where category 1 or category 2 persons reside; for all other recipients, post such advertising in the housing development or developments and transitional housing in the neighborhood or service area of the section 3 covered project.

(6) Contacting resident councils, resident management corporations, or other resident organizations, where they exist, in the housing development or developments where category 1 or category 2 persons reside, and community organizations in HUD-assisted neighborhoods, to request the assistance of these organizations in notifying residents of the training and employment positions to be filled.

(7) Sponsoring (scheduling, advertising, financing or providing in-kind services) a job informational meeting to be conducted by an HA or contractor representative or representatives at a location in the housing development or developments where category 1 or category 2 persons reside or in the neighborhood or service area of the section 3 covered project.

(8) Arranging assistance in conducting job interviews and completing job applications for residents of the housing development or developments where category 1 or category 2

persons reside and in the neighborhood or service area in which a section 3 project is located.

(9) Arranging for a location in the housing development or developments where category 1 persons reside, or the neighborhood or service area of the project, where job applications may be delivered to and collected by a recipient or contractor representative or representatives.

(10) Conducting job interviews at the housing development or developments where category 1 or category 2 persons reside, or at a location within the neighborhood or service area of the section 3 covered project.

(11) Contacting agencies administering HUD Youthbuild programs, and requesting their assistance in recruiting HUD Youthbuild program participants for the HA's or contractor's training and employment positions.

(12) Consulting with State and local agencies administering training programs funded through JTPA or JOBS, probation and parole agencies, unemployment compensation programs, community organizations and other officials or organizations to assist with recruiting Section 3 residents for the HA's or contractor's training and employment positions.

(13) Advertising the jobs to be filled through the local media, such as community television networks, newspapers of general circulation, and radio advertising.

(14) Employing a job coordinator, or contracting with a business concern that is licensed in the field of job placement (preferably one of the section 3 business concerns identified in part 135), that will undertake, on behalf of the HA, other recipient or contractor, the efforts to match eligible and qualified section 3 residents with the training and employment positions that the HA or contractor intends to fill.

(15) For an HA, employing section 3 residents directly on either a permanent or a temporary basis to perform work generated by section 3 assistance. (This type of employment is referred to as "force account labor" in HUD's Indian housing regulations. See 24 CFR 905.102, and §905.201(a)(6).)

(16) Where there are more qualified section 3 residents than there are positions to be filled, maintaining a file of eligible qualified section 3 residents for future employment positions.

(17) Undertaking job counseling, education and related programs in association with local educational institutions.

(18) Undertaking such continued job training efforts as may be necessary to ensure the continued employment of section 3 residents previously hired for employment opportunities.

(19) After selection of bidders but prior to execution of contracts, incorporating into the contract a negotiated provision for a spe-

cific number of public housing or other section 3 residents to be trained or employed on the section 3 covered assistance.

(20) Coordinating plans and implementation of economic development (e.g., job training and preparation, business development assistance for residents) with the planning for housing and community development.

II. Examples of Efforts To Award Contracts to Section 3 Business Concerns

(1) Utilizing procurement procedures for section 3 business concerns similar to those provided in 24 CFR part 905 for business concerns owned by Native Americans (see section III of this Appendix).

(2) In determining the responsibility of potential contractors, consider their record of section 3 compliance as evidenced by past actions and their current plans for the pending contract.

(3) Contacting business assistance agencies, minority contractors associations and community organizations to inform them of contracting opportunities and requesting their assistance in identifying section 3 businesses which may solicit bids or proposals for contracts for work in connection with section 3 covered assistance.

(4) Advertising contracting opportunities by posting notices, which provide general information about the work to be contracted and where to obtain additional information, in the common areas or other prominent areas of the housing development or developments owned and managed by the HA.

(5) For HAs, contacting resident councils, resident management corporations, or other resident organizations, where they exist, and requesting their assistance in identifying category 1 and category 2 business concerns.

(6) Providing written notice to all known section 3 business concerns of the contracting opportunities. This notice should be in sufficient time to allow the section 3 business concerns to respond to the bid invitations or request for proposals.

(7) Following up with section 3 business concerns that have expressed interest in the contracting opportunities by contacting them to provide additional information on the contracting opportunities.

(8) Coordinating pre-bid meetings at which section 3 business concerns could be informed of upcoming contracting and subcontracting opportunities.

(9) Carrying out workshops on contracting procedures and specific contract opportunities in a timely manner so that section 3 business concerns can take advantage of upcoming contracting opportunities, with such information being made available in languages other than English where appropriate.

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(10) Advising section 3 business concerns as to where they may seek assistance to overcome limitations such as inability to obtain bonding, lines of credit, financing, or insurance.

(11) Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways to facilitate the participation of section 3 business concerns.

(12) Where appropriate, breaking out contract work items into economically feasible units to facilitate participation by section 3 business concerns.

(13) Contacting agencies administering HUD Youthbuild programs, and notifying these agencies of the contracting opportunities.

(14) Advertising the contracting opportunities through trade association papers and newsletters, and through the local media, such as community television networks, newspapers of general circulation, and radio advertising.

(15) Developing a list of eligible section 3 business concerns.

(16) For HAs, participating in the "Contracting with Resident-Owned Businesses" program provided under 24 CFR part 963.

(17) Establishing or sponsoring programs designed to assist residents of public or Indian housing in the creation and development of resident-owned businesses.

(18) Establishing numerical goals (number of awards and dollar amount of contracts) for award of contracts to section 3 business concerns.

(19) Supporting businesses which provide economic opportunities to low income persons by linking them to the support services available through the Small Business Administration (SBA), the Department of Commerce and comparable agencies at the State and local levels.

(20) Encouraging financial institutions, in carrying out their responsibilities under the Community Reinvestment Act, to provide no or low interest loans for providing working capital and other financial business needs.

(21) Actively supporting joint ventures with section 3 business concerns.

(22) Actively supporting the development or maintenance of business incubators which assist Section 3 business concerns.

III. Examples of Procurement Procedures That Provide for Preference for Section 3 Business Concerns

This Section III provides specific procedures that may be followed by recipients and contractors (collectively, referred to as the "contracting party") for implementing the section 3 contracting preference for each of the competitive procurement methods authorized in 24 CFR 85.36(d).

(1) *Small Purchase Procedures.* For section 3 covered contracts aggregating no more than \$25,000, the methods set forth in this paragraph

24 CFR Subtitle B, Ch. I (4-1-03 Edition)

(1) or the more formal procedures set forth in paragraphs (2) and (3) of this Section III may be utilized.

(i) *Solicitation.* (A) Quotations may be solicited by telephone, letter or other informal procedure provided that the manner of solicitation provides for participation by a reasonable number of competitive sources. At the time of solicitation, the parties must be informed of:

- the section 3 covered contract to be awarded with sufficient specificity;
- the time within which quotations must be submitted; and
- the information that must be submitted with each quotation.

(B) If the method described in paragraph (i)(A) is utilized, there must be an attempt to obtain quotations from a minimum of three qualified sources in order to promote competition. Fewer than three quotations are acceptable when the contracting party has attempted, but has been unable, to obtain a sufficient number of competitive quotations. In unusual circumstances, the contracting party may accept the sole quotation received in response to a solicitation provided the price is reasonable. In all cases, the contracting party shall document the circumstances when it has been unable to obtain at least three quotations.

(ii) *Award.* (A) Where the section 3 covered contract is to be awarded based upon the lowest price, the contract shall be awarded to the qualified section 3 business concern with the lowest responsive quotation, if it is reasonable and no more than 10 percent higher than the quotation of the lowest responsive quotation from any qualified source. If no responsive quotation by a qualified section 3 business concern is within 10 percent of the lowest responsive quotation from any qualified source, the award shall be made to the source with the lowest quotation.

(B) Where the section 3 covered contract is to be awarded based on factors other than price, a request for quotations shall be issued by developing the particulars of the solicitation, including a rating system for the assignment of points to evaluate the merits of each quotation. The solicitation shall identify all factors to be considered, including price or cost. The rating system shall provide for a range of 15 to 25 percent of the total number of available rating points to be set aside for the provision of preference for section 3 business concerns. The purchase order shall be awarded to the responsible firm whose quotation is the most advantageous, considering price and all other factors specified in the rating system.

(2) *Procurement by sealed bids (Invitations for Bids).* Preference in the award of section 3 covered contracts that are awarded under a sealed bid (IFB) process may be provided as follows:

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(i) Bids shall be solicited from all businesses (section 3 business concerns, and non-section 3 business concerns). An award shall be made to the qualified section 3 business concern with the highest priority ranking and with the lowest responsive bid if that bid—

(A) is within the maximum total contract price established in the contracting party's budget for the specific project for which bids are being taken, and

(B) is not more than "X" higher than the total bid price of the lowest responsive bid from any responsible bidder. "X" is determined as follows:

	x=lesser
When the lowest responsive bid is less than \$100,000	10% of that bid or \$9,000.
When the lowest responsive bid is:	
At least \$100,000, but less than \$200,000	9% of that bid, or \$16,000.
At least \$200,000, but less than \$300,000	8% of that bid, or \$21,000.
At least \$300,000, but less than \$400,000	7% of that bid, or \$24,000.
At least \$400,000, but less than \$500,000	6% of that bid, or \$25,000.
At least \$500,000, but less than \$1 million	5% of that bid, or \$40,000.
At least \$1 million, but less than \$2 million	4% of that bid, or \$60,000.
At least \$2 million, but less than \$4 million	3% of that bid, or \$80,000.
At least \$4 million, but less than \$7 million	2% of that bid, or \$105,000.
\$7 million or more	1 1/2% of the lowest responsive bid, with no dollar limit.

(ii) If no responsive bid by a section 3 business concern meets the requirements of paragraph (2)(i) of this section, the contract shall be awarded to a responsible bidder with the lowest responsive bid.

(3) *Procurement under the competitive proposals method of procurement (Request for Proposals (RFP)).* (i) For contracts and sub-contracts awarded under the competitive proposals method of procurement (24 CFR 85.36(d)(3)), a Request for Proposals (RFP) shall identify all evaluation factors (and their relative importance) to be used to rate proposals.

(ii) One of the evaluation factors shall address both the preference for section 3 business concerns and the acceptability of the strategy for meeting the greatest extent feasible requirement (section 3 strategy), as disclosed in proposals submitted by all business concerns (section 3 and non-section 3 business concerns). This factor shall provide for a range of 15 to 25 percent of the total number of available points to be set aside for the evaluation of these two components.

(iii) The component of this evaluation factor designed to address the preference for section 3 business concerns must establish a preference for these business concerns in the order of priority ranking as described in 24 CFR 135.36.

(iv) With respect to the second component (the acceptability of the section 3 strategy), the RFP shall require the disclosure of the contractor's section 3 strategy to comply with the section 3 training and employment preference, or contracting preference, or both, if applicable. A determination of the contractor's responsibility will include the submission of an acceptable section 3 strategy. The contract award shall be made to the responsible firm (either section 3 or non-section 3 business concern) whose proposal is determined most advantageous, considering

price and all other factors specified in the RFP.

PART 146—NONDISCRIMINATION ON THE BASIS OF AGE IN HUD PROGRAMS OR ACTIVITIES RECEIVING FEDERAL FINANCIAL ASSISTANCE

Subpart A—General

- Sec.
- 146.1 Purpose of the Age Discrimination Act of 1975.
- 146.3 Purpose of HUD's age discrimination regulation.
- 146.5 Applicability of part.
- 146.7 Definitions.

Subpart B—Standards for Determining Age Discrimination

- 146.11 Scope of subpart.
- 146.13 Rules against age discrimination.

Subpart C—Duties of HUD Recipients

- 146.21 General responsibilities.
- 146.23 Notice of subrecipients.
- 146.25 Assurance of compliance and recipient assessment of age distinctions.
- 146.27 Information requirements.

Subpart D—Investigation, Settlement, and Enforcement Procedures

- 146.31 Compliance reviews.
- 146.33 Complaints.
- 146.35 Mediation.
- 146.37 Investigation.
- 146.39 Enforcement procedures.
- 146.41 Prohibition against intimidation or retaliation.

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Texas Administrative Code

<u>TITLE 10</u>	COMMUNITY DEVELOPMENT
<u>PART 1</u>	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
<u>CHAPTER 11</u>	QUALIFIED ALLOCATION PLAN (QAP)
<u>SUBCHAPTER D</u>	UNDERWRITING AND LOAN POLICY
RULE §11.306	Scope and Cost Review Guidelines

(a) General Provisions. The objective of the Scope and Cost Review Report (SCR) required for Rehabilitation Developments (excluding Reconstruction) and Adaptive Reuse Developments is to provide a self-contained report that provides a comprehensive description and evaluation of the current conditions of the Development and identifies a scope of work for the proposed repairs, replacements and improvements to an existing multifamily property or identifies a scope of work for the conversion of a non-multifamily property to multifamily use. The SCR author must evaluate the sufficiency of the Applicant's scope of work and provide an independent review of the Applicant's proposed costs. The report must be in sufficient detail for the Underwriter to fully understand all current conditions, scope of work and cost estimates. It is the responsibility of the Applicant to ensure that the scope of work and cost estimates submitted in the Application is provided to the author. The SCR must include a copy of the Development Cost Schedule submitted in the Application. The report must also include the following statement, "any person signing this Report acknowledges that the Department may publish the full report on the Department's website, release the report in response to a request for public information and make other use of the report as authorized by law."

(b) For Rehabilitation Developments, the SCR must include analysis in conformity with the ASTM "Standard Guide for Property Condition Assessments. Baseline Property Condition Assessment Process (ASTM Standard Designation: E 2018)" except as provided for in subsections (f) and (g) of this section.

(c) The SCR must include good quality color photographs of the subject Real Estate (front, rear, and side elevations; on-site amenities, interior of the structure). Photographs should be properly labeled. Photographs of the neighborhood, street scenes, and comparables should be included.

(d) The SCR must also include discussion and analysis of:

(1) Description of Current Conditions. For both Rehabilitation and Adaptive Reuse, the SCR must contain a detailed description with good quality photographs of the current conditions of all major systems and components of the Development regardless of whether the system or component will be removed, repaired or replaced. For historic structures, the SCR must contain a description with photographs of each aspect of the building(s) that qualifies it as historic and must include a narrative explaining how the scope of work relates to maintaining the historic designation of the Development. Replacement or relocation of systems and components must be described;

(2) Description of Scope of Work. The SCR must provide a narrative of the consolidated scope of work either as a stand-alone section of the report or included with the description of the current conditions for each major system and components. Any New Construction must be described. Plans or drawings (that are in addition to any plans or drawings otherwise required by rule) and that relate to any part of the scope of work should be included, if available;

(3) Useful Life Estimates. For each system and component of the property the SCR must estimate its remaining useful life, citing the basis or the source from which such estimate is derived;

(4) Code Compliance. The SCR must document any known violations of any applicable federal, state, or local codes. In developing the cost estimates specified herein, it is the responsibility of the Applicant to ensure that

the SCR adequately considers any and all applicable federal, state, and local laws and regulations which are applicable and govern any work. For Applications requesting Direct Loan funding from the Department, the SCR author must include a comparison between the local building code and the International Existing Building Code of the International Code Council.;

(5) Program Rules. The SCR must assess the extent to which any systems or components must be modified, repaired, or replaced in order to comply with any specific requirements of the housing program under which the Development is proposed to be financed, the Department's Uniform Physical Condition Standards, and any scoring criteria including amenities for which the Applicant may claim points; for Direct Loan Developments this includes, but is not limited to the requirements in the Lead-Based Paint Poisoning Prevention Act (42 USC §§4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 USC §§4851-4856), and implementing regulations, Title X of the 1992 Housing and Community Development Act at 24 CFR Part 35 (including subparts A, B, J, K, and R), and the Lead: Renovation, Repair, and Painting Program Final Rule and Response to Children with Environmental Intervention Blood Lead Levels (40 CFR Part 745);

(6) Accessibility Requirements. The SCR report must include an analysis of compliance with the Department's accessibility requirements pursuant to Chapter 1, Subchapter B and §11.101(b)(8) of this title (relating to Site and Development Requirements and Restrictions) and identify the specific items in the scope of work and costs needed to ensure that the Development will meet these requirements upon Rehabilitation (including conversion and Adaptive Reuse);

(7) Reconciliation of Scope of Work and Costs. The SCR report must include the Department's Scope and Cost Review Supplement (SCR Supplement) with the signature of the SCR author. The SCR Supplement must reconcile the scope of work and costs of the immediate physical needs identified by the SCR author with the Applicant's scope of work and costs. The costs presented on the SCR Supplement must be consistent with both the scope of work and immediate costs identified in the body of the SCR report and the Applicant's scope of work and costs as presented in the Application. Variations between the costs listed on the SCR Supplement and the costs listed in the body of the SCR report or on the Applicant's Development Cost Schedule must be reconciled in a narrative analysis from the SCR provider. The consolidated scope of work and costs shown on the SCR Supplement will be used by the Underwriter in the analysis to the extent adequately supported in the report; and

(8) Cost Estimates. The Development Cost Schedule and SCR Supplement must include all costs identified below:

(A) Immediately Necessary Repairs and Replacement. For all Rehabilitation developments, and Adaptive Reuse developments if applicable, immediately necessary repair and replacement should be identified for systems or components which are expected to have a remaining useful life of less than one year, which are found to be in violation of any applicable codes, which must be modified, repaired or replaced in order to satisfy program rules, or which are otherwise in a state of deferred maintenance or pose health and safety hazards. The SCR must provide a separate estimate of the costs associated with the repair, replacement, or maintenance of each system or component which is identified as being an immediate need, citing the basis or the source from which such cost estimate is derived.

(B) Proposed Repair, Replacement, or New Construction. If the development plan calls for additional scope of work above and beyond the immediate repair and replacement items described in subparagraph (A) of this paragraph, the additional scope of work must be evaluated and either the nature or source of obsolescence to be cured or improvement to the operations of the Property discussed. The SCR must provide a separate estimate of the costs associated with the additional scope of work, citing the basis or the source from which such cost estimate is derived.

(C) Reconciliation of Costs. The combined costs described in subparagraphs (A) and (B) of this paragraph should be consistent with the costs presented on the Applicant's Development Cost Schedule and the SCR Supplement.

(D) Expected Repair and Replacement Over Time. The term during which the SCR should estimate the cost of expected repair and replacement over time must equal the lesser of 30 years or the longest term of any land use or regulatory restrictions which are, or will be, associated with the provision of housing on the Property. The SCR must estimate the periodic costs which are expected to arise for repairing or replacing each system or component or the property, based on the estimated remaining useful life of such system or component as described in paragraph (1) of this subsection adjusted for completion of repair and replacement immediately necessary and proposed as described in subparagraphs (A) and (B) of this paragraph. The SCR must include a separate table of the estimated long term costs which identifies in each line the individual component of the property being examined, and in each column the year during the term in which the costs are estimated to be incurred for a period and no less than 30 years. The estimated costs for future years should be given in both present dollar values and anticipated future dollar values assuming a reasonable inflation factor of not less than 2.5% per annum.

(e) Any costs not identified and discussed in sufficient detail in the SCR as part of subsection (d)(6), (d)(8)(A) and (d)(8)(B) of this section will not be included in the underwritten Total Development Cost in the Report.

(f) If a copy of such standards or a sample report have been provided for the Department's review, if such standards are widely used, and if all other criteria and requirements described in this section are satisfied, the Department will also accept copies of reports commissioned or required by the primary lender for a proposed transaction, which have been prepared in accordance with:

- (1) Fannie Mae's criteria for Physical Needs Assessments;
- (2) Federal Housing Administration's criteria for Project Capital Needs Assessments;
- (3) Freddie Mac's guidelines for Engineering and Property Condition Reports;
- (4) USDA guidelines for Capital Needs Assessment.

(g) The Department may consider for acceptance reports prepared according to other standards which are not specifically named in subsection (g) of this section, if a copy of such standards or a sample report have been provided for the Department's review, if such standards are widely used, and if all other criteria and requirements described in this section are satisfied.

(h) The SCR shall be conducted by a Third Party at the expense of the Applicant, and addressed to Texas Department of Housing and Community Affairs as the client. Copies of reports provided to the Department which were commissioned by other financial institutions should address Texas Department of Housing and Community Affairs as a co-recipient of the report, or letters from both the provider and the recipient of the report should be submitted extending reliance on the report to Texas Department of Housing and Community Affairs.

(i) The SCR report must include a statement that the individual and/or company preparing the SCR report will not materially benefit from the Development in any other way than receiving a fee for performing the SCR. Because of the Department's heavy reliance on the independent cost information, the provider must not be a Related Party to or an Affiliate of any other Development Team member. The SCR report must contain a statement indicating the report preparer has read and understood the requirements of this section.

Source Note: The provisions of this §11.306 adopted to be effective December 29, 2019, 44 TexReg 7889

List of Titles

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HOME

TEXAS REGISTER

TEXAS ADMINISTRATIVE CODE

OPEN MEETINGS

APPENDIX 10

APPENDIX 11
MULTIFAMILY RELOCATION REQUIREMENTS, INCLUDING RELATED FORMS

Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970

Regulation

Per HUD, activities and projects assisted by CDBG-DR are subject to the Uniform Relocation Assistance (URA), a federal law which provides important protections and assistance for people affected by the acquisition, rehabilitation, or demolition of real property for federally funded projects.

The URA was enacted by Congress to ensure people whose real property is acquired, or who move as a direct result of projects receiving federal funds, are treated fairly and equitably and receive assistance in moving from the property they occupy.

Activities and projects assisted by CDBG-DR are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. 4601 *et seq.*) ("URA") and section 104(d) of the HCD Act (42 U.S.C. 5304(d)) (Section 104(d)). The implementing regulations for the URA are at 49 CFR part 24. The regulations for Section 104(d) are at 24 CFR part 42, subpart C. Programs and projects must adhere to

- **49 CFR Part 24** is the government-wide regulation that implements the URA.
- **HUD Handbook 1378** provides HUD policy and guidance on implementing the URA and 49 CFR Part 24 for HUD funded programs and projects.
- Housing and Community Development (HCDD) Policies and Procedures.

CDBG-DR Waiver(s)

One-for-One Replacement Housing, Relocation, and Real Property Acquisition Requirements. Activities and projects undertaken with CDBG-DR funds are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. 4601 *et seq.*) ("URA") and section 104(d) of the HCD Act (42 U.S.C. 5304(d)) (section 104(d)). The implementing regulations for the URA are at 49 CFR part 24. The regulations for section 104(d) are at 24 CFR part 42, subpart C. For the purpose of promoting the availability of decent, safe, and sanitary housing, HUD is waiving the following URA and section 104(d) requirements with respect to the use of CDBG-DR funds.

The relocation assistance requirements at Section 104(d)(2)(A) of the Housing and Community Development Act and 24 CFR 42.350 are waived to the extent that they differ from the requirements of the URA and implementing regulations at 49 CFR Part 24, as modified by the notice for activities related to disaster recovery. Without this waiver, disparities exist in relocation assistance associated with activities typically funded by HUD and FEMA (e.g., buyouts and relocation). Both FEMA and CDBG funds are subject to the requirements of the URA; however, CDBG funds are subject to Section 104(d), while FEMA funds are not. The URA provides that a displaced person is eligible to receive a rental assistance payment that covers a period of 42 months. By contrast, Section 104(d) allows a lower-income displaced person to choose between the URA rental assistance payment and a rental assistance payment calculated over a period of 60 months. This waiver of the Section 104(d) requirements assures uniform and equitable treatment by setting the URA and its implementing regulations as the sole standard for relocation assistance under the federal register notice.

The HCDD's Residential Anti-displacement and Relocation Assistance Plan (RARAP) will be adhere to when direct or indirect permanent displacement of tenants occur. The following steps are required by subrecipients and developers to minimize the direct and indirect displacement of persons from their homes: Plan construction activities to allow tenants to remain in their units as long as possible, by rehabilitating empty units or buildings first; where feasible, give priority to rehabilitation of housing, as opposed to demolition, to avoid displacement; adopt policies to identify and mitigate displacement resulting from intensive public investment in neighborhoods; adopt tax assessment policies, such as deferred tax payment plans, to reduce impact of increasing property tax assessments on lower income owner-occupants or tenants in revitalizing areas; or target only those properties deemed essential to the need or success of the project.

Monitoring

If Relocation is triggered, periodic monitoring reviews will be conducted to inspect tenant files.

Record Keeping

If Relocation is triggered, relocation tenant files must be made available for periodic monitoring reviews. Tenant files and other related records must be maintained for a 3-years after construction completion.

Forms

All HUD approved forms and templates are provided by HCDD's URA section.

Exhibit 1

RELOCATION (URA) FOR MULTIFAMILY PROJECTS		
Stage	Project Name Address Houston, TX 770	Project Contact Information
	1	Assurance Letter
1	Relocation Plan	Submitted with Application. Refer to example online at HCDD.
1	Blank Notices	Submitted with Application. Refer to example online at HCDD.
1	Budget	Submitted with Application. Refer to example online at HCDD.
1	Rent Roll	Submitted with Application
1	Site Map	Submitted with Application
1	Notice to Real Property Owner/Seller voluntary acquisition/Right to withdrawal	If Applicable - Submitted with Application. Refer to example online at HCDD.
1	Deed - If property already owned	If Applicable - Submitted with Application
1	General Information Notice Residential TENANT Not Displaced (GIN)	Mailed to Tenant as soon as feasible. Submitted upon request from HCDD- Appendix 2, Handbook 1378. Refer to example online at HCDD.
1	General Information Notice Residential TENANT To Be Displaced (GIN)	Mailed to Tenant as soon as feasible. Submitted upon request from HCDD- Appendix 3, Handbook 1378. Refer to example online at HCDD.
1	Tenant Acknowledgement of GIN Notices	Applicant must have proof tenant received all Notices. (mailed certified, return receipt or hand delivered with tenant signature) Submitted upon request from HCDD.
2	Site Occupant Record-Residential. All Tenants	Used for Interviewing Tenants. Modified Income Certification form. Submitted to HCDD prior to move of tenant. Refer to example online at HCDD.
2	Income Verification	Submitted to HCDD prior to move of tenant.
2	Tenant Status Report w/ Rent Roll Tenants requiring relocation	Initial Tenant list as of City Council approval date (ION). Include Rent Roll dated as of City Council approval date. (per 1-4, T) Handbook 1378. Refer to example online at HCDD.
2	Notice of Non Displacement	If Applicable-Delivered to Tenant within 10 business days from City Council approval date. Refer to example online at HCDD.
2	Notice of Eligibility	If Applicable-Delivered to Tenant within 10 business days from City Council approval date. Refer to example online at HCDD.
2	Tenant Acknowledgement of Eligibility Determination Notices	Applicant must have proof tenant received all Notices. (mailed certified, return receipt or hand delivered with tenant signature) Submitted upon request from HCDD.
3	Temporary Relocation 90 Day Notice	Delivered to Tenant within 10 business days from City Council approval date, but not before eligibility determination. Refer to example online at HCDD.
3	Tenant Acknowledgement	Applicant must have proof tenant received all Notices. (mailed certified, return receipt or hand delivered with tenant signature) Submitted upon request from HCDD.
4	Temporary Relocation 30 Day Notice	30 Days Prior to move. Must include rent amount, apt. #, and moving date. Refer to example online at HCDD.

4	Tenant Acknowledgement	Applicant must have proof tenant received all Notices. (mailed certified, return receipt or hand delivered with tenant signature) Submitted upon request from HCDD.
4	Transfer 30 Day Notice	30 Days Prior to move. Must include rent amount, apt. #, and moving date. Refer to example online at HCDD.
4	Tenant Acknowledgement	Applicant must have proof tenant received all Notices. (mailed certified, return receipt or hand delivered with tenant signature) Submitted upon request from HCDD.
1-6	Move In Notices w/ updated Rent Roll	If Applicable. Refer to example online at HCDD.
1-6	Skip/Abandonment Notice/Breach of Lease	If Applicable. Must submit tenant's Final Account Statement. Refer to example online at HCDD.
1-6	Eviction/Court Orders	If Applicable. Must submit tenant's Final Account Statement and copy of Court Order.
1-6	Tenant Status Report w/ Rent Roll	Monthly report beginning at ION. Submitted by the 10th of each month.
6	Relocation Compliance Review	Prior to Retainage being paid. Reviews usually begins after first moves.
6	Evidence Relocation Exp. Paid	Prior to Retainage being paid. Must include: Moving Contract, Detailed Invoice, and Check (front and back).

Use this checklist to assemble and evaluate information pertaining to temporary relocation of tenants in rehabilitation projects only (Uniform Relocation Act and related regulations)

EXAMPLE/SAMPLE

RELOCATION PLAN

1. Cover Sheet must include:
 - Name of Project
 - Address of Project
 - Name of Owner/Entity
2. Table of Contents:
 - A. Property Summary
 1. Current Demographics
 2. Displaced Persons
 - B. Relocation Destination
 - C. Temporary Relocation Benefits
 1. Tenant Notices
 2. Moving Assistance
 3. Utility Transfers
 - D. Tenant Relocation Benefits
 1. Tenant Notices
 2. Covered Costs
 3. Advisory Services
 - E. Relocation Services
 1. Transportation
 2. Communication
 3. Delinquent Utility Bills
 - F. Relocation Recordkeeping and Notices
 1. Relocation Plan Assurance Letter (sign and dated)
 2. Site Map
 3. Potential Transition of Tenants/Tenant Transition Schedule
 4. Tenant Packet (Include Blank Notices with submission of Plan)
 - General Information Notice
 - Non Displacement Notice and/or
 - Notice of Eligibility
 - Temporary Relocation 90 Day Notice
 - Temporary Relocation 30 Day Notice
 - Transfer Notice 30 Day Notice
 5. Construction Schedule

Project Relocation Specialist Contact Information

Owner Contact Information

A. Project Summary

1. Current Demographics

The property is located in the section of the City of Houston, Texas, specifically at the intersection of () streets. Harris County Key Map page (). The project contains a total of acres or approximately () square feet. The shape of the property is generally rectangular with approximately () feet of frontage on the () line of () and () feet on the () line of (). Accessibility to the property is via () Road from the () to () or (). The property is located within the City Limits of Houston and has public water and electric and natural respectively to the site. Telephone service is provided by (). The property is/is not deed restricted as to use and the City of Houston does not subscribe to zoning ordinances. The property was constructed in (); the project has a total of () buildings, () residential and () ancillary (office/community building and laundry). The residential buildings are a mixture of () stories and/or (). There are a total of () units. There are () floor plans which vary from one another by bedroom count and number of bathrooms. This Relocation Plan has been developed due to renovations of the property which is scheduled to start ().

(INSERT CURRENT UNIT MIX TABLE HERE)

Parking is (covered/not covered), the parking and drive are () paved. There are a total of () parking spaces, there are () spaces designated 504 accessible. Project amenities include: () currently () % are/are not restricted by ().

2. Displace Persons

The renovation of the property is expected to take approximately () months and it is "NOT" anticipated that there will be any "displaced persons" who by definition are persons that must move from the property permanently. If it is determined that there are, the plan will be amended to address the special requirements particular to the tenants. These tenants would be given the Notice of Eligibility for Relocation Assistance (see example in Section F) which would inform them of their rights under URA.

B. RELOCATION DESTINATION

There have not been any new leases executed in the last () months in order to have units available to move tenants into. The Relocation Specialist will track the vacant units each month during renovation and submit tracking documentation to HCDD. A tenant transition plan will be

mapped out and submitted to HCDD. This plan will show which tenants will be moved and the new rehabbed units they will be moved to. (See Section F, 3)

If there are no available units onsite the tenant will be provided temporary housing in the development listed below. (Property name) will assure that all temporary housing provided is decent, safe, and sanitary on a non-discriminating basis for families or individuals who may be moved offsite.

If it becomes necessary to house tenants in temporary units other than a subsidized housing complex, attempts will be made to find single family units. Rents paid by (your property name) will represent the difference in the tenant's current TTP and any additional rent that the tenant must pay. In addition, all relocations off site will be within a five-mile radius unless it is in response to a request to a "reasonable accommodation".

(INSERT TABLE WHICH LISTS "DEVELOPMENTS AVAILABLE FOR RELOCATION HERE-include name and address of property, contact information)

C. TEMPORARY RELOCATION OF TENANTS

1. Tenant Notice

In preparation for the relocations, () will conduct group meetings to notify the tenants of the plans for the complex. In addition to these group meetings, the tenants will also receive written notices of the overall renovation plans and notice of the plans for their relocation. Tenants will be notified that they should not move on their own or contact a mover because they would risk being held responsible for these costs and/or forfeit relocation benefits.

Each tenant will be given a packet of information that is included in Section F of this plan and it includes items mandated via URA. Every attempt will be made to keep the tenants informed and to answer any questions that they may have.

2. Moving Assistance

Moving services will be made available to the tenants. Each resident will be given the option of receiving packing assistance. If a resident prefers to pack their own personal possessions, they will be provided packing supplies. All residents will be provided written notices of their scheduled moving date and time in their 30-day notice. (See Section F, 4)

3. Utility Transfers

A letter will be sent to the utility providers of the property. It will explain the plans for the property renovation and for them to anticipate numerous requests for transfers within a short period of time. The tenant will be responsible for scheduling the transfer of their utilities and are expected to notify the relocation specialist of the date and time the transfer is scheduled. If there are any problems with any transfers the property will have the utilities turned on in the

properties name and the tenant will be given 10 days to resolve the issues with the utility company.

D. TENANT RELOCATION BENEFITS

1. Tenant Notice

Tenants will be given notice of what charges and deposits will be covered in the relocation and they will have to sign it and indicate that they understand that there are no other costs that will be covered.

2. Covered Cost

(Your property name) will pay for packing and moving costs that are scheduled by the relocation specialist. (Your property name) will also cover the cost of deposits or transfer fees for the utilities, any increase in rent of the off site temporary housing, if applicable; and telephone/cable at both the temporary unit and the return to the newly renovated unit. These costs will be paid directly to the providing agency and attached to the tenants unit and head of household. These costs will not be paid on behalf of anyone that moves prior to the coordination efforts of the Relocation Specialist or due to Eviction for Cause.

3. Advisory Services

(Your property name) will contact and interview each person who is affected by the project to discuss his/her needs, preferences, concerns, and to answer questions. (Your property name) will use the Site Occupant Record (Exhibit 8 of HCDD Relocation Policy) to record interview of each household. (Your property name) will also provide information about the project and any benefits the tenant may be eligible for; as applicable to the tenants' circumstances (49CFR 24.205(c)).

E. RELOCATION SERVICES

1. Transportation

Relocation of the tenants will be done in phases; the Relocation Specialist will be able to provide the necessary supportive services that may be required. If off site housing is used and there is a need, transportation will be provided to the tenant via taxi companies to tour the proposed unit.

2. Communication

Each tenant will be given written information outlining the process and will be given group and individual access to the Relocation Specialist. The tenants that may require special assistance due to a disability will be identified and will be provided assistance in a non-discriminatory manner.

3. Delinquent Utility Bills

If the tenants do not have the financial resources to pay delinquent utility bills that would hinder services being transferred to their temporary unit, the property will have the services temporarily placed under the property name. The tenant would have 10 business days after move-in, to resolve the issue with the respective utility company.

F. RELOCATION RECORDKEEPING AND NOTICES

NOTE: Blank Notices submitted in this section.

RELOCATION PLAN ASSURANCES

I certify that this relocation plan contains accurate information and has been prepared in accordance with 49 CFR Part 24, Uniform Relocation Assistance (URA) and Real Property Acquisition Final Rule and Notice. I further assure that:

1. Relocation staff knows and will follow URA requirements;
2. Relocati
on staff who will implement this plan are familiar with its contents and the requirements;
3. Sufficie
nt funds have been appropriated, reserved, set aside or otherwise committed to cover the anticipated relocation cost;
4. Familles
and individuals will have full opportunity to occupy comparable, decent, safe, and sanitary housing;
5. Relocati
on payments will be made promptly by the borrower and to the full extent for which tenants are eligible;
6. The
project activities have been planned in a manner that will minimize hardships to tenants;
7. All
tenants will be given a reasonable period of time to move and no one will be required to move unless a comparable replacement unit is available or provided for;
8. Relocati
on assistance and advisory services will be provided in accordance with the needs of the tenant.

Print Name

Title

Signature

Date

SITE MAP PAGE

APPENDIX 11

RELOCATION PLAN ASSURANCES

CDBG/HOME Multifamily Projects

I certify that this relocation plan contains accurate information and has been prepared in accordance with 49 CFR Part 24, Uniform Relocation Assistance (URA) and Real Property Acquisition Final Rule and Notice. I further assure that:

1. Relocation staff knows and will follow URA requirements;
2. Relocation staff who will implement this plan are familiar with its contents and the requirements;
3. Sufficient funds have been appropriated, reserved, set aside or otherwise committed to cover the anticipated relocation cost;
4. Families and individuals will have full opportunity to occupy comparable, decent, safe, and sanitary housing;
5. Relocation payments will be made promptly by the borrower and to the full extent for which tenants are eligible;
6. The project activities have been planned in a manner that will minimize hardships to tenants;
7. All tenants will be given a reasonable period of time to move and no one will be required to move unless a comparable replacement unit is available or provided for;
8. Relocation assistance and advisory services will be provided in accordance with the needs of the tenant.

Print Name

Title

Signature

Exhibit 3

Date

APPENDIX 11

Exhibit 4

Relocation Budget for (Project Name), (Date)

	Total Number of Units	PACKING & MOVING Cost per Unit	URA Cost per Unit*	Sub-total cost packing & moving per type of unit	Subtotal URA Cost
TYPE OF UNIT			0.00	0.00	0.00
			0.00	0.00	0.00
			0.00	0.00	0.00
			0.00	0.00	0.00

TOTAL UNITS 0

TOTAL COST PACKING & MOVING 0.00

TOTAL URA COST 0.00

MISCELLANEOUS COST 10%**

TOTAL RELOCATION BUDGET 0.00

CHECK YOUR MATH

* URA Cost include transfer fees, non refundable deposits and increased rent for off-site temporary units. Refundable deposits are no longer an eligible cost under the URA.

**Miscellaneous Cost include mail cost and any unforeseen cost of relocation.

Exhibit 5

NOTICE TO REAL PROPERTY OWNER/SELLER

Date: _____

Owner(s)/Seller(s): _____

Buyers(s): _____

Address of Property Under Consideration: _____

Dear Owner(s)/Seller(s):

Property believed to be owned by you is being considered for purchase, as referenced above. Because Federal funds may be used in the purchase of your property, we are required to disclose the following information by the U. S. Department of Housing and Urban Development (HUD) in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act as amended (URA), Section 24.101 (b)(2):

1. The proposed sale is voluntary. In the event negotiations fail to result in an agreement, the property will not be acquired by either voluntary purchase or eminent domain.
2. The fair market value of the property is estimated to be \$ _____. However, since this transaction is voluntary, current or future negotiations may result in a different price that may be the same, higher or lower than this amount.

An owner-occupant who sells his or her property under these terms does not qualify as a displaced person for relocation payments. Additionally, any person who occupies the property for the purpose of obtaining assistance under the URA does not qualify as a displaced person. However, tenant-occupants displaced as a result of voluntary acquisition may be entitled to URA relocation assistance and must be informed in writing as soon as feasible.

In accordance with HUD requirements, if the information proved above is disclosed after an option to purchase or contract has been executed between the Buyer(s) and the seller(s), the Seller(s) must be provided the opportunity to withdraw from the agreement.

Any title deficiencies, liens, or encumbrances on the property must be cleared prior to any closing. Generally, this is a cost that is borne by the Seller(s) of the property; however payment of these costs may be negotiated between the Buyer(s) and Seller(s). No federal funds can be used to pay these costs.

Should you have any questions, please feel free to contact: _____
(Name of Contact Person)

_____ at _____
(Name of City/County/State/Organization/Lender) (Telephone Number)

Receipt acknowledged this _____ day of _____, 2010

Seller(s)

(Seller(s))

Exhibit 6

NOTICE TO REAL PROPERTY OWNER/SELLER

Date: _____

Owner(s)/Seller(s): _____

Buyers(s): _____

Address of Property Under Consideration: _____

Dear Owner(s)/Seller(s):

Property owned by you has been contracted for purchase, as referenced above. Because Federal funds may be used in the purchase of your property, we are required to disclose the following information by the U. S. Department of Housing and Urban Development (HUD) in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act as amended (URA), Section 24.101 (b)(2):

1. The proposed sale is voluntary. In the event negotiations fail to result in an agreement, the property will not be acquired by either voluntary purchase or eminent domain.
2. The fair market value of the property is estimated to be \$_____. However, since this transaction is voluntary, current or future negotiations may result in a different price that may be the same, higher or lower than this amount.

An owner-occupant who sells his or her property under these terms does not qualify as a displaced person for relocation payments. Additionally, any person who occupies the property for the purpose of obtaining assistance under the URA does not qualify as a displaced person. However, tenant-occupants displaced as a result of voluntary acquisition may be entitled to URA relocation assistance and must be informed in writing as soon as feasible.

In accordance with HUD requirements, if the information proved above is disclosed after an option to purchase or contract has been executed between the Buyer(s) and the seller(s), the Seller(s) must be provided the opportunity to withdraw from the agreement.

Any title deficiencies, liens, or encumbrances on the property must be cleared prior to any closing. Generally, this is a cost that is borne by the Seller(s) of the property; however payment of these costs may be negotiated between the Buyer(s) and Seller(s). No federal funds can be used to pay these costs.

Should you have any questions, please feel free to contact: _____
(Name of Contact Person)

_____ at _____
(Name of City/County/State/Organization/Lender) (Telephone Number)

Receipt acknowledged this _____ day of _____, 2010

Seller(s)

Seller(s)

MOVE-IN NOTICE
(GUIDEFORM NOTICE TO PROSPECTIVE TENANT)

Grantee or Agency Letterhead

(date)

Dear _____,

On (date), (property owner) submitted an application to the City of Houston, Housing and Community Development Department for financial assistance under a program funded by the Department of Housing and Urban Development (HUD). The proposed project involves (acquisition) (rehabilitation) (demolition) and/or (conversion) of the property located at (address).

Because Federal funds are planned for use in this project, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA) (and/or section 104(d) of the Housing and Community Development Act of 1974, as amended) may apply to persons in occupancy at the time the application was submitted for HUD funding. However, if you choose to occupy this property subsequent to the application for federal financial assistance, as a new tenant you will not be eligible for relocation payments or assistance under the URA (and/or section 104(d)).

This notice is to inform you of the following information before you enter into any lease agreement and/or occupy the property located at the above address:

- You may be displaced by the project.
- You may be required to relocate temporarily.
- You may be subject to rent increase.
- You will not be entitled to any payments or assistance provided under the URA (and/or section 104(d)). If you have to move or your rent is increased as a result of the above project, you will not be reimbursed for any such rent increase or for any costs or expenses you may incur in connection with a move as a result of the projects.

Please read this notification carefully prior to signing a rental agreement and moving into the project. If you should have any questions about this notice, please contact (Grantee or Agency) at (address and telephone number). Once you have read and understood this notice, please sign the statement below if you still desire to lease the unit.

Sincerely,

(Name and title)

Exhibit 7

I have read the above information and understand the conditions under which I am moving into the project.

Print Name of Tenant(s)

Signature(s)

Address and Unit Number

Date

Note:

This is a guideform. It should be revised to reflect the project circumstances.

APPENDIX 11

Site Occupant Record - Residential		Project Name: _____
LOCALITY/AGENCY _____		Project #: _____
Date of initial Interview: _____ Interviewer: _____		Relocation Case #: _____
		Acquisition Parcel #: _____
NAME OF OCCUPANT _____ ADDRESS _____ TELEPHONE NUMBER _____ CENSUS TRACT _____		CHECK: <input type="checkbox"/> FAMILY <input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> OWNER <input type="checkbox"/> TENANT
IS THIS ADDRESS LOCATED IN A HUD DESIGNATED RENEWAL COMMUNITY OR EMPOWERMENT ZONE? <input type="checkbox"/> YES <input type="checkbox"/> NO		DATE OF GENERAL INFORMATION NOTICE _____
DATE OCCUPANT FIRST OCCUPIED THIS DWELLING _____		EFFECTIVE DATE OF NOTICE OF ELIGIBILITY FOR RELOCATION ASSISTANCE _____
		DATE PRIVACY ACT STATEMENT EXECUTED _____ (INCLUDE COPY OF NOTICES AND SIGNED PRIVACY ACT STATEMENT IN CASE FILE)
RACIAL/ETHNIC CLASSIFICATION		HOUSING COSTS AND CHARACTERISTICS OF DISPLACEMENT DWELLING
(CHECK ALL THAT APPLY) <input type="checkbox"/> AMERICAN INDIAN OR ALASKAN NATIVE <input type="checkbox"/> ASIAN <input type="checkbox"/> BLACK OR AFRICAN AMERICAN <input type="checkbox"/> HISPANIC OR LATINO <input type="checkbox"/> NATIVE HAWAIIAN OR OTHER PACIFIC ISLANDER <input type="checkbox"/> WHITE <input type="checkbox"/> AMERICAN INDIAN OR ALASKAN NATIVE AND WHITE <input type="checkbox"/> ASIAN AND WHITE <input type="checkbox"/> BLACK OR AFRICAN AMERICAN AND WHITE <input type="checkbox"/> AMERICAN INDIAN OR ALASKAN NATIVE AND BLACK OR AFRICAN AMERICAN <input type="checkbox"/> OTHER MULTI-RACIAL		TENANT: MONTHLY CONTRACT RENT \$ _____ AVERAGE MONTHLY UTILITY COSTS \$ _____ MONTHLY HOUSING COSTS \$ _____ OWNER: MONTHLY MORTGAGE PAYMENT (P&I) \$ _____ AVERAGE MONTHLY UTILITY COSTS \$ _____ REAL PROPERTY TAXES \$ _____ MONTHLY HOUSING COSTS \$ _____
		NO. OF ROOMS _____ NO. OF BEDROOMS _____
		UNIT IS: <input type="checkbox"/> HOUSEKEEPING <input type="checkbox"/> NONHOUSEKEEPING

APPENDIX 11

SURNAME, GIVEN NAME(S)/SSN(S)	RELATIONSHIP	SEX	AGE	OCCUPATION	SOURCE OF INCOME				GROSS MONTHLY INCOME	NAME OF EMPLOYER AND TELEPHONE NUMBER	
					EMP.	WELF.	PENS.	OTHER (IDENTIFY)			
					TOTAL GROSS MONTHLY INCOME: \$						
SPECIAL CHARACTERISTICS OF HOUSEHOLD (E.G., DISABLED, ELDERLY, ETC.)		REHOUSING PREFERENCES: <input type="checkbox"/> PURCHASE <input type="checkbox"/> RENT <input type="checkbox"/> SUBSIDIZED HOUSING <input type="checkbox"/> NONE LOCATION/NEIGHBORHOOD CONSIDERATIONS: _____ _____ PETS, GARAGE, ETC.: _____ _____								REHOUSING REQUIREMENTS: NO. OF ROOMS _____ NO. OF BEDROOMS _____ MAX. MONTHLY HOUSING COSTS \$ _____ MAX. PURCHASE PRICE \$ _____	

APPENDIX 11

HOUSING REFERRALS												
Date	Address (Include Apt No.)	Census Track	Type of Unit			Size of Unit		Mo Rent + Est Avg Mo Utility Costs/Sales Price	Unit Inspd	Unit Avail Date	Low Income Or Minority Area?	Action on Referral (If refused, indicate why. Also indicate whether unit is representative comparable used as basis for prmt limit.)
			Rent	Sales	Subsidized	# of Rms	# of Bdrms					

REPLACEMENT DWELLING UNIT											
DATE OF MOVE _____		ADDRESS _____					CENSUS TRACT _____				
IS THIS ADDRESS LOCATED IN A HUD DESIGNATED RENEWAL COMMUNITY OR EMPOWERMENT ZONE? <input type="checkbox"/> YES <input type="checkbox"/> NO											
MONTHLY HOUSING COST (MHC)						<input type="checkbox"/> D. S. & S <input type="checkbox"/> NOT D. S. & S DATE OF INSPECTION _____ DATE OF REINSPECTION _____ NO. OF ROOMS _____ NO. OF BEDROOMS _____ (Include copy of Inspection Report in case file.)			RELOCATION PAYMENT(S)		
<input type="checkbox"/> RENTAL MONTHLY RENT \$ _____ EST. AVERAGE MONTHLY UTILITY COSTS \$ _____ TOTAL MHC \$ _____		<input type="checkbox"/> PURCHASE MORTGAGE PAYMENT (P&I) \$ _____ REAL ESTATE TAXES \$ _____ EST. UTILITY COSTS \$ _____ TOTAL MHC \$ _____ SALES PRICE \$ _____		MOV. EXP. RHP TYPE <input type="checkbox"/> ACTUAL <input type="checkbox"/> RENTAL <input type="checkbox"/> FIXED <input type="checkbox"/> DOWNPMT <input type="checkbox"/> 180-DAY HO AMOUNT \$ _____ \$ _____ DATE CLAIM FILED _____ DATE CLAIM PAID _____ (Include copy of Claim Forms in Case File)			APPEAL FILED: <input type="checkbox"/> YES <input type="checkbox"/> NO IF YES, INDICATE TYPE: <input type="checkbox"/> PAYMENT(S) <input type="checkbox"/> HOUSING <input type="checkbox"/> OTHER _____ (Include copy of Appeal in Case File)				
IS UNIT IN AREA OF LOW-INCOME OR MINORITY CONCENTRATION? <input type="checkbox"/> YES <input type="checkbox"/> NO IS UNIT SUBSIDIZED? <input type="checkbox"/> YES <input type="checkbox"/> NO _____ (Identify)			TEMPORARY HOUSING DATE _____ REASON _____ ADDRESS _____ RENTAL \$ _____ DATE OF MOVE TO PERMANENT DWELLING _____ OUT-OF-POCKET EXPENSES PAID: MOVING EXPENSES \$ _____ INCREASED HOUSING COSTS \$ _____								

APPENDIX 11

INSTRUCTION FOR FILLING OUT AND UPDATING THE TENANT STATUS REPORT

1. R
Run a Rent Roll on the date City Council approves project contract. This is your Initiation of Negotiations (ION) date. Import information for columns, Move In Date, Resident Name, Unit #, Size/Type. This is the list of residents you must track during the renovation period.
2. Update spreadsheet information monthly and submit to HCDD by the 10th of each month with all documentation pertaining to tenants for that month. Such as, copies of Notices addressed to tenants w/ receipts, move out checklists, final account statements, evictions (court order), transfers, temporary relocations, final moves w/ leases, etc.
3. If you need to add columns or rows to include any of these headings or to add new tenant names to vacant units please do so.
4. Please do not remove any previous monthly information. If column does not pertain to your project please type N/A.
5. Please note if tenant is a: Move In, Skip, Lease Ended-gave notice, Lease Ended-no reason given, or Eviction, in the Reason for Move Out (Comment) column.

Please contact your Relationship Manager at 713-868-8300 or Elizabeth Spinnenweber at 713-868-8426 if you have any questions. Thank you.

TENANT STATUS REPORT
 as of: _____
 Project Name and Address _____
 Contact Information _____

Move In Date	Resident Name	Unit #	Size-Type	General Info Ltr Date	90 Day Notice Date	Temporary Relocation 30 Day Notice Date	Site Occupant Record/Income Verified Date	Move Out Date	Reason for move out. (Comments)	Unit # Temporary Relocation/ Transferred to	Size-Type	Unit # final move	Movers Cost

Exhibit 10

GUIDEFORM GENERAL INFORMATION NOTICE
RESIDENTIAL TENANT NOT DISPLACED

Grantee or Agency Letterhead

(date)

Dear _____:

____ (City, County, State, Public Housing Authority (PHA), other) _____, is interested in rehabilitating the property you currently occupy at _____ (address) _____ for a proposed project which may receive funding assistance from the U.S. Department of Housing and Urban Development (HUD) under the _____ program.

The purpose of this notice is to inform you that you will not be displaced in connection with the proposed project.

If the project application is approved and federal financial assistance provided, you may be required to move temporarily so that the rehabilitation can be completed. If you must move temporarily, suitable housing will be made available to you and you will be reimbursed for all reasonable out of pocket expenses, including moving costs and any increase in housing costs. You will need to continue to pay your rent and comply with all other lease terms and conditions.

Upon completion of the rehabilitation, you will be able to lease and occupy your present apartment or another suitable, decent, safe and sanitary apartment in the same building/complex under reasonable terms and conditions. *

If federal financial assistance is provided for the proposed project, you will be protected by a federal law known as the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA). One of the URA protections for persons temporarily relocated is that such relocations shall not extend beyond one year. If the temporary relocation lasts more than one year, you will be contacted and offered all permanent relocation assistance as a displaced person under the URA. This assistance would be in addition to any assistance you may receive in connection with temporary relocation and will not be reduced by the amount of any temporary relocation assistance previously provided. You will also have the right to appeal the agency's determination, if you feel that your application for assistance was not properly considered.

(NOTE: Pursuant to Public Law 105-117, aliens not lawfully present in the United States are not eligible for relocation assistance, unless such ineligibility would result in exceptional hardship to a qualifying spouse, parent, or child. All persons seeking relocation assistance will be required to certify that they are a United States citizen or national, or an alien lawfully present in the United States.)

Exhibit 10

We urge you not to move at this time. If you choose to move, you will not be provided relocation assistance.

Please remember:

- This is not a notice to vacate the premises.
- This is not a notice of relocation eligibility.

You will be contacted soon so that we can provide you with more information about the proposed project. If the project is approved, we will make every effort to accommodate your needs. In the meantime, if you have any questions about our plans, please contact: (name) _____, (title) _____, (address) _____, (phone) _____.

Sincerely,

(name and title) _____

Enclosure

NOTES.

1. The case file must indicate the manner in which this notice was delivered (e.g., personally served or certified mail, return receipt requested) and the date of delivery. (See Paragraph 2-3 I of Handbook 1378.)
2. This is a guideform. It should be revised to reflect the circumstances.

* *Based on the applicable HUD program regulations, if "reasonable terms and conditions," are defined, one of the following statements or other language may also be required in this Notice:*

- a. *Under HOME at 24 CFR 92.353(c)(2)(C)(1): "Your new lease will be for a term of not less than one year at a monthly rent will remain the same or, if increased, your new monthly rent and estimated average utility costs will not exceed: 1) If you are low income, the total tenant payment as defined by HUD (under 24 CFR 5.628), or (2) 30% of the monthly gross household income, if you are not low income."*
- b. *Under CDBG at 24 CFR 570.606(b)(2)(D)(1): "Your monthly rent will remain the same or, if increased, your new rent and estimated average utility costs will not exceed 30% of the household's average monthly gross income."*
- c. *Under Section 221 Mortgage Insurance Programs under 24 CFR 221.795(i): "Your monthly rent and estimated average utility costs will not exceed the amount approved by HUD."*

Exhibit 11

GUIDEFORM GENERAL INFORMATION NOTICE
RESIDENTIAL TENANT TO BE DISPLACED

Grantee or Agency Letterhead

(date)

Dear _____:

_____ (City, County, State, Public Housing Authority (PHA), other) _____, is interested in _____ (acquiring, rehabilitating, demolishing) _____ the property you currently occupy at _____ (address) _____ for a proposed project which may receive funding assistance from the U.S. Department of Housing and Urban Development (HUD) under the _____ program.

The purpose of this notice is to inform you that you may be displaced as a result of the proposed project. This notice also serves to inform you of your potential rights as a displaced person under a federal law known as the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA). You may be eligible for relocation assistance and payments under the URA, if the proposed project receives HUD funding and if you are displaced as a result of acquisition, rehabilitation or demolition for the project.

- This is not a notice to vacate the premises.
- This is not a notice of relocation eligibility.

If you are determined to be eligible for relocation assistance in the future, you may be eligible for: 1) Relocation advisory services including help to you find another place to live; 2) At least 90 days advance written notice of the date you will be required to move; 3) Payment for your moving expenses; and 4) Replacement housing payments to enable you to rent, or if you prefer to purchase, a comparable replacement home. You will also have the right to appeal the agency's determination, if you feel that your application for assistance was not properly considered. The enclosed HUD brochure, "Relocation Assistance To Tenants Displaced From Their Homes" provides an explanation of this assistance and other helpful information.

(NOTE: Pursuant to Public Law 105-117, aliens not lawfully present in the United States are not eligible for relocation assistance, unless such ineligibility would result in exceptional hardship to a qualifying spouse, parent, or child. All persons seeking relocation assistance will be required to certify that they are a United States citizen or national, or an alien lawfully present in the United States.)

Please be advised that you should continue to pay your rent and meet any other obligations as specified in your lease agreement. Failure to do so may be cause for eviction. If you choose to move or if you are evicted prior to receiving a formal notice of

Exhibit 11

relocation eligibility you will not be eligible to receive relocation assistance. It is important for you to contact us before making any moving plans.

Again, this is not a notice to vacate the premises and does not establish your eligibility for relocation payments or assistance at this time. If you are determined to be displaced and are required to vacate the premises in the future, you will be informed in writing. In the event the proposed project does not proceed or if you are determined not to be displaced, you will also be notified in writing.

If you have any questions about this notice or the proposed project, please contact
(name) _____, (title) _____,
(address) _____, (phone) _____.

Sincerely,

(name and title) _____

Enclosure

NOTES

1. The case file must indicate the manner in which this notice was delivered (e.g., personally served or certified mail, return receipt requested) and the date of delivery. (See Paragraph 2-3 1 of Handbook 1378.)
2. This is a guideform. It should be revised to reflect the circumstances.
3. Optional paragraphs for displaced residents of public housing projects (may be modified based on the PHA's resident return policy):

"Even though you will be provided all of the assistance the URA requires for a permanent move, the Authority believes that every resident displaced from the site should have the right to reapply for occupancy once this project is complete. For this reason, after project completion, every resident who receives assistance as a "displaced person" will be contacted and offered an opportunity to reapply for occupancy in the newly-revitalized community. Furthermore, because you will be a former occupant who was "displaced" from the site, you will also receive a priority preference to return.

In the event the number of those who request to return and qualify for housing exceeds the number of units available, rating and ranking criteria will be used to identify those who will be offered a unit at the site until all available units are filled. If you do return, the Authority may help defray the costs of the return move. If you have Replacement Housing Payments not yet spent or obligated, you may be asked to forfeit these payments as a condition for returning to public housing, since this assistance will no longer be necessary to meet your housing needs. Such assistance, if not forfeited, must be considered as income and may affect your eligibility and rent."

APPENDIX 11

GUIDEFORM NOTICE OF NONDISPLACEMENT
TO RESIDENTIAL TENANT
Grantee or Agency Letterhead

(date)

Dear _____:

On _____ (date), the _____ (City, County, State, Public Housing Authority (PHA), other), notified you of proposed plans to rehabilitate the property you currently occupy at (address) _____ for a project which could receive funding assistance from the U.S. Department of Housing and Urban Development (HUD) under the _____ program. On _____ (date), the project was approved and will receive federal funding. Repairs will begin soon.

• This is a notice of nondisplacement. You will not be required to move permanently as result of the rehabilitation.

This notice guarantees you the following:

1. Upon completion of the rehabilitation, you will be able to lease and occupy your present apartment or another suitable, decent, safe and sanitary apartment in the same building/complex under reasonable terms and conditions. *
2. If you must move temporarily so that the rehabilitation can be completed, you will be reimbursed for all of your extra expenses, including the cost of moving to and from temporary housing and any increased interim housing costs. The temporary unit will be decent, safe and sanitary, and all other conditions of the temporary move will be reasonable.

Since you will have the opportunity to occupy a newly rehabilitated apartment, I urge you not to move. (If you do elect to move for your own reasons, you will not receive any relocation assistance.) We will make every effort to accommodate your needs. Because federal funding is involved in this project, you are protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended. Of course, you must continue to comply with the terms and conditions of your lease.

If you have any questions, please contact (name), at (phone), (address). This letter is important to you and should be retained.

Sincerely,
(name and title).

App. 4-1 [10/06] 1378 CHG-6 Appendix 4

NOTES.

1. The case file must indicate the manner in which this notice was delivered (e.g., personally served or certified mail, return receipt requested) and the date of delivery. (See Paragraph 2-3 I of Handbook 1378.)
2. This is a guideform. It should be revised to reflect the circumstances.

** Based on the applicable HUD program regulations, if "reasonable terms and conditions," are defined, one of the following statements or other language may also be required in this Notice:*

- a. *Under HOME at 24 CFR 92.353(c)(2)(C)(1): "Your new lease will be for a term of not less than one year at a monthly rent will remain the same or, if increased, your new monthly rent and estimated average utility costs will not exceed: 1) if you are low income, the total tenant payment as defined by HUD (under 24 CFR 5.628), or (2) 30% of the monthly gross household income, if you are not low income."*
- b. *Under CDBG at 24 CFR 570.606(b)(2)(D)(1): "Your monthly rent will remain the same or, if increased, your new rent and estimated average utility costs will not exceed 30% of the household's average monthly gross income."*
- c. *Under Section 221 Mortgage Insurance Programs at 24 CFR 221.795(i): "Your monthly rent and estimated average utility costs will not exceed the amount approved by HUD."*

GUIDEFORM NOTICE OF ELIGIBILITY FOR
URA RELOCATION ASSISTANCE
RESIDENTIAL TENANT

Grantee or Agency Letterhead

(date)

Dear _____:

On _____ (date), the _____ (City, County, State, Public Housing Authority (PHA), other), notified you of proposed plans to _____ (acquire, rehabilitate, or demolish) the property you currently occupy at _____ (address) for a project which could receive funding assistance from the U.S. Department of Housing and Urban Development (HUD) under the _____ program. On _____ (date), the project was approved and will receive federal funding.

It has been determined that you will be displaced by the project. Since you are being displaced in connection with this federally funded project, you will be eligible for relocation assistance and payments under the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA).

- This is your Notice of Eligibility for relocation assistance
- The effective date of your eligibility is _____. (Insert date of Initiation of Negotiations, see 49 CFR 24.1(a)(15) or applicable HUD program regulations)

(NOTE: Pursuant to Public Law 105-117, aliens not lawfully present in the United States are not eligible for relocation assistance, unless such ineligibility would result in exceptional hardship to a qualifying spouse, parent, or child. All persons seeking relocation assistance will be required to certify that they are a United States citizen or national, or an alien lawfully present in the United States.)

To carry out the project, it will be necessary for you to move. However, you do not need to move now. You will be provided written notice of the date by which you will be required to move. This date will be no less than 90 days from the date comparable replacement housing has been made available to you.

Enclosed is a brochure entitled, "Relocation Assistance to Tenants Displaced From Their Homes." Please read the brochure carefully. It explains your rights and provides additional information on eligibility for relocation payments and what you must do in order to receive these payments.

The relocation assistance to which you are entitled includes:

Relocation Advisory Services. Including counseling and other assistance to help you find another home and prepare to move.

Payment for Moving Expenses. You may choose: (1) a payment for your actual reasonable moving and related expenses, or (2) a fixed moving payment in the amount of \$_____ based on the URA Fixed Residential Moving Cost Schedule, or (3) a combination of both.

Replacement Housing Payment. You may be eligible for a replacement housing payment to rent or buy a replacement home. The payment is based on several factors including: (1) the monthly rent and cost of utility services for a comparable replacement dwelling, (2) the monthly rent and cost of utility services for your present home, and (3) for low-income persons, 30 percent of your average monthly gross household income. This payment is calculated on the difference in the old and new housing costs for a one-month period and multiplied by 42.

Listed below are three comparable replacement dwellings that you may wish to consider for your replacement home. If you would like, we can arrange transportation for you to inspect these and other replacement dwellings.

	Address	Rent & Utility Costs	Contact Info
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____

We believe that the dwelling located at (address) is the most representative of your present home. The monthly rent and the estimated average monthly cost of utilities for this dwelling is \$_____ and it will be used to calculate your maximum replacement housing payment. Please contact us immediately if you believe this dwelling is not comparable to your current home. We can explain our basis for selecting this dwelling as most representative of your current home and discuss your concerns.

Based on the information you have provided about your income and the rent and utilities you now pay, you may be eligible for a maximum replacement housing payment of approximately \$_____ (42 x \$_____), if you rent the dwelling identified above as the most comparable to your current home or rent another dwelling of equal cost.

Replacement housing payments are not adjusted to reflect future rent increases or changes in income. This is the maximum amount that you would be eligible to receive. If you rent a decent, safe and sanitary home where the monthly rent and average estimated utility costs are less than the comparable dwelling, your replacement housing payment will be based on the actual cost of the dwelling. We will not base your payment on any dwelling that is not a comparable replacement home. All replacement housing payments must be paid in installments. Your payment will be paid in # installments.

Should you choose to purchase (rather than rent) a decent, safe and sanitary replacement home, you would be eligible for a downpayment assistance payment which is equal to your maximum replacement housing payment, \$ *. Let us know if you are interested in purchasing a replacement home and we will help you locate such housing.

Please note that all replacement housing must be inspected in order to ensure it is decent, safe and sanitary before any replacement housing payments are made.

If you have any questions about this letter and your eligibility for relocation assistance and payments, please contact (name) , (title) at (phone) , (address) before you make any moving plans. He/she will assist you with your move to a new home and help ensure that you preserve your eligibility for all relocation payments to which you may be entitled.

Remember, do not move or commit to the purchase or lease of a replacement home before we have a chance to further discuss your eligibility for relocation assistance. This letter is important to you and should be retained.

Sincerely,

 (name & title)

Enclosure/s

NOTES.

- * At the agency's discretion, a downpayment assistance payment that is less than \$5,250 may be increased to any amount not to exceed \$5,250. (See 49 CFR 24.402(c)(1))
- 1. The case file must indicate the manner in which this notice was delivered (e.g., personally served or certified mail, return receipt requested) and the date of delivery. (See Paragraph 2-3 I of Handbook 1378.)
- 2. This is a guideform. It should be revised to reflect the circumstances.
- 3. Optional paragraphs for displaced residents of public housing projects (may be modified based on the PHA's resident return policy):

Exhibit 13

"Even though you will be provided all of the assistance the URA requires for a permanent move, the Authority believes that every resident displaced from the site should have the right to reapply for occupancy once this project is complete. For this reason, after project completion, every resident who receives assistance as a "displaced person" will be contacted and offered an opportunity to reapply for occupancy in the newly-revitalized community. Furthermore, because you will be a former occupant who was "displaced" from the site, you will also receive a priority preference to return.

In the event the number of those who request to return and qualify for housing exceeds the number of units available, rating and ranking criteria will be used to identify those who will be offered a unit at the site until all available units are filled. If you do return, the Authority may help defray the costs of the return move. If you have Replacement Housing Payments not yet spent or obligated, you may be asked to forfeit these payments as a condition for returning to public housing, since this assistance will no longer be necessary to meet your housing needs. Such assistance, if not forfeited, must be considered as income and may affect your eligibility and rent."

Exhibit 14

Temporary Relocation 90 DAY NOTICE Guide-form

Property Name
Property Address

Date

Dear (resident),

On (GIN date), (property name) notified you of proposed plans to rehabilitate the property you currently occupy at (address). The project was approved and repairs/rehab will begin 90 days from this notice. We hope you are pleased and excited about the improvements that we will be making to the property to improve safety and attractiveness.

This is your notice that construction will start in 90 days. Do NOT move now. If you choose to move on your own, you will not be provided relocation assistance.

On (date), (property name) will begin moving tenants to their temporary/permanent units if necessary. During this 90 day period (contact name, phone number) will be available to provide assistance and answer any questions you may have. (Describe assistance provided here)

Your temporary/permanent address will be:

Please transfer your utilities over to your temporary/permanent location on this date: _____. We will help you to move to the new unit at a date to be mutually satisfactory.

Before moving you the (Property name) must (re)certify your income and lease. Please call (contact name, phone number) or stop by the office to schedule an appointment to meet. Please bring these documents with you to this meeting. (List docs needed) At this time we will give you your new keys and sign your replacement lease.

We will remind you again about this information and let you know the exact date of your move in a (Temporary Relocation/Transfer) 30 Day Notice. Please do not move now.

If you have any questions about this 90 day notice or the relocation process, please call (contact name, phone number) or come to the leasing office. We appreciate your patience during construction. Thank you.

Sincerely,

Date Delivered:
Delivered By:

APPENDIX 11

Exhibit 14

{and/or}
Resident Signature:

NOTE:

This notice may be modified to reflect your projects' circumstances and may be combined with the Non Displacement Notice and/or Notice of Eligibility. If you choose to do this; Please include all information from this notice.

Exhibit 15

Temporary Relocation/Transfer 30 Day Notice

LETTERHEAD

30 DAY NOTICE TO MOVE

DATE

Dear (resident name and unit #)

By letter dated (date), (property name) notified you of the plans to rehabilitate (property name). And by letter dated (date) you received your Temporary Relocation 90 day notice of the upcoming move.

Your (new/temporary) unit is ready and located at (property address), apartment # (). In order to prepare for your move boxes will be delivered on (date). Your new rent will be \$_____.

Since your unit is ready, your move has been scheduled for (date after 30 days). Please insure that all packing has been completed, and your utilities have been transferred. Please feel free to contact the Relocation Specialist (name) at (#) to sign your paperwork and obtain your keys.

Once again thank you for your cooperation.

(name)

(title)

Resident Signature

Date Received

Exhibit 16

HUD Handbook 1378 - Chapter 6 - Recordkeeping and Reports

Found at website www.hud.gov/relocation or request copy from
Housing and Community Development Department.

APPENDIX 11

Exhibit 17

NOTICE TO VACATE FOR BREACH OF LEASE
Guide-form

(Date)

(Name of all residents)

Re: Notice to vacate for breach of lease

(Street address and swelling unit number, if applicable)

TAA Lease Contract dated _____

(City, State, Zip)

between residents named above and _____

(owner)

Dear Resident (s):

You have violated your lease contract as noted below:

Lease Paragraph or Rule Number: _____

Name of Resident, occupant or guest in violation (if known): _____

Nature of Violation (specific facts): _____

~~On (date) you received a General Information Notice informing you of the planned renovations and telling you that in order to be eligible for relocation assistance you must comply with your lease terms and conditions.~~

This was a substantial breach of your TAA Lease Contract and has jeopardized any assistance you may have qualified for under the Uniform Relocation Act. We are therefore exercising our right under the lease to terminate your rights of occupancy and possession, effective immediately. You are still liable for rent and other charges you may owe under the lease. If you have not already moved out, demand for possession is hereby made and you are hereby given notice to vacate the premises on or before midnight, _____, which is at least one day from the delivery of this notice as noted below (four days if the notice was mailed). Failure to move out by then will result in an eviction suit being filed and a hearing held before the Justice of the Peace. Delay or postponement of such action does not waive our rights.

DATE: notice was given by the method below

SIGNATURE of the owner's representative

The notice was: (check at least one)

- hand delivered to any one of the residents named above;
- hand delivered to any person 16 or older residing in the dwelling;

- posted on the inside of the dwelling's main entry door (not the screen door) that has a keyless bolting device or keyless deadbolt on it;

- sent by regular mail;
- sent by certified mail, return receipt request; or
- sent by registered mail.

Appendix 12

Reserved

Appendix 13

GLO Lien Waiver Form



Texas General Land Office
Community Development and Revitalization
Form 11.25

Conditional Lien Waiver and Release on Interim Payment Affidavit – Contractor

Project Information

Subrecipient or State Representative's Name:	Contract and/or WO:
Applicant Name and Address:	Project #:
Project Legal Description:	
Project Type (Rehabilitation, Reconstruction, etc.):	

Contractor Information

Contractor Name and Address ("Contractor"):	Phone:
--	---------------

Contractor Requested Amount: \$

On receipt by the signer of this document, payment from the Subrecipient in the requested amount (listed above) will be made, payable to the aforementioned Contractor; subsequently, when the payment has been paid by the bank on which it is drawn, this document becomes effective to release any mechanic's lien right, any right arising from a payment bond that complies with a state or federal statute, any common law payment bond right, any claim for payment, and any rights under any similar ordinance, rule, or statute related to claim or payment rights for persons in the signer's position that the signer has on the project's legal description to fulfill the scope of the project.

This release covers the interim payment to the signer for all labor, services, equipment, or materials furnished to the property or to the Subrecipient as indicated in the attached statement(s) or interim payment request(s), except for unpaid retention, pending modifications and changes, or other items furnished.

Before any recipient of this document relies on this document, the recipient should verify evidence of payment to the signer.

Except as specified above, the signer warrants that the signer has already paid or will use the funds received from this interim payment to promptly pay in full all of the signer's laborers, subcontractors, materialmen, and suppliers for all work, materials, equipment, or services provided for or to the above-referenced project in regard to the attached statement(s) or interim payment request(s).

Contractor further understand that this Affidavit is being given pursuant to and in accordance with Sections 53.085 and 53.259 of the Texas Property Code and that the intentional, knowing, or reckless making of a false or misleading statement in this Affidavit constitutes an offense under said Section and is a Class A misdemeanor.

The General Land Office may recapture funds that exceed the maximum allowable rate as outlined in the Program's guidelines; that are not allowed under applicable laws, rules and regulations; or that are otherwise inconsistent with the Contract, including any unapproved expenditures.

The undersigned acknowledges that a failure to accurately certify full and final payment of all bills associated with this contract document will result in exclusion from participation in future contracts that utilize CDBG-DR funds.

Prior to payment, Form 11.11 will need to be submitted to the GLO along with Form SD-424D (Assurances – Construction Programs) and a complete insurance binder for the Subcontractor. The Subrecipient is responsible for ensuring the Contractor remains insured throughout the project and/or until their work is complete and satisfactorily agreed upon.

Certification of Contractor

Printed Name of Contractor Company:	
Name of Authorized Representative:	Title:
Signature of Authorized Representative:	Date:

Notary's Acknowledgment

State of Texas
County of

Before me, a notary public, on this day personally appeared _____, known to me to be the person whose name is that subscribed to the foregoing document and, being by me first duly sworn, declared the statements therein contained are true and correct.

Signature of Notary

Notary Public State of Texas – Printed Name

Date Notary's Commission Expires

NOTARY SEAL



Texas General Land Office
Community Development and Revitalization
Form 11.22

Conditional Lien Waiver and Release on Interim Payment Affidavit – Subcontractor

Project Information

Subrecipient or State Representative's Name:	Contract and/or WO:
Applicant Name and Address:	Project #:
Project Legal Description:	
Project Type (Rehabilitation, Reconstruction, etc.):	

Subcontractor Information

Subcontractor Name and Address ("Subcontractor"):	Phone:
--	---------------

Subcontractor Requested Amount: \$

On receipt by the signer of this document, payment from the Contractor in the requested amount (listed above) payable to the aforementioned Subcontractor will be paid; subsequently, when the payment has been paid by the bank on which it is drawn, this document becomes effective to release any mechanic's lien right, any right arising from a payment bond that complies with a state or federal statute, any common law payment bond right, any claim for payment, and any rights under any similar ordinance, rule, or statute related to claim or payment rights for persons in the signer's position that the signer has on the project's legal description to fulfill the scope of the project.

This release covers the interim payment to the signer for all labor, services, equipment, or materials furnished to the property or to the Contractor as indicated in the attached statement(s) or interim payment request(s), except for unpaid retention, pending modifications and changes, or other items furnished.

Before any recipient of this document relies on this document, the recipient should verify evidence of payment to the signer.

Except as specified above, the signer warrants that the signer has already paid or will use the funds received from this interim payment to promptly pay in full all of the signer's laborers, subcontractors, materialmen, and suppliers for all work, materials, equipment, or services provided for or to the above referenced project in regard to the attached statement(s) or interim payment request(s).

Subcontractor further understand that this Affidavit is being given pursuant to and in accordance with Sections 53.085 and 53.259 of the Texas Property Code and that the intentional, knowing, or reckless making of a false or misleading statement in this Affidavit constitutes an offense under said Section and is a Class A misdemeanor.

The undersigned acknowledges that a failure to accurately certify full and final payment of all bills associated with this contract document will result in exclusion from participation in future contracts that utilize CDBG-DR funds.

Prior to payment, Form 11.11 will need to be submitted to the GLO along with Form SD-424D (Assurances – Construction Programs) and a complete insurance binder for the Subcontractor. The Subrecipient is responsible for ensuring the Subcontractor remains insured through the project, and/or until their work is complete and satisfactorily agreed upon.

Certification of Subcontractor

Printed Name of Subcontractor Company:

Name of Authorized Representative:

Title

:

Signature of Authorized Representative:

Date

:

Notary's Acknowledgment

State of Texas

County of

Before me, a notary public, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared that the statements therein contained are true and correct.

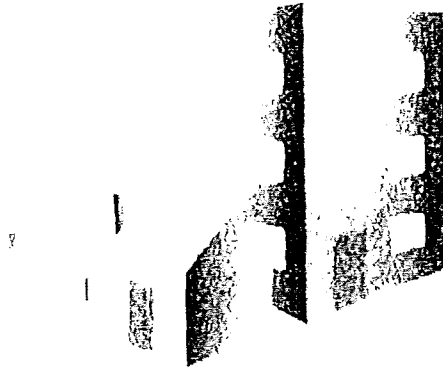
Signature of Notary

Notary Public State of Texas – Printed Name

NOTARY SEAL

Date Notary's Commission Expires

**APPENDIX 14
MINIMUM PROPERTY STANDARDS**



CITY OF HOUSTON
HOUSING AND
COMMUNITY
DEVELOPMENT

**Minimum Property Standards
For New Construction,
Reconstruction, Rehabilitation, &
Maintenance of Multifamily Facilities**

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APPENDIX 14

APPENDIX 14

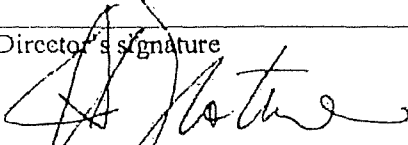
INTRODUCTION

This document is intended to provide the Minimum Property Standards (MPS) for new construction, reconstruction, rehabilitation, and maintenance of multifamily housing facilities that receive federal assistance through the City of Houston Housing & Community Development Department as required by 24CFR §200.925. The primary objective of the Minimum Property Standards is to establish the criteria for the life, health and safety of the residents at the property.

Pursuant to 24CFR§92.251, housing that is constructed or rehabilitated with HOME or CDBG funds must meet all applicable local codes, ordinances, and rehabilitation standards, at the time of project completion. In the absence of a local code addressing new construction, reconstruction, or rehabilitation, HOME-assisted new construction or rehabilitation must meet, as applicable, International Building Code (IBC) or its appropriate sub code, and/or the Minimum Property Standards(MPS) in 24CFR§200.925 and §200.926. Housing must meet the accessibility requirements at 24CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29U.S.C.§794) and covered multifamily dwellings, as defined at 24CFR§100.201, and must also meet the design and construction requirements at 24CFR §100.205, which implement the Fair Housing Act (42U.S.C.§3601-§3619).

The MPS supplement local building codes by requiring properties to meet minimum standards of workmanship, durability and performance of various components of the multifamily property during the period of affordability. These components would include doors, windows, gates, stairwells, wall coverings, kitchen cabinets, carpeting, etc. of the property that would be maintained in good and safe working condition that ensures the life, health and safety of the residents at the property.

To achieve this objective, the Housing & Community Development Department conducts an annual inspection of the property in accordance with the 24CFR§92.251(a) and all local codes, construction standards, and city ordinances. Findings identified during the inspection are required to be resolved by the property owner and management. All repairs, materials, and installations must be meet the aforementioned standards of quality and workmanship.

Director's signature 	Date Director Signed 7/5/2011
---	----------------------------------

APPENDIX 14

DEFINITIONS

- A. **ACCESSORY BUILDING** — A subordinate building or structure that is devoted exclusively to the main use of the property and is located on the property.
- B. **ADA**— Americans with Disabilities Act.
- C. **BATHROOM** — A room with a toilet and a lavatory sink in or near that room, with or without a bathtub or shower.
- D. **BUILDING AREA** — Any structure used or intended to be used for supporting or sheltering any use or occupancy.
- E. **CERTIFIED PROFESSIONAL** —Is one who is knowledgeable and qualified in type of work being performed; one who shows either by experience or academic qualifications, to be able to meet the industry standards for the work being performed.
- F. **DEBRIS** — Includes but is not limited to garbage, rubbish, refuse, or wrecked, decayed, dilapidated, or inoperative vehicles or machinery, and parts thereof.
- G. **DWELLING** — A building or structure, or any part of it, occupied or capable of being lawfully occupied, in whole or in part, for the purpose of human habitation and includes a dwelling unit and a building that would be used for this purpose except for its state of disrepair.
- H. **DWELLING UNIT** — A room or a suite of rooms operated as a housekeeping unit, used or intended to be used as a domicile by 1 or more persons and supporting general living conditions and includes cooking, eating, sleeping, and sanitary facilities.
- I. **EGRESS** – A permanent and unobstructed means of exiting from the dwelling in an emergency escape or rescue situation.
- J. **ENERGY STAR RATED** – Includes all systems, components, equipment, fixtures and appliances that meet strict energy efficiency performance criteria established, as a joint effort, by the federal Environmental Protection Agency, the U.S. Department of Energy and the U.S. Department of Housing and Urban Development and that carry the Energy Star label as evidence of meeting the energy efficiency performance criteria.
- K. **FAIR HOUSING ACT (24CFR§100.25)** — Federal law that prohibits discrimination by direct providers of housing, such as landlords and real estate companies as well as other entities, such as municipalities, banks or other lending institutions and insurance companies whose discriminatory practices make housing unavailable to persons because of race or color, religion, sex, national origin, family status or disability.
- L. **GRAFFITI** — Any unauthorized inscription, mark, word, figure, painting or other defacement that is written, marked, etched, scratched, sprayed, drawn, painted or engraved on or otherwise applied to any surface of public or private property to the extent that the graffiti was not authorized in advance by the owner or occupant of the property.
- M. **GROUND COVER** — Suitable material applied to the ground to prevent erosion of the soil and includes concrete, flagstone, gravel, asphalt, grass or other form of landscaping.

- N. **HABITABLE ROOM** — A room in a dwelling designed, lawfully used or capable of being lawfully used for living, sleeping, cooking or eating purposes. Bathrooms, toilet rooms, closets, halls, storage or utility spaces, and similar areas (rooms) are not considered habitable spaces (rooms).
- O. **HANDRAIL** — A continuously graspable rail forming the top part of a balustrade or guard on stairs, landings, raised walkways and ramps adhered to a wall or a guard forming part of the stair, landing, walkway or ramp intended to provide guidance and support to the user and to arrest falls.
- P. **MINIMUM PROPERTY STANDARDS (MPS)** — The standards for the maintenance and occupancy prescribed for a multifamily property. Using these standards as a baseline for monitoring, a housing inspector identifies the physical deficiencies of a property and dwelling unit that need to be repaired.
- Q. **MULTIFAMILY DWELLING**— A building containing 3 or more dwelling units.
- R. **NONHABITABLE FLOOR AREA** — Any room or space in a dwelling, or dwelling unit, other than a habitable room and includes a washroom, bathroom, toilet room, laundry, pantry, lobby, communicating corridor, stairway, closet, boiler room, garage, or space for service and maintenance of any building for public use and for access to and vertical travel between stories.
- S. **NONRESIDENTIAL PROPERTY** — Land, a building or structure used or capable of being used for other than residential purposes.
- T. **OCCUPANCY** — The use or intended use of a building or part of a building for the shelter or support of persons, animals or property as established by the Building Code and city ordinances.
- U. **PEST**— Any mouse, rat, bed bug, flea, wasp, hornet or cockroach, but does not include and domesticated mouse or rat
- V. **PROPERTY** — A building or structure or part of a building or structure and includes the lands and premises appurtenant thereto and all mobile homes, mobile buildings, mobile structures, outbuildings, fences, retaining walls and erections thereon whether heretofore or hereafter erected, and includes vacant property.
- W. **REPAIR** — Includes the provision of facilities, the making of additions or alterations or the taking of any other action that may be required to ensure that a property conforms with the standards established in a by-law passed under this section. All repairs shall be made in a good workmanlike manner with materials that are suitable and sufficient for the purpose and free from defects. The requirement that repairs be made in a "good workmanlike manner" includes, ensuring the component repaired can perform its intended function and finishing the repair in a manner reasonably compatible in design and color with adjoining decorative finishing materials. Repairs shall be made with "materials that are suitable and sufficient for the purpose" includes a requirement for materials reasonably compatible in design and color with adjoining decorative finishing materials.
- X. **RESIDENTIAL PROPERTY** — Land, a building or structure used, capable of being used, designed or intended for residential use.
- Y. **RETAINING WALL** — A wall or similar structure built to hold back, confine, or sustain the pressure from a bank of earth, loose stone or fill material separating two grade levels

- Z. SANITARY FACILITIES** — A room or rooms containing 1 or more toilets, washbasins, bathtubs or showers or any combination thereof and includes a toilet room.
- AA. SECTION 504 of the REHABILITATION ACT of 1973 (24 CFR§8.22)** — Federal law prohibits discrimination on the basis of disability in any program or activity that receives financial assistance from any federal agency, including the U.S. Department of Housing and Urban Development (HUD) as well as in programs conducted by federal agencies including HUD. This regulation requires that new construction of multifamily projects be designed and constructed to be readily accessible to and usable by persons with disabilities. Both individual units and the common areas in the building must be accessible.
- BB. SEWAGE SYSTEM** — The City sanitary sewer system or a private sewage disposal system approved by the City.
- CC. SPECIFICATIONS** — Sometimes referred to as “written rehabilitation standards” or “specs,” that identify the minimum acceptable grades and types of materials to be used and to provide the basis for how materials and equipment shall be installed.
- DD. STORY** — The portion of a building that is situated between the top of any floor and the top of the floor next above it; or that is situated between the top of the floor and the ceiling above the floor, if there is no floor above it
- EE. VEHICLE** — Includes a motor vehicle, trailer, traction engine, farm tractor, road-building machine, bicycle and any vehicle drawn, propelled or driven by any kind of power, including muscular power.
- FF. WORKMANSHIP** -- refers to the quality of the work performed by a craftsman.
- GG. YARD** — the land within the boundary lines of the property and not occupied by the principal building;



**City of Houston Housing and Community Development Department
Minimum Property Standard for
New Construction and Reconstruction of
Multifamily Rental Housing**

OVERVIEW & APPLICABILITY

The standards contained in this document establish the minimum property standards for New Construction and Reconstruction under the City of Houston's (COH) Multifamily Rental Housing Program.

PURPOSE

This document serves as the minimum standard for City of Houston multifamily rental housing. The minimum standard ensures the property must be free of those foreseeable hazards and adverse conditions that may affect the life, health, and safety of the occupants, and those conditions which may impair the customary use of the property. Fire safety and the structural soundness of the dwelling must be insured as well. In addition to these standards all units must comply with the more restrictive of the following:

- COH Building Code and Code of Ordinances
- The International Building Code (IBC) 2006 adopted by the City of Houston or the latest adopted edition of the IBC and any applicable code required by the pertaining Municipality.
- The International Residential Code (IRC) 2000 adopted by the City of Houston or the latest adopted edition of the IRC and any applicable code required by the pertaining Municipality.
- The International Energy Conservation Code (IECC) 2006 adopted by the City of Houston or the latest adopted edition of the Model Energy Code (MEC) and any applicable code required.
- HUD 24 C.F.R Part 200.925a-c/296 Rules for Multifamily and Care-Type Housing
- HUD C.F.R Part 8 Section 504 of the Rehabilitation Act of 1973, ADA, UFAS, FHA, and TAS where applicable.
- The requirements from other governing entities such as Homeowners Associations, and Local and Federal regulations pertaining to zoning, traffic, drainage, flood plains and fire prevention (NFPA)

MINIMUM STANDARDS FOR PROPERTY EXTERIOR

GRADING & DRAINAGE OF PROPERTY

1. Entire property shall be graded and maintained so no stagnant water will accumulate or stand on the premises, within or around any building or structure located on the premises.
2. Ground areas around buildings shall be sloped away from walls to eliminate low areas where standing water may collect.
3. All rainwater shall be drained and conveyed from every roof so as not to cause dampness/ damage to walls, ceilings, or floors of any habitable rooms, bathroom, toilet room, laundry room, or any other type of room therein.
4. Nowhere on the property shall there be standing water that causes a public health hazard.

NON-DWELLING STRUCTURES

Every foundation, wall, roof, window, door, hatchway, and every other entryway of every non-dwelling structure shall be constructed in a way to prevent the structure from becoming a harborage for rodents, snakes, vermin, and insects, and shall be kept in a state of maintenance and repair.

STEPS, SIDEWALKS, DRIVEWAYS, PARKING LOTS & PAVING

1. All walkways, sidewalks and parking lots are to be designed to comply with all requirements of section 504 of the Rehabilitation Act of 1973 (24 CFR§8.22 & 23) and the Fair Housing Act (24 CFR§100.205).
2. A walkway shall be provided from the principal entrance of every building to a public street or parking lot area.
3. Parking lots are to be graded and drained to prevent ponding of water and to direct the flow of water away from the walls of all buildings.
4. Parking lots are to be provided with suitable markings to indicate parking spaces, fire lanes and the markings shall be maintained so as to be clearly visible.
5. Where parking spaces are adjacent to a building, property line, sidewalks or walking paths, parking stops or a 6" vertical curb shall be provided shall be properly anchored and secured, and properly aligned and positioned to each parking space.
6. Parking lots shall contain adequate lighting.

MISCELLANEOUS

1. Swimming pools, decorative fountains or retention ponds must be enclosed by a fence suitable to prevent unwanted activities or unsupervised children access to those areas. Entrance locations must have acceptable locking hardware.

2. The entire property must be enclosed by a minimum 6' fence constructed of masonry, metal, chain link, wood, or wood composite. Fence structure must be secure enough to withstand wind and rain.

FOUNDATIONS, EXTERIOR WALLS, ROOFS, SOFFITS & FASCIA

1. Every building shall have a foundation acceptable for construction under the provisions of the local building codes, and shall be sound, reasonably plumb, as designed by registered structural engineer.
2. Every foundation, exterior wall, roof, soffit, fascia and all component parts shall be weather tight, watertight, rodent proof, and insect-proof and shall be kept in a state of maintenance and repair.

EXTERIOR WALL

1. All exterior wood surfaces of all non-dwelling structures shall be properly protected from the elements and from decay and rot by lead-free paint or other approved protective coatings.
2. All exterior walls must be of standard construction with a minimum 2x4's at 16 inches on center when appropriate. Insulation sheathing shall be installed on the exterior, covered with an approved exterior siding material.
3. All exterior surface material shall be protected from weather and the elements by lead-free paint or other protective coatings i.e., stain, in accordance with industry recognized standards. The exception to painting shall be all types of exterior materials acceptable to weathering without deterioration, i.e., siding.

WINDOWS & EXTERIOR DOORS

1. All windows and doors must be Energy Star rated.
2. Every habitable room shall have at least one (1) open air space. The minimum total window area, measured between stops, for every habitable room shall be as follows:
 - a. 1/12 of the floor area if two or more separate windows exist, or;
 - b. 1/10 of the floor area if only one window exists;
 - c. A minimum of 12 square feet of window area is required in habitable rooms other than kitchens;
3. Every window sash shall be fully equipped with glass windowpanes, which are without cracks or holes, and all panes shall be secured with an adequate amount of putty. Said putty shall not be cracked, broken or missing.
4. Every window, door and frame shall be constructed and maintained in such relation to the adjacent wall construction, so as to exclude rain, as completely as possible and to the maximum extent feasible substantially exclude wind from entering the dwelling or structure, i.e., it must have adequate weather-stripping. Every window sash shall be in good condition and shall fit tightly within its frame.
5. Every window, other than a "fixed window", shall be capable of being easily opened and shall be held in position by window hardware in accordance with manufacturer's design.

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6. Every front, rear and side door shall be not less than 3'0" in width and not less than 6' 6" in height, except where larger doors and doorways are required.
7. All exterior doors to the outside or to a common public hall shall be solid core and be equipped with security locks.
8. All windows shall have a security device/lock.
9. Every exterior and interior door, door hinge, and door latch and/or lock shall be installed in good working condition.

ROOF COVERING

All roofs must have a minimum 4" to 1'-0" roof pitch. Every roof of a building, and all its components, shall be weather-tight, free from leaks, prevent ponding of water, be free from unsecured or unsafe objects and materials, and have a 25 year minimum life on the materials.

VENTILATION

1. Every window opening to outdoor space, intended to provide for required ventilation, shall be supplied with screens covering the required ventilation area.
2. The material used for all such screens shall be not less than 16 mesh per inch and shall be properly installed to prevent the entrance of flies, mosquitoes or other insects. Half screens on windows may be allowed, provided, they are properly installed and prevent the entrance of flies, mosquitoes or other insects.
3. A kitchen or bathroom is acceptable without a window area, provided, there is a mechanical means of ventilation.

STAIRWAYS, BALCONY'S & HALLWAYS

1. Every interior and exterior stairway, every porch and every appurtenance thereto shall be so constructed as to be safe to use and capable of supporting the load that normal use may cause to be placed thereon.
2. Handrails are not required for interior stairs having not more than 2 risers and serving a single dwelling unit and exterior stairs having not more than 3 risers and serving a single dwelling unit.
3. Handrails are required for all exterior stairs and balconies.
4. All balconies and platforms, which are 30" or more above grade, shall have a protective railing not less than 36" in height above the balcony or platform level.
5. All multiple dwellings shall have a second exit stairway or approved fire escape available to all occupants from the second floor and above of all such structures.

ELECTRICAL & EXTERIOR LIGHTING

1. Public halls, buildings and stairways shall be lighted at all times with an artificial lighting system. The said system shall provide at least 2 foot candles of illumination on all parts thereof, at all times, by means of properly located electric light fixtures, provided, that such

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artificial lighting may be omitted from sunrise to sunset where an adequate amount of natural light is provided. Whenever the occupancy of the building exceeds 100 persons, the artificial lighting system as required herein, shall be on an emergency circuit.

2. The required intensity of illumination shall apply to both natural and artificial lighting.

MINIMUM STANDARDS FOR PROPERTY INTERIOR

MINIMUM CEILING HEIGHT

1. All habitable rooms in a dwelling or dwelling unit shall have a minimum ceiling height of 7'-6".
2. All rooms, except kitchen and/or kitchenettes and baths, shall have a minimum width of 7'-0".
3. At least 1/2 of the floor area of every habitable room located above the 1st floor shall have a ceiling height of 7'-6", and the floor area of that part of any room where the ceiling height is less than 5' shall not be considered as part of the floor area in computing the total floor area of the room for the purpose of determining maximum floor area.

DWELLING ROOMS, FLOORS & DOORS

1. Minimum Room configurations and sizes shall be as follows:
 - a. The minimum standard in a dwelling unit is as follows: One functional toilet with seat, lavatory, towel rack, ring or hook, and either a shower or a bathtub. Any additional baths in a unit, at minimum, must contain one functional toilet with seat, towel rack, ring or hook and a lavatory.
 - b. Single bedrooms shall be at least 100 square feet in area with the room having a minimum dimension on one side of 8'-0". Bedrooms accessed off another bedroom shall not count as a separate room.
 - c. Living rooms shall be at least 80 square feet in area.
 - d. All bedrooms must have access to closets for storage of clothing.
2. Every occupant of every dwelling unit shall have unrestricted access to a toilet, to a bath, and to a kitchen sink and lavatory basin located within that dwelling unit. No dwelling or dwelling unit containing (2) or more sleeping rooms shall have such room arrangement that access to a bathroom or toilet room intended for use by the occupants can be had only by going through another sleeping room or bathroom or toilet room.
3. Every bathroom, toilet room, kitchen and utility room floor surface shall be constructed and maintained so as to be substantially impervious to water and so as to permit such floor to be easily kept in a clean and sanitary condition.
4. Floor covering in bathroom shall be vinyl type or tile and shall be free from defects. Floor finishes shall be slip resistant when wet and shall be sealed around their edges with silicone sealant. Any flooring material that permits water to seep into the subfloor is unacceptable.
5. Laminate, wood, vinyl, or other similar types of flooring is not acceptable in flats above the ground floor level (except for kitchens and bathrooms), due to potential noise disturbance to tenants below.

6. Dwelling units with 2 or more bedrooms shall have an additional storage area of at least 4 square feet per bedroom. This storage requirement does not necessarily have to be located in the bedrooms.
7. All bedrooms must have a functional door, which may be of hollow core material, which closes, and can be locked from the inside. The width must be at least 32".
8. All bathroom doors must be at least 24" wide by 6'-0" in height and have locking doorknobs from the inside of the bathroom or have other ways of locking the door (standard bathroom door knobs).

KITCHEN FACILITY (EXCEPT FOR SINGLE ROOM OCCUPANCY (SRO))

1. Every dwelling unit shall have a kitchen room or kitchenette equipped with the following:
 - a. **Kitchen Sink** - an approved kitchen sink, properly connected to both hot and cold running water lines, properly functions under normal pressure, and maintained in working order.
 - b. **Stove** - a stove (gas or electric), properly connected to the source of power, maintained in working order, and capable of supplying the service for which it is intended. Installation of overhead fans is required over the cooking area. (Stoves may not be required in some efficiency size apartments when approved by the Director.)
 - c. **Refrigerator** - a refrigerator, properly connected to the source of power, maintained in working order, and capable of supplying the service for which it is intended.
2. **Work Space & Utilities** - if tenants are required to furnish their own appliances, the landlord shall furnish sufficient space and all required electrical connections, properly installed, to facilitate the use of said appliances.
3. Every dwelling unit in which meals are prepared shall have a sink that is installed in a counter having a backsplash and a drain board made of material impervious to water. The sink shall be connected to an adequate supply of potable running hot and cold water and be connected to the drainage system of the dwelling unit.
4. Sinks and faucets must meet minimum applicable standards. Sink and a backsplash shall be water and grease resistant.
5. Every dwelling unit shall have a work surface of at least 8 square feet, which shall be impervious to grease and water and a space sufficient to accommodate a cooking range or countertop cooking unit, beside or in the countertop and without placing the device in a doorway or a path of egress.
6. Cabinets, cupboards or pantry for the storage of food, dishes, and cooking utensils shall be provided.
7. Stove shall be either gas or electric and oven shall be clean and provided with shelves. Installation of overhead fans may require installation of a cabinet for attachment of the fan.
8. Each kitchen in a dwelling unit shall have an approved, connected and operating gas or electrical supply for cooking and refrigeration appliances.
9. GFCI (ground fault circuit interrupter) outlet receptacles will be required on all counter tops within 6'-0" of sink areas.

10. Minimum lighting in kitchens will consist of one lighting fixture in the kitchen cooking area and 1 lighting fixture in any adjoining eating/dining area.
11. The refrigerator/freezer shall have a minimum capacity of at least 18 cu ft (refrigerator) and 4 cu ft (freezer) (Smaller refrigerators may be allowed in some efficiency size apartments when approved by the Director.)

BATHROOM FACILITIES

1. Every dwelling unit shall contain a bathroom equipped with the following items:
 - a. A toilet equipped with adequate running water connected to the water supply. The toilet shall be clean, secure, and free of defects, with a secure seat and the bowl shall fill at a reasonable rate. Toilet needs to be connected only to a cold water supply. No toilet or urinal shall be located within a habitable room.
 - b. A wash basin/sink that shall be located in or adjacent to every room that contains a toilet or urinal. Fixtures shall be connected with an adequate supply of potable, hot and cold running water. The sink must have a proper drain with P-trap and be vented to the outside. A water resistant back splash shall be provided of a minimum height of 4" that is sealed around the edges with bathroom grade silicone sealant.
 - c. A bathtub/shower may be in the same room as the toilet and lavatory or in a separate room. The bathtub shall be of a reasonable design so as not to give rise to a slipping hazard to those who use the shower. Bathtub and shower walls shall be covered to a height sufficient to protect the walls from water penetration. Bathtub shall be fitted securely and there shall be no leaks. All shower bases shall be adequately sealed and a curtain rod or door shall be provided of a sufficient standard to prevent water damage to the floor.
 - d. A toilet paper roll holder & towel bar shall be provided within 12" of toilet or tub.
 - e. Medicine cabinet & mirror Medicine cabinets that will limit access by children and a minimum 2'x2' mirror are required in all full baths.
 - f. Light fittings shall be of a sealed type appropriate for bathrooms.
 - g. Ventilation shall be provided.
2. Every toilet and every bath shall be contained in a room or within separate rooms, which affords privacy to a person within said room or rooms.
3. All bathrooms and toilet rooms shall be located within an area accessible from within the building.
4. Every communal bath shall be located within a room or rooms accessible to the occupants of each dwelling unit sharing such facilities, without going through a dwelling unit of another occupant and without going outside of the dwelling.
5. Toilets and bathrooms shall have doors with a privacy-type lock.

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PLUMBING

1. Every dwelling unit shall contain at least the minimum number and types of working plumbing fixtures, consisting of a water closet; a hand wash basin; and a bathtub or shower.
2. Every supplied facility, piece of equipment, or utility which is required under this section, shall be constructed and installed in safe, sanitary working condition, free from leaks, defects and obstructions.
3. Every dwelling and every building to which water is available under pressure through piping shall be provided with piping for hot and cold water connected to every kitchen fixture, every washbasin, bathtub, shower, sink and laundry area; and piping for cold water connected to every toilet and hose bib.
4. Water taps shall be free of defects with no leaks or drips and in good condition (i.e. no dripping) and easy to operate by children or people with finger mobility problems. The type of water tap to be fitted should have a ceramic disc washer and should be quarter turn or lever operated.
5. Every dwelling shall have supplied water-heating facilities which are properly installed, in working condition, and free of leaks; properly connected to any required hot water lines; and capable of heating water to be drawn for every bath as well as general usage.
6. Hot water storage associated with water heating facilities shall be not less than the following minimum capacities:
 - a. One (1) dwelling unit -30 gallons
 - b. Two (2) dwelling units - 40 gallons
 - c. Three (3) or more dwelling units and rooming houses - 50 gallons or more
7. Sizes and/or number of water heaters shall be based upon the number of units served. No water heaters shall be allowed in sleeping rooms, bathrooms or closets, unless closet is dedicated for the purpose of housing plumbing and mechanical equipment. Water heaters in a utility room are acceptable. All water heaters shall be properly vented and sealed and shall be equipped with a pressure relief valve and drip leg.

VENTILATION

1. Every bathroom, toilet room, and kitchen shall comply with the light and ventilation requirements for habitable rooms contained above, except that no window shall be required in adequately ventilated bathrooms, toilet rooms or kitchens equipped with a ventilation system installed in good working condition and located to ensure its proper operation.
2. All bedrooms must have an egress window in addition to the door. Egress windows must be no more than 44" from the floor and permit at least 5.7 square feet of egress area. Windows must be operable, have locking mechanisms, and provide for ventilation. If there are living accommodations in a basement, an egress window is required.
3. All bathrooms must have an operational window, electric vent fan, or other acceptable method of ventilation.
4. Ceiling fans installed in general living areas shall be Energy Star rated and installed to manufacturer's requirements.

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ELECTRICAL & LIGHTING

1. The capacity of the system of circuits and electrical outlets within a building shall be adequate for the intended use of all rooms, and adequate electrical outlets shall be installed to prevent the need for extension cords or other extensions being used as a permanent wiring system.
2. Every habitable room within such dwelling shall contain, at a minimum, 2 separate and remote wall type electric convenience outlets.
3. Habitable rooms over 120 square feet, shall contain, at a minimum, 3 separate and remote wall type electric convenience outlets. All newly installed outlets shall be grounded type outlets.
4. Temporary wiring or extension cords shall not be used as permanent wiring.
5. All receptacles in the kitchen, bathroom and lavatory, must be GFCI type (Ground Fault Circuit Interrupter) and outlets must be provided within 6 feet from any sink or lavatory.
6. Receptacle convenience outlets installed on the exterior of the structure or on open porches, breezeways, garages, utility rooms, etc. shall be of the GFCI type. All electric lighting fixtures installed on the exterior shall be of the type approved for exterior use.
7. All heavy duty appliances, i.e., window air conditioners, freezers, refrigerators, electric stoves, washers, electric dryers, microwaves, etc., shall be supplied with their own dedicated outlet(s) on separate circuits, as applicable.
8. Outlets are required to permit coverage of the entire room by an appliance with a 6 foot cord.
9. Every habitable room shall have at least 1 ceiling or wall type electric light fixture, controlled by a wall switch, or a wall type grounded electric convenience outlet controlled by a remote switch in the interior of the room next to the entrance.
10. Every toilet room, bathroom, laundry, and hallway (where applicable) shall contain at least 1 supplied ceiling or wall type electric light fixture, controlled by a wall switch, and at least 1 wall type grounded electric convenience outlet. Wall type convenience outlets used in bathrooms and kitchens shall be the GFCI type.
11. Light switches in an open staircase must be double switched at the top and bottom of the stairs. Living quarters will be electrically switched at entrances. Weather proof exterior lighting at the front and back doors must be provided, and these lights must be switched from the interior at the entrance.

HEATING & AIR CONDITIONING FACILITIES

1. Each dwelling unit shall be supplied with its own heating & air condition system that is properly installed, in safe and good working condition, and be capable of adequately heating and cooling all habitable rooms, bathrooms, and toilet rooms contained therein to a temperature of at least 72°F measured at a distance of 36" above floor level under ordinary winter and summer conditions. Heating & air conditioning system must be adequate for healthful and comfortable living conditions.
2. Air conditioning equipment shall be installed in accordance with the manufacturer's specifications.
3. Every central heating & air condition units shall be located and installed with the following:

- a. Every heat duct, steam pipe and hot water pipe shall be free of leaks and shall function such that an adequate amount of heat is delivered where intended and in such a manner so as to afford protection against involvement of egress facilities or egress routes in the event of uncontrolled fires in the structure.
 - b. Every fuel burning heating unit or water heater shall be effectively vented in a safe manner to a chimney or duct leading to the exterior of the building. The chimney duct and vents shall be of such a design as to assure proper draft and shall be adequately supported.
 - c. Every steam or hot water boiler and every water heater shall be protected against overheating by appropriate temperature and pressure controls.
 - d. A thermostat that controls both heating and cooling should be located near the return air grill.
4. A/C condenser units shall be a minimum 14 SEER rating. All units shall be installed in a non-obstructed area and well supported on a level surface.
 5. The condenser unit's refrigerant line (larger line) must be insulated, and have secured wiring and connections. An electric disconnect switch shall be installed for maintenance and repairs.

SMOKE DETECTORS

1. All residential structures shall have U.L. approved "hard wired" smoke detectors, properly installed in all bedrooms and in area adjacent to bedrooms in accordance with manufacturer's instructions.
2. When more than one smoke alarm is required in an individual dwelling unit the alarm devices shall be interconnected in such a manner that the actuation of one alarm will activate all of the alarms in the individual unit. The alarm shall be clearly audible in all bedrooms over background noise levels with all intervening doors closed.

ENERGY CONSERVATION

All structures shall comply with certain energy conservation measures (U.S. Department of Energy recommendations). These measures include, but are not necessarily limited to, the following:

1. Installation of insulation or the installation of additional insulation, especially in the attic/ceiling areas: The recommended level for ceiling insulation is to a resistance factor of R-30, wherever possible.
2. An air infiltration barrier, such as Tyvek or approved equal, shall be installed on all exterior walls. The minimum R factor is R-19 or R-13 plus R-5 foam. The installation of fan-fold foam or foam sheathing may be added to increase household R-ratings.
3. The installation of weather stripping at all exterior doors and windows is required. Doors shall be Energy Star rated. Door jams will be sealed and thresholds will be caulked.
4. Provide caulking around exterior doors and windows, at the foundation/sill plate union, and at other air-infiltration areas.
5. All heat ducts and hot water or steam heat distribution piping shall be insulated or otherwise protected from heat loss where such ducts or piping runs are located in unheated spaces.

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Similarly, distribution piping for general use hot water shall also be protected from heat loss where such piping is located in unheated spaces. All water distribution piping shall be protected from freezing.



**City of Houston Housing and Community Development Department
Minimum Property Standard for
Rehabilitation Construction
for Multifamily Rental Housing**

OVERVIEW

The standards contained in this document establish the minimum property standard for Rehabilitation Construction under the City of Houston's Multifamily Rental Housing Program.

PURPOSE

This document serves as the minimum standard for City of Houston multifamily rental housing rehabilitation projects. It is to provide guidance to achieving those **minimum standards in the areas of work which your project may address**. This document **does not mandate that all the outlined areas are undertaken as a part of your project**. This minimum standard is designed to ensure that the property is free of those foreseeable hazards and adverse conditions that may affect the life, health, and safety of the occupants, and those conditions which may impair the customary use of the property. Fire safety and the structural soundness of the dwelling must be insured as well. In addition to these standards all units must comply with the more restrictive of the following for any work undertaken:

- COH Building Code and Code of Ordinances
- The International Building Code (IBC) 2006 adopted by the City of Houston or the latest adopted edition of the IBC and any applicable code required by the pertaining Municipality.
- The International Residential Code (IRC) 2000 adopted by the City of Houston or the latest adopted edition of the IRC and any applicable code required by the pertaining Municipality.
- The International Energy Conservation Code (IECC) 2006 adopted by the City of Houston or the latest adopted edition of the Model Energy Code (MEC) and any applicable code required by the pertaining Municipality.
- The Lead Based Paint regulations as described in 24 CFR, Part 35 for units built before 1978.
- HUD 24 C.F.R Part 200.925a-c/296 Rules for Multifamily and Care-Type Housing
- HUD C.F.R Part 8 Section 504 of the Rehabilitation Act of 1973, ADA, UFAS, FHA, and TAS where applicable.
- The requirements from other governing entities such as Homeowners Associations and Local and Federal regulations pertaining to zoning, traffic, drainage, flood plains and fire prevention (NFPA)

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MINIMUM STANDARDS FOR PROPERTY EXTERIOR

GRADING AND DRAINAGE OF PROPERTY

1. Entire property shall be graded and maintained so no stagnant water will accumulate or stand on the premises, within or around any building or structure located on the premises.
 2. Ground areas around buildings shall be sloped away from walls to eliminate low areas where standing water may collect.
 3. All rainwater shall be drained and conveyed from every roof so as not to cause dampness/ damage to walls, ceilings, or floors of any habitable rooms, bathroom, toilet room, laundry room, or any other type of room therein.
 4. If present, all rainwater draining devices such as gutters and downspouts shall be kept in a state of maintenance and repair.
- Nowhere on the property shall there be standing water that causes a public health hazard.

NON-DWELLING STRUCTURES

Every foundation, wall, roof, window, door, hatchway, and every other entryway of every non-dwelling structure shall be constructed in a way to prevent the structure from becoming a harborage for rodents, snakes, vermin, and insects.

STEPS, SIDEWALKS, DRIVEWAYS, PARKING LOTS & PAVING

1. All walkways, sidewalks and parking lots are to be designed and monitored in accordance with section 504 of the Rehabilitation Act of 1973 (24 CFR§8.22 & 23) and the Fair Housing Act (24 CFR§100.205).
2. A walkway shall be maintained from the principal entrance of every building to a public street or parking lot area.
3. Parking lots shall be appropriately sloped so as to prevent ponding of water and to direct the flow of water to the appropriate storm drainage infrastructure.
4. Paved parking lots shall have clearly visible and suitable markings to indicate parking spaces and fire lanes.
5. Parking stops or a 6" vertical curb shall be provided where parking spaces are adjacent to a building, property line, sidewalks or walking paths, shall be properly anchored and secured, and properly aligned and positioned to each parking space.
6. Parking lots shall contain adequate lighting.

MISCELLANEOUS

1. Swimming pools, decorative fountains or retention ponds must be enclosed by a fence suitable to prevent unwanted activities or unsupervised children access to those areas. Entrance locations must have acceptable locking hardware.

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2. The entire property must be maintained and enclosed by a minimum 6' fence constructed of masonry, wood, wood composite, chain link, or metal. Fence structure must be secure enough to withstand wind and rain.

FOUNDATIONS, EXTERIOR WALLS, ROOFS, SOFFITS & FASCIA

1. Every building shall have a foundation acceptable under the provisions of the local building codes and shall be sound, reasonably plumb, and adequate to carry the loads imposed on them. At the City's sole discretion, reports from certified/licensed professionals commenting on the condition/suitability of the foundations may be required.
2. Every foundation, exterior wall, roof, soffit, fascia and all component parts shall be maintained to be weather tight, watertight, rodent proof, and insect-proof.

EXTERIOR WALL SURFACES

1. All exterior wood surfaces of all non-dwelling structures shall be properly protected from the elements and from decay and rot by lead-free paint or other approved protective coatings. If units are constructed on or before 1978, treatment of all applicable surfaces shall be in full compliance with the Lead Base Paint regulations as found at 24 CFR Part 35, including all future amendments as published by HUD.
2. A lead-based paint analysis must be conducted on structures constructed prior to 1978. If testing reveals the existence of lead-based paint surfaces, they must be removed or covered as prescribed by HUD Lead-Based Paint regulations.
3. All exterior walls framing, exposed during the course of the rehabilitation must be of standard construction with a minimum 2x4's at 16 inches on center, when appropriate. Insulation sheathing shall be installed on the exterior, covered with an approved exterior siding material.
4. All exterior surface material shall be protected from weather and the elements by lead-free paint or other protective coatings i.e., stain, in accordance with industry recognized standards. The exception to painting shall be all types of exterior materials acceptable to weathering without deterioration, i.e., siding.
5. Every exposed ceiling or exterior wall of a residential building when opened or replaced during the course of alterations or renovations shall be insulated, in order to minimize heat loss, air infiltration and moisture condensation on the interior surfaces, in accordance with the local building codes.

WINDOWS & EXTERIOR DOORS

1. All windows and doors being replaced must be Energy Star rated.
2. Every habitable room shall have at least one (1) open air space. The minimum total window area, measured between stops, for every habitable room shall be as follows:
 - a. 1/12 of the floor area if two or more separate windows exist, or;
 - b. 1/10 of the floor area if only one window exists;
 - c. A minimum of 12 square feet of window area is required in habitable rooms other than kitchens;

3. Every window sash shall be fully equipped with glass windowpanes, which are without cracks or holes, and all panes shall be secured with an adequate amount of putty. Said putty shall not be cracked, broken or missing.
4. Every window, door and frame shall be constructed and maintained in such relation to the adjacent wall construction, so as to exclude rain, as completely as possible and to the maximum extent feasible substantially exclude wind from entering the dwelling or structure, i.e., it must have adequate weather-stripping. Every window sash shall be in good condition and shall fit tightly within its frame.
5. Every window, other than a "fixed window", shall be capable of being easily opened and shall be held in position by window hardware in accordance with manufacturer's design.
6. Every front, rear and side door shall be not less than 2' 4" in width and not less than 6' 6" in height, except where larger doors and doorways are required to accommodate handicapped access.
7. All exterior doors to the outside or to a common public hall shall be solid core and be equipped with adequate security locks.
8. All windows shall have a security device/lock.
9. Every exterior and interior door, door hinge, and door latch and/or lock shall be in good working condition, function as originally intended, and when closed, shall fit well within its frame.

ROOF COVERING

1. All pitched roofs must have a minimum 4" to 1'-0" roof pitch.
2. Whenever feasible, in one to three story stick and brick construction, flat roofs over dwelling units should be eliminated in favor of pitched roofs.
3. Reconstruction of the roof should occur whenever the damaged area is wider than 9 feet on the stooped side and leaking cannot be prevented by installation of rolled roofing or rubberized roofing membrane.
4. Every roof of a building, and all its components, shall be weather-tight, free from leaks, prevent ponding of water, be free from unsecured or unsafe objects and materials, and have a 25 year minimum life on the materials.

VENTILATION

1. Every window opening to outdoor space, intended to provide for required ventilation, shall be supplied with screens covering the required ventilation area.
2. The material used for all such screens shall be not less than 16 mesh per inch and shall be properly installed, to prevent the entrance of flies, mosquitoes or other insects. Half screens on windows may be allowed, provided, they are properly installed and are bug and insect tight.
3. A kitchen or bathroom is acceptable without a window area, provided, there is a mechanical means of ventilation in working order.

STAIRWAYS, BALCONY'S & HALLWAYS

1. Every interior and exterior stairway, every porch, and every appurtenance thereto shall be so constructed as to be safe to use and capable of supporting the load that normal use may cause to be placed thereon.
2. Handrails are not required for interior stairs having not more than 2 risers and serving a single dwelling unit and exterior stairs having not more than 3 risers and serving a single dwelling unit.
3. All balconies and platforms, which are 30" or more above grade, shall have a protective railing not less than 36" in height above the balcony or platform level.
4. All multiple dwellings shall have a second exit stairway or approved fire escape available to all occupants from the second floor and above of all such structures.

ELECTRICAL & EXTERIOR LIGHTING

1. Public halls, buildings and stairways shall be lighted at all times with an artificial lighting system. The said system shall provide at least 2 foot candles of illumination on all parts thereof, at all times, by means of properly located electric light fixtures, provided, that such artificial lighting may be omitted from sunrise to sunset where an adequate amount of natural light is provided. Whenever the occupancy of the building exceeds 100 persons, the artificial lighting system as required herein, shall be on an emergency circuit.
2. The required intensity of illumination shall apply to both natural and artificial lighting.
3. All electric panel boxes shall be properly labeled and accessible from either the interior or exterior of the dwelling unit. The electrical switch boxes on the exterior must be capable of being locked, but must allow emergency access. If the unit's panel box is located on the exterior of the unit, it must be locked, but access by the tenant must be provided at all times to address tripped breakers.

PLUMBING - WATER SUPPLY

All dwelling units shall be connected to a municipal water supply..

MINIMUM STANDARDS FOR PROPERTY INTERIOR

MINIMUM CEILING HEIGHT

1. Wherever possible, all habitable room in a dwelling or dwelling unit shall have a minimum ceiling height of 7'-6".
2. All rooms, except kitchen and/or kitchenettes and baths, shall have a minimum width of 7'-0" unless such provision would require major additional reconstruction.
3. At least 1/2 of the floor area of every habitable room located above the 1st floor shall have a ceiling height of 7'-6", and the floor area of that part of any room where the ceiling height is less than 5' shall not be considered as part of the floor area in computing the total floor area of the room for the purpose of determining maximum floor area.

DWELLING ROOMS, FLOORS & DOORS

1. If the project includes redesigning floor plans Minimum Room configurations and sizes shall be as follows:
 - a. single bedrooms shall be at least 100 square feet in area with the room having a minimum dimension on one side of 8'-0".
 - b. Bedrooms accessed solely through another bedroom shall not count as a separate room.
 - c. Living rooms shall be at least 80 square feet in area. Rooms of less than 50 square feet cannot be used as living rooms or bedrooms.
 - d. All bedrooms must have access to closets for storage of clothing. On existing housing, closets in adjoining hall areas are acceptable.
2. Every occupant of every dwelling unit shall have unrestricted access to a toilet, to a bath, and to a kitchen sink and lavatory basin located within that dwelling unit. No dwelling or dwelling unit containing 2 or more sleeping rooms shall have such room arrangement that access to a bathroom or toilet room intended for use by the occupants can be had only by going through another sleeping room or bathroom or toilet room.
3. Every bathroom, toilet room, kitchen and utility room floor surface shall be constructed and maintained so as to be substantially impervious to water and so as to permit such floor to be easily kept in a clean and sanitary condition.
4. Carpeting in bathrooms is generally not considered an appropriate floor material.
5. Laminate, wood, vinyl, or other similar types of flooring is not acceptable in flats above the ground floor level (except for kitchens and bathrooms), due to potential noise disturbance to tenants below.
6. Floor covering in bathroom shall be vinyl type or tile and shall be free from defects. Floor finishes shall be slip resistant when wet and shall be sealed around their edges with silicone sealant. Any flooring material that permits water to seep into the sub floor is unacceptable.
7. When possible, dwelling units with 2 or more bedrooms shall have a storage floor area of at least 4 square feet per bedroom. This storage requirement does not necessarily have to be located in the bedrooms.

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8. All bedrooms must have a functional door, which may be of hollow core material, which closes, and can be locked from the inside. The width must be at least 32".
9. All bathroom doors must be at least 24" wide by 6'-0" in height and have locking doorknobs from the inside of the bathroom or have other ways of locking the door (standard bathroom door knobs).

KITCHEN FACILITY (EXCEPT FOR SINGLE ROOM OCCUPANCY (SRO))

1. Every dwelling unit, shall have a kitchen room or kitchenette equipped with the following:
 - a. **Kitchen Sink** - an approved kitchen sink, properly connected to both hot and cold running water lines, under pressure, and maintained in working order.
 - b. **Stove** - a stove (gas or electric), properly connected to the source of power, maintained in working order, and capable of supplying the service for which it is intended. Installation of overhead fans is required over the cooking area. (Stoves may not be required in some efficiency size apartments when approved by the Director.)
 - c. **Refrigerator** - a refrigerator, properly connected to the source of power, maintained in working order, and capable of supplying the service for which it is intended.
 - d. **Work Space & Utilities** - if tenants are required to furnish their own appliances, the landlord shall furnish sufficient space and all required electrical connections, properly installed, to facilitate the use of said appliances.
2. Every room in which meals are prepared in a dwelling unit shall have a sink that is installed in a counter having a backsplash and a drain board made of material impervious to water. The sink shall be connected to an adequate supply of potable running hot and cold water and be connected to the drainage system of the dwelling unit.
3. Sinks and faucets must meet minimum applicable standards. Sink and backsplash shall be water and grease resistant. P-traps and other drain components under the sink shall be metal and or PVC material.
4. Every dwelling unit in which meals are prepared shall have a work surface of at least 8 square feet, which shall be impervious to grease and water.
5. All counter tops showing evidence of wear, water damage, uplifting of surface material, etc. must be replaced. Replacement counter tops may include prefabricated laminated counter tops when walls are sufficiently square. When walls are not square and constructed of plaster materials, counter tops must be built in place, using acceptable materials and designed appropriately for functional use. Granite may be used when cost is not substantially greater than other commonly used materials.
6. Every reasonable effort shall be made to provide cabinets, cupboards or pantry for the storage of food, dishes, and cooking utensils.
7. When a cabinet's level of wear makes it unsanitary or nonfunctional, it shall be replaced.
8. Stove shall be either gas or electric and oven shall be clean and provided with shelves. Installation of overhead fans may require installation of a cabinet for attachment of the fan.
9. Each kitchen in a dwelling unit shall have an approved, connected and operating gas or electrical supply for cooking and refrigeration appliances.

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10. GFCI (ground fault circuit interrupter) outlet receptacles will be required on all counter tops within 6'-0" of sink areas.
11. Minimum lighting in kitchens will consist of 1 lighting fixture in the kitchen cooking area and one lighting fixture in an adjoining eating/dining area.
12. Every reasonable effort shall be made to provide space in the kitchen sufficient to accommodate a refrigerator/freezer having a minimum capacity of at least 18 cubic feet (refrigerator) and 4 cubic feet (freezer) without impeding accessibility to other areas of the kitchen.

BATHROOM FACILITIES

1. Every dwelling unit shall contain a bathroom equipped with the following items:
 - a. **A toilet** equipped with adequate running water connected to the water supply. The toilet shall be clean, secure, free of defects, with a secure seat, and the bowl shall fill at a reasonable rate. Toilet needs to be connected only to a cold water supply. No toilet or urinal shall be located within a habitable room.
 - b. **A wash basin/sink** that shall be located in or adjacent to every room that contains a toilet or urinal. Fixtures shall be connected with an adequate supply of potable, hot and cold running water and must have hot and cold water knobs and must be in good functioning condition. The sink must have a proper drain with P-trap and be vented to the outside. A water resistant back splash shall be provided of a minimum height of 4" that is sealed around the edges with bathroom grade silicone sealant.
 - c. **A bathtub/shower** may be in the same room as the toilet and lavatory or in a separate room. The bathtub shall be of a reasonable design so as not to give rise to a slipping hazard to those who use the shower. Bathtub and shower walls shall be covered to a height sufficient to protect the walls from water penetration. Bathtub shall be fitted securely and there shall be no leaks. All shower bases shall be adequately sealed and a curtain rod or door shall be provided of a sufficient standard to prevent water damage to the floor.
 - d. **A toilet roll holder & towel bar** shall be provided within 12" of toilet or tub.
 - e. **Medicine cabinet & mirror** Medicine cabinets that will limit access by children and a minimum 2'x2' mirror are required in all full baths.
 - f. **Light fittings** shall be of a sealed type appropriate for bathrooms.
 - g. **Ventilation** shall be provided.
2. Every toilet and every bath shall be contained in a room or within separate rooms, which affords privacy to a person within said room or rooms.
3. All bathrooms and toilet rooms shall be located within an area accessible from within the building.
4. Every communal bath shall be located within a room or rooms accessible to the occupants of each dwelling unit sharing such facilities, without going through a dwelling unit of another occupant and without going outside of the dwelling.
5. Toilets and bathrooms shall have doors with a privacy-type lock and such doors, locks and hardware shall be operable.

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6. When there is decaying ceramic or plastic tile in bath or shower areas, the deteriorated area must be removed. Water proof sheetrock must be installed, and old or new tile reinstalled, grouted, and caulked. Backsplashes above sinks may also be required depending on the condition and layout of sinks and other plumbing.

PLUMBING

1. Every dwelling unit shall contain a minimum number and type of working plumbing fixtures, consisting of a water closet, a hand wash basin, and a bathtub or shower.
2. Every supplied facility, piece of equipment, or utility which is required under this section, shall be constructed or installed in safe, sanitary working condition, free from leaks, defects and obstructions.
3. Potable water supply piping, water discharge outlets, backflow prevention devices or similar equipment shall not be so located as to make possible their submergence in any contaminated or polluted liquid or substance.
4. Every dwelling and every building shall be provided with piping for hot and cold water connected to every kitchen fixture, every washbasin, bathtub, shower, sink and laundry area; and piping for cold water connected to every toilet and hose bib.
5. Water taps shall be free of defects with no leaks or drips and in good condition (i.e. no dripping) and easy to operate by children or people with finger mobility problems. Traditional screw machine head taps should be avoided. The type of water tap to be fitted should have a ceramic disc washer and should be quarter turn or lever operated.
6. Every dwelling shall be connected to adequate water-heating facilities which are properly connected to any required hot water lines; and capable of heating water to be drawn for every bath, as well as general usage.
7. Hot water storage associated with water heating facilities shall be not less than the following minimum capacities:
 - a. One (1) dwelling unit - 30 gallons
 - b. Two (2) dwelling units - 40 gallons
 - c. Three (3) or more dwelling units and rooming houses - 50 gallons or more
 - d. or the property must contain appropriately sized boilers.
8. No water heaters shall be allowed in sleeping rooms, bathrooms or closets, unless closet is dedicated for the purpose of housing plumbing and mechanical equipment. Water heaters in a utility room are acceptable. All water heaters shall be properly vented and sealed and shall be equipped with a pressure relief valve and drip leg.

VENTILATION

1. Every bathroom, toilet room, and kitchen shall comply with the light and ventilation requirements for habitable rooms contained above, except that no window shall be required in adequately ventilated bathrooms, toilet rooms or kitchens equipped with a ventilation system installed and located to ensure its proper operation.
2. Every habitable room shall have at least 1 window or skylight which can easily be opened, or be equipped with such other acceptable device to adequately ventilate the room.

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3. All bedrooms must have an egress window in addition to the door. Egress windows must be no more than 44" from the floor and permit at least 5.7 square feet of egress area. Windows must be operable, have locking mechanisms, and provide for ventilation. If there are living accommodations in a basement, an egress window is required.
4. All bathrooms must have an operational window, a functional electric vent fan, or other acceptable method of ventilation.
5. Ceiling fans installed in general living areas shall be Energy Star rated and installed to manufacturer's requirements.

ELECTRICAL & LIGHTING

1. The capacity of the system of circuits and electrical outlets within a building shall be adequate for the intended use of all rooms, and adequate electrical outlets shall be installed to prevent the need for extension cords or other extensions being used as a permanent wiring system.
2. Every habitable room within such dwelling shall contain at a minimum, 2 separate and remote wall type electric convenience outlets.
3. Habitable rooms over 120 square feet, shall contain, at a minimum, 3 separate and remote wall type electric convenience outlets. All newly installed outlets shall be grounded type outlets.
4. Temporary wiring or extension cords shall not be used as permanent wiring.
5. All receptacles in the kitchen, bathroom and lavatory, must be GFCI type (Ground Fault Circuit Interrupter) outlets and must be provided within 6'-0" from any sink or lavatory.
6. Receptacle convenience outlets installed on the exterior of the structure or on open porches, breezeways, garages, utility rooms, etc. shall be of the GFCI type. All electric lighting fixtures installed on the exterior shall be of the type approved for exterior use.
7. All heavy duty appliances, i.e., window air conditioners, freezers, refrigerators, electric stoves, washers, electric dryers, microwaves, etc., shall be supplied with their own dedicated outlet(s) on separate circuits, as applicable.
8. Outlets are required to permit coverage of the entire room by an appliance with a 6 foot cord. Use of extension cords is discouraged and additional outlets should be provided whenever possible to avoid their use.
9. Every habitable room shall have at least 1 ceiling or wall type electric light fixture, controlled by a wall switch, or a wall type grounded electric convenience outlet controlled by a remote switch preferably in the interior of the room next to the entrance.
10. Every toilet room, bathroom, laundry, furnace room, and hallway (where applicable) shall contain at least 1 supplied ceiling or wall type electric light fixture, controlled by a wall switch, and at least 1 wall type grounded electric convenience outlet. Wall type convenience outlets used in bathrooms and kitchens shall be the GFCI type.
11. Light switches in an open staircase, must be double switched at the top and bottom of the stairs. Living quarters should be electrically switched at entrances, unless impractical.

12. Exterior lighting at the front and back doors must be provided. These lights must be weather proof and switched from the interior at the entrance. All old pendant type lighting fixtures shall be removed and replaced with properly installed non-pendant type fixtures
13. All broken and/or missing switch plates and/or receptacle plates shall be replaced.
14. All outlets and fixtures shall be properly installed and connected to the source of electric power in a proper manner
15. If a unit does not have a central air-conditioning system and central air will not be installed, at a minimum a proper grounded outlet shall be installed under 1 window in each habitable room to allow the occupant(s) to install window air conditioning units.
16. Unit specific lights switched from the outside generally do not need to be moved, unless rewiring to be conducted in the house.

HEATING & AIR CONDITIONING FACILITIES

1. Each dwelling unit supplied with its own heating & air condition system, that system is to be properly installed, in safe and good working condition, and be capable of adequately heating and cooling all habitable rooms, bathrooms, and toilet rooms contained therein to a temperature of at least 72°F measured at a distance of 36" above floor level under ordinary winter and summer conditions. Heating & air conditioning system must be adequate for healthful and comfortable living conditions.
2. All existing heating systems, including but not limited to, chimneys and flues, cut-off valves and switches, limit controls, heat exchangers, burners, combustion and ventilation air, relief valves, drip legs and air, hot water, or steam delivery components (ducts, piping, etc.) that are not being replaced, shall be inspected by certified professionals to be in a safe and proper functioning condition at the time of inspection, by means of written project file documentation.
3. Any dwelling unit having as its only source of heat, space heaters or floor furnaces shall have such units removed and replaced with a proper central heating system.
4. Air conditioning equipment shall be installed in accordance with the manufacturer's specifications.
5. Every central heating & air condition unit shall be located and installed with the following:
 - a. Every heat duct, steam pipe and hot water pipe shall be free of leaks and shall function such that an adequate amount of heat is delivered where intended and in such a manner so as to afford protection against involvement of egress facilities or egress routes in the event of uncontrolled fires in the structure;
 - b. No fuel-burning furnace shall be located in any sleeping room or bathroom unless provided with adequate ducting for air supply from the exterior, and, the combustion chamber for such heating unit shall be sealed from the room in an airtight manner.
 - c. Every fuel burning heating unit or water heater shall be effectively vented in a safe manner to a chimney or duct leading to the exterior of the building. The chimney duct and vents shall be of such a design as to assure proper draft, and shall be adequately supported.
 - d. Every steam or hot water boiler and every water heater shall be protected against overheating by appropriate temperature and pressure limit controls.

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- e. A thermostat that controls both heating and cooling should be located near the return air grill.
6. A/C condenser units that will be replaced shall meet the minimum 14 SEER rating. All units shall be installed in a non-obstructed area, level and be well supported on a level surface.
7. The condenser unit's refrigerant line (larger line) must be insulated and have secured wiring and connections. An electric disconnect switch shall be installed for maintenance and repairs.

SMOKE DETECTORS

1. All residential structures shall have U.L. approved "hard wired" smoke detectors or battery operated smoke detectors, properly installed in all bedrooms and in area adjacent to bedrooms in accordance with manufacturer's instructions.
2. When more than one smoke alarm is required in an individual dwelling unit, the alarm devices shall be interconnected in such a manner that the actuation of one alarm will activate all of the alarms in the individual unit.
3. All smoke detectors shall be operable. The alarm shall be clearly audible in all bedrooms over background noise levels with all intervening doors closed.

ENERGY CONSERVATION

All structures shall comply with certain energy conservation measures (U.S. Department of Energy recommendations). These measures include, but are not necessarily limited to, the following:

1. Installation of insulation or the installation of additional insulation, especially in the attic/ceiling areas. The recommended level for ceiling insulation is to a resistance factor of R-30, wherever possible.
2. When siding is being replaced and/or interior wall finishes of exterior walls are being replaced on a dwelling, such exterior walls are to be provided with insulation and at the recommended resistance factor (r-value) of R-11, or that which is allowed by the stud cavity space. In addition, an air infiltration barrier, such as Tyvek or approved equal, shall be installed on all exterior walls. If new walls are being framed and insulated, the minimum R factor is R-19 or R-13 plus R-5 foam. The installation of fan-fold foam or foam sheathing may be added to increase household R-ratings.
3. The installation of weather stripping at all exterior doors, windows, ground-entry basement doors, etc. is required. Doors, when replaced, shall be Energy Star rated. Door jams will be sealed and thresholds will be caulked.
4. Provide caulking around exterior doors and windows, at the foundation/sill plate union, and at other air-infiltration areas.
5. All heat ducts and hot water or steam heat distribution piping shall be insulated or otherwise protected from heat loss where such ducts or piping runs are located in unheated spaces. Similarly, distribution piping for general use hot water shall also be protected from heat loss where such piping is located in unheated spaces. All water distribution piping shall be protected from freezing.
6. Replacement of single pane window units with thermal units or, the installation of combination storm windows if the single window units will not be replaced.

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7. Any attic access passage ways in individual units should be addressed accordingly so as not to significantly reduce the efficiencies created by the other energy conservation measures being undertaken.

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ADDITIONAL REQUIREMENTS

APARTMENT UNIT & BUILDING AND PARKING TABULATION

The construction drawings shall include an Apartment Unit Tabulation that summarizes the building square footage for all types of apartment units and common areas. This would include the total number of living units per floor; unit descriptions (1 bedroom/1bath, etc.) and total square footage of each unit. Parking space tabulation shall include handicap spaces.

GENERAL NOTES

A statement shall be included in the general notes section of the drawings stating that all design and proposed renovation work for the project is in compliance with all applicable requirements for the project.

REHAB/RENOVATION DRAWINGS

All project designs and drawings for work requiring permits are to be performed by certified professionals. The type of work being performed will dictate the types of drawings that will be required. Please contact the City of Houston Planning Department or other certified professionals for details related to your individual project. One set of approved drawings shall be submitted to COH Housing & Community Development Department prior to the start of project and 1 set of "as-built" drawings at the end of the project.

Regardless of the types of drawings required, the following items are to be included in the set of working drawings:

1. A layout drawing of the entire apartment property, including all apartment buildings/units, common areas, laundry facilities, boiler rooms, access entryways, parking areas, wheel chair ramps, parking spaces, etc.;
1. The location(s) and nature of rehab work that will be performed;
3. Apartment Unit Tabulation that summarizes the building square footage for all types of apartment units and common areas. This would include the total number of living units per floor; unit descriptions (1 bedroom/1bath, etc.) and total square footage of each unit. See attachment 1 for a sample template.
4. Parking Space Tabulation showing the total number of parking spaces, including those spaces designated for handicap parking.
5. All ADA living units on the property, specifying those for individuals with mobility impairments and individuals with sensory impairments.



**City of Houston Housing and Community Development Department
Minimum Property Standard for
Affordability Maintenance
for Multifamily Rental Housing**

OVERVIEW

The standards contained in this document establish the minimum property habitability (MPS) standard for Affordability Maintenance for the City of Houston's Multifamily Rental Housing Program that receives assistance through federal funding from U.S. Department of Housing and Urban Development (HUD).

APPLICABILITY

This minimum standard applies to multifamily rental housing units that currently receive federal assistance or were acquired/developed/rehabilitated using federal assistance.

PURPOSE

This document serves as the minimum standard for City of Houston multifamily rental housing. As a result, the property must be free of those foreseeable hazards and adverse conditions that may affect the life, health, and safety of the occupants, fire safety, and the structural soundness of the dwelling or which may impair the customary use of the property. In addition to these standards all units must comply with the following:

- COH Building Code and Code of Ordinances
- The International Building Code (IBC) 2006 adopted by the City of Houston or the latest adopted edition of the IBC and any applicable code required by the pertaining Municipality.
- The International Residential Code (IRC) 2000 adopted by the City of Houston or the latest adopted edition of the IRC and any applicable code required by the pertaining Municipality.
- The International Energy Conservation Code (IECC) 2006 adopted by the City of Houston or the latest adopted edition of the Model Energy Code (MEC) and any applicable code required by the pertaining Municipality.
- The Lead Based Paint regulations as described in 24 CFR, Part 35 for units built before 1978.
- HUD 24 C.F.R Part 200.925a-c/296 Rules for Multifamily and Care-Type Housing

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- HUD C.F.R Part 8 Section 504 of the Rehabilitation Act of 1973, ADA, UFAS, FHA, and TAS where applicable.
- The requirements from other governing entities such as Homeowners Associations and Local and Federal regulations pertaining to zoning, traffic, drainage, flood plains and fire prevention (NFPA)

MINIMUM STANDARDS FOR EXTERIOR PROPERTY

TREES, BUSHES & LAWN

1. All lawns and any other part of a property shall be kept clean and free from accumulations of junk, rubbish, brush, refuse, litter, garbage and other debris, and any conditions that are health, fire or other hazards.
2. All lawns shall be provided with suitable ground cover to prevent instability and erosion of the soil. Holes or depressions of more than 6" in diameter should be filled to correct drainage problems and remove safety hazards.
3. All lawns, shrubs, hedges, trees and plants shall be planted and maintained in a manner that does not:
 - a. obstruct the safety of the public;
 - b. affect the safety of vehicular or pedestrian traffic;
 - c. constitute an obstruction of view for vehicular traffic;
 - d. wholly or partially conceal or interfere with the use of any hydrant or water valves;
 - e. overhangs or encroach upon any pavement, sidewalk or travelled portion of any street or highway.
4. Trees or parts thereof that are dead, diseased, decayed or damaged, shall be removed or maintained in a condition that is not hazardous to persons expected to be on or about the property.
5. Trees that present a safety hazard because electrical wiring running through them must be trimmed. Trees that could damage the structural integrity of an adjoining building above or below the foundation shall be removed.
6. HVAC condenser units and electrical panels shall be free of shrubs, hedges, weeds, trees and plants that interfere with its operation and access for repairs and maintenance.

GARBAGE & DEBRIS

1. Property shall be kept free of garbage, rubbish, debris or accumulations of such materials that prevent access to or exit from the property in the case of emergency or other safety or health hazard.
2. Every apartment project shall be provided with sufficient trash receptacles to contain all garbage, debris or rubbish which accumulates on the property, and such materials shall be placed for collection in proper receptacles in compliance with applicable local ordinances, and not allowed to accumulate in a manner that would present a life, health and safety issue.
3. Trash receptacles shall be containers that are water-tight, equipped with a tight-fitting cover, rodent-and pest-proof, and shall be maintained in a clean condition without holes or spillage; and closed, or emptied, rinsed and cleaned when not in use, to prevent the escape of offensive odor or debris.
4. Where commercial or on site garbage containers are visible from a public street or land, or the property abuts residential properties, the area where the receptacles are stored shall be enclosed on all sides by wall or solid fence not less than 6' high. Such wall or fence shall contain an adequate door or gate to allow for the removal of garbage or refuse. They shall be

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maintained in a manner that will not attract pests, create a health or other hazard, or obstruct an emergency route, recreation facility, parking area, driveway or walkway.

5. Every unenclosed porch, balcony, and every exterior or interior hallway, stairway and common area shall be kept free of garbage, debris, furniture or appliances, except furniture which is outdoor grade or made weather and water resistant may be placed for use on balconies or porches.
6. Bulk trash, including refrigerators, stoves, washers, dryers and other appliances; unlicensed automobiles and other vehicles; and improperly stored construction materials or firewood should be removed or appropriately stacked as prescribed by City of Houston ordinances.

GRADING & DRAINAGE OF PROPERTY

1. Property shall be graded and maintained so no stagnant water will accumulate or stand on the premises, or within or around any building or structure located on the premises or create unstable soil conditions or erosion.
2. Ground areas around buildings shall be sloped away from walls to eliminate low areas where standing water may collect.
3. All catch basins, storm drains, ditches and swales shall be maintained free from defects and obstructions.
4. Condensation from air conditioners shall not be permitted to discharge onto the exterior wall of a building, pedestrian walkways, sidewalk or street.

STORM GUTTERS & SPLASH BLOCKS

1. Gutters and downspouts shall be maintained watertight and free from leaks, in good working order, and free from any obstructions and hazards, and in a stable condition and shall be securely fastened to the structure.
2. Any above-ground discharge from a downpipe or pipe shall be directed to discharge and be contained on the property in a manner that is not likely to cause damage to any adjoining property or create a hazardous condition on any stairway, walkway, street or boulevard.
3. Gutters and downspouts shall be protected by a suitable finishing material. Deteriorated gutters that impede drainage or cause a safety hazard shall be reinstalled.

PEST CONTROL

The entire property shall at all times be kept free of rodents, vermin, insects and other pests and from conditions which may encourage infestation by pests.

FENCE MAINTENANCE

1. All fences and other enclosures around or on a property shall be maintained in a structurally sound condition and plumb, unless specifically designed to be other than vertical, with a uniform construction, in good repair and free from hazards.

2. Fences, barriers, retaining walls shall be kept free of posters and graffiti and shall be maintained in compliance with all City of Houston ordinances. Any part of a fence or enclosure that creates an illegal entry and access ways has to be repaired immediately.

VACANT BUILDINGS

1. The owner shall protect vacant or unoccupied buildings against the risk of fire, accident or intentional damage to the property, or such damage as may be caused to other properties, arising from the entry of unauthorized persons to the building, by effectively preventing entrance by unauthorized persons.
2. The owner shall protect buildings damaged by accident, storm, neglect or other causes or intentional damage, against further risk of further damage, accident or other danger, and shall effectively prevent entrance thereto by all unauthorized persons, by closing and securing opening(s) to the building(s) with boarding which completely covers the opening.
3. Any structure that is in a state of disrepair or collapse must be repaired or demolished, and any collection of building materials must be removed from the property. Such demolition does not reduce the number of units restricted under Loan Agreements.

NON-DWELLING STRUCTURES

1. Every accessory building shall be maintained with suitable and uniform materials, kept in good repair, free from hazards, and protected by paint, preservatives or other weather-resistant material.
2. All laundry rooms, recreation rooms and any other ancillary rooms, and the facilities, amenities and associated equipment for those rooms, shall be kept clean and maintained in a safe condition and in good repair.
3. All laundry rooms shall be provided with hot and cold running water and properly connected to the drainage system.
4. All laundry rooms shall have a trapped floor drain connected to the drainage system and capable of adequately draining the floor.

STEPS, SIDEWALKS, DRIVEWAYS, PARKING LOTS & PAVING

1. The surfaces of steps, sidewalks & driveways and similar areas of the yard shall be maintained in good repair so as to afford safe passage under normal use.
2. All sidewalks, service walks driveways & patios shall be kept in a state of maintenance and repair, free from obstructions, defects, uneven joints, tripping hazards, etc.
3. All areas used for vehicular traffic or the parking or storage of a vehicle shall be paved with asphalt or concrete or other environmentally safe and dust-free equivalent surface and shall be kept free from dirt, surface dust and refuse; maintained in good repair and free from cracks, holes and ruts.
4. Parking lots are to be properly maintained in a way to prevent ponding of water and to direct the flow of water away from the walls of all buildings.

5. Parking lots are to be provided with suitable markings to indicate parking spaces, and the markings shall be maintained so as to be clearly visible. Signs, decals, pavement markings should be clear, visible and distinctive.
6. Parking stops shall be installed where parking spaces are adjacent to a property line to protect fences and neighboring properties from physical damage and shall be properly anchored and secured and properly aligned and positioned to each parking space.
7. Handicap parking areas shall be maintained so that individuals with disabilities can approach, enter, and exit the areas easily.

MISCELANEOUS

1. The water in swimming pools shall be kept clean and in a sanitary condition free from obnoxious odors and conditions likely to create a breeding environment for insects. Surrounding surface areas for walking and relaxing shall be kept clean of dirt, mold, mildew, etc.
2. Property and building signs and faces shall be maintained without any visible deterioration of the sign or its structure so that the information conveyed by the sign by color, form, graphic, illumination, symbol or writing is clearly legible.
3. Property and building signs and any fastening/supporting structures that are damaged, broken or excessively weathered or faded, or that have a worn, peeled or cracked finish, shall be removed or refinished and put in a good state of repair so that the signs are free from defects or faded lettering.
4. Every dwelling unit shall have a separate and secure mail box or mail receptacle that is maintained in good condition at all times. Identification information on the mail box should be clearly visible.
5. All antennas, satellite dishes, lightning rods and other similar structures and their supporting members shall be maintained in a safe condition and in good repair.
6. Elevators shall be maintained in a clean condition and certified to be in good working order.
7. All elevator parts and appendages, including lighting fixtures, lamps, elevator buttons, floor indicators and ventilation fans, shall be kept in good repair and operational.
8. Coolant lines of HVAC condenser units shall be insulated to insure optimum performance. Insulation shall not be torn or worn out and shall be tightly secured to the gas line.

BUILDING STRUCTURE

1. Every building structure on the property shall be maintained in structurally sound and safe condition.
2. Every part of a building or structure shall be maintained in good repair and in a structurally sound condition so as:
 - a. To be capable of safely sustaining its own weight and any load to which, normally, it might be subjected;
 - b. To be capable of safely accommodating all nominal structural movements without damage, decay or deterioration; and
 - c. To prevent the entry of moisture that would contribute to damage, decay or deterioration.

FOUNDATION

1. The foundation walls and floors shall be maintained in good repair and structurally sound.
2. Foundation walls and crawl spaces and other supporting members of a building or structure shall be stable and not sinking and maintained in good repair and structurally sound.
3. Foundation cracks should be identified, particularly at window areas. All cracks must be filled with epoxy, cement, and rubbed with appropriate cement materials. All cracks exceeding ¼" wide must be investigated by a certified professional to determine the extent of repair work.
4. Areas of the foundation that are spalling (crumbling gravel or rock), have decaying concrete, have collapsed, or are in any other state of disrepair must be addressed to prevent further deterioration or damage to the buildings.
5. Collapsed sections of foundations must be reconstructed as per the written recommendation of a certified professional.
6. Exposed foundation rebar should be cleaned and prepared and surface area patched thoroughly to avoid water penetration.

EXTERIOR WALL SURFACES

1. All exterior surfaces of buildings, structures, fences and retaining walls, including mobile structures and buildings shall be maintained and kept weather resistant so as to prevent their deterioration and entry of vermin and birds. Surfaces shall be free of dirt, mold, mildew, algae and water stains.
2. Exterior walls shall contain no holes or cavities, separation of siding materials, collapse of siding or deterioration of exterior siding materials or openings at the rafters and at the rim joist.
3. All exterior surfaces of buildings, structures, fences and retaining walls, including mobile structures and buildings, shall be repaired by the painting, restoring or repairing of the walls, coping or flashing or by the waterproofing of the joints and of the walls itself.
4. Markings, stains, graffiti, painted slogans, smoke damage or other markings or defacement appearing on any exterior surface shall be removed. If necessary, to maintain the exterior surface, the surface of these areas shall be restored and, resurfaced to the exterior finish of the building or structure.
5. All canopies, marquees, signs, awnings, screens, grilles, stairways, pipes, ducts, standpipes, air conditioners and all similar equipment, attachments and their supporting members shall be maintained in good repair, properly anchored and protected from the elements, so as to prevent decay and rust, by paint or other protective coating.

WINDOWS & EXTERIOR DOORS

1. Windows, skylights, exterior doors and frames and attic access doors shall be maintained in good repair and shall be of such construction so as to minimize drafts and heat losses through the infiltration of outside cold air.

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2. All exterior openings for doors and windows shall be fitted with doors or windows that are maintained in a weather-tight condition to prevent drafts or leakage and protected by suitable materials to prevent the entry of rodents, vermin and insects.
3. Rotted or damaged doors, door frames, window frames, sashes and casings, weather-stripping, caulking, broken glass and missing or defective door and window hardware shall be repaired or replaced.
4. All exterior doors and the entrance door to a dwelling unit shall have hardware so as to be capable of being locked from the outside, and locked or otherwise secured from the interior of the space.
5. All windows in a dwelling unit that are capable of being opened shall be fitted and equipped with screens that are maintained in good repair and free from defects and missing components.
6. All exterior doors and windows capable of being opened shall be free from defective hardware and be capable of being locked or otherwise secured from inside the building.
7. Glazed doors, windows and other transparent surfaces shall be kept reasonably clean in order to permit unimpeded visibility and unrestricted passage.
8. Doors, passageways and exits shall be maintained free from hazardous conditions, obstructions and impediments.

STAIRWAYS, BALCONY'S & HALLWAYS

1. Interior and exterior stairs, landings, balconies, porches and any other means of access shall be maintained so as to be free of holes, cracks and other defects which may constitute possible accident hazards. Treads or risers that show excessive wear or are broken, warped or loose and all supporting structural members that are rotted, rusted or deteriorated shall be repaired or replaced. Treads that have become loose need to be securely anchored to stairwell.
- 2.
3. Handrails shall be installed and maintained in good repair on all exterior stairs which have more than 3 risers and on all interior stairs within dwelling units which have more than 2 risers.
4. Handrails on porches, balconies or raised floor surfaces shall be securely anchored to the floor and/or to the nearest exterior wall so as to not allow any horizontal movement of the handrail.
5. Wood balconies and walkways need to be maintained in good repair and in a structurally sound condition. Structural components that have deteriorated, rotted or are in disrepair shall be replaced to maintain the structural integrity.

ROOF COVERING

1. All structural components of a roof shall provide adequate support for all designed loads, and form a suitable base for the roof covering. If the roof is subjected to a load for which it may not be adequate, the roof shall be cleared of the load to prevent collapse or structural damage.

2. A building roof, including the fascia board, soffit, cornice and flashing around the perimeter of a roof, should be inspected for deterioration and be maintained in a weather-tight condition and able to prevent the leakage of water into the building.
3. On structures over 50 years of age, the truss and support system of roofs must be inspected to ensure adequate construction. When deficiencies are identified, appropriate supports and truss systems must be reconstructed.

PLUMBING

1. The plumbing system in every building shall be maintained in good working order and free from leaks and defects.
2. All water pipes and appurtenances thereto shall be protected from freezing.
3. All clean-out drains shall be enclosed with insert covers that contain no holes.
4. Any sanitary sewage discharged from buildings on the property constitutes a life, health and safety danger to the residents and needs to immediately be repaired.

ELECTRICAL & EXTERIOR LIGHTING

1. The capacity of the electrical connection to a building and the system of circuits and electrical outlets distributing the electrical supply within the building shall be maintained at all times and free from unsafe conditions.
2. Electrical panel boxes must have cover plates and covers for all unused breakers.
3. Every stairway, exterior exit and entrance doorway, bathroom, toilet room, kitchen, hallways, laundry, furnace room and non-habitable work room in a suite, dwelling unit or building shall have a permanently installed lighting fixture that shall be maintained in good working order to provide safe passage.
4. Exterior flood lighting shall be maintained in a good state of repair without any damage to light fixture and its components. Wires shall be properly enclosed to avoid contact with water.
5. Outdoor receptacles must be maintained to be impervious to water intrusion and in a condition that permits easy access and not interfere with lawn maintenance.
6. All exterior electrical wires shall be enclosed in conduit. Conduit that is cracked, broken or is deteriorated shall be replaced.

MINIMUM STANDARDS FOR INTERIOR PROPERTY

WALLS, FLOORS, CEILINGS, DOORS & WINDOWS

1. Floors and floor coverings shall be maintained free from any trip or other hazardous condition and shall be kept in a clean and sanitary condition and free from holes, stains, rubbish and debris.
2. Any repair, replacement or painting required on walls & ceilings shall be such that the material used shall have a finish and facing similar to that of the original covering.
3. Floors of rooms in which plumbing fixtures are installed shall be maintained to be reasonably impervious to water and in a condition that permits easy cleaning.
4. Every wall and ceiling shall be maintained clean and free of holes, cracks and damaged and deteriorated surface material, and each repair shall be finished to reasonably match the existing walls or ceilings.
5. Previously finished walls and other surfaces in public areas of property shall be maintained in good repair and shall be renewed or refinished, when necessary, to maintain a similar appearance.
6. In bathrooms, water proof green rock, blue rock or other similar drywall material must be utilized. Interior walls with decayed sheetrock must be replaced by installing new sheetrock, taping cracks, texturing and repainting.
7. Interior doors, their frames, glass panels and hardware shall be maintained in good repair, and all doors shall be of a good fit in their frames.
8. All damaged or deteriorated door trim and baseboard must be removed and replaced.
9. All doors and hatches to the roof that provide access for the purpose of maintenance shall be kept free of obstructions and locked at all times.
10. All cracked or deteriorating ceilings require an inspection to determine the cause that generated the problem. Every effort should be made to correct the problem before the ceiling is repaired. Cracks must be filled and retextured, and the ceiling completely repainted when treated.
11. When there is decaying ceramic or plastic tile in bath or shower areas, the deteriorated area must be replaced with water proof sheetrock and new tile reinstalled, grouted, and caulked.

KITCHEN FACILITIES

1. All counter tops showing evidence of wear and tear, water damage, uplifting of surface material, etc. must be replaced. Replacement counter tops may include prefabricated laminated counter tops when walls are sufficiently square.
2. Sinks and worktops shall be sealed around edges with silicone sealant to be impervious to water and in a condition that permits easy cleaning.
3. All kitchen plumbing must be inspected to ensure that faucets and drain pipes work properly. All waste pipes and traps shall be free of defects with no leaks or drips.

APPENDIX 14

4. Water taps shall be in good condition (i.e. no dripping) and easy to operate by children or people with finger mobility problems.
5. Any holes around waste pipes and traps shall be sealed so as to prevent the ingress of vermin and pests.
6. Waste disposal unit shall be maintained in operating condition. Electrical connection wires and drain lines should be properly sealed.
7. The refrigerator/freezer or refrigerator and freezer shall be clean and in good working order.
8. All stove gas rings or burners shall be clean and in operating condition. The oven shall be clean and properly working.
9. Kitchen cabinets must have properly functioning doors and/or drawers. Cabinet doors must be in good condition and properly open and close.

BATHROOM FACILITIES

1. The toilet shall be clean, secure, and free of defects, with a secure seat and the tank shall fill at a reasonable rate. All bathroom flooring must be inspected at the base of the toilets to ensure that leaking is not occurring. When leaking has occurred and sub floor has rotted, the sub floor must be removed and replaced.
2. Bathtub or shower and washbasin shall be in good condition and should show no signs of surface build-up, cracks or chips. They shall be sealed around the edges to prevent water intrusion.
3. Waste pipes and taps shall be free of defects with no leaks or drips.
4. Water taps shall be in good condition (i.e. no dripping) and easy to operate by children or people with finger mobility problems.

BEDROOM & LIVING ROOM REQUIREMENTS

1. All bedrooms must have a functional door that closes, which, preferably can be locked from the inside.
2. All switchable light fixtures and electrical outlets in the bedrooms shall be operating condition.

ELECTRICAL

1. The capacity of the system of circuits and electrical outlets within a building shall be adequate for the intended use of all rooms, and adequate electrical outlets shall be installed to prevent the need for extension cords or other extensions being used as a permanent wiring system.
2. All electrical fixtures, switches, receptacles and connections to them shall be maintained in a safe and complete condition and in good working order.
3. All electrical connections must be in enclosed metal or plastic electrical boxes. No hanging wires are permitted.

4. All light fixtures should be inspected to ensure that they are solidly hung and that the electrical connections have not been loosened. All electrical fixtures that evidence wear must be replaced with new fixtures.
5. All electrical outlets and switches must have tight cover plates. Any switches or outlets that are nonfunctional must be inspected by a certified professional to correct.
6. Smoke detectors must be fully operational and shall be clearly audible in all bedrooms over background noise levels with all intervening doors closed. Installation of smoke alarms should be in accordance with the recommendations of the manufacturer. Unacceptable smoke detectors must be removed, properly reinstalled in an acceptable location, and all affected wall or ceiling areas repaired to match surrounding.

MISCELLANEOUS

1. The heating and cooling system and all associated mechanical equipment shall be operated and maintained in good working order, free from unsafe conditions, and in accordance with the requirements of the local building code.
2. All systems of mechanical ventilation shall be maintained in good working order.
3. Every dwelling unit shall be kept free of infestation of pests.
4. Fire extinguishers should be located in the kitchen and be fully loaded and shall be maintained in good working order.
5. Boiler rooms shall be good working condition with drain lines at the temperature and pressure relief valves properly sized and terminated in an acceptable location.

ADDITIONAL REQUIREMENTS BY THE CITY OF HOUSTON

HABITABILITY ORDINANCE 2009-1043

As per the City of Houston's Ordinance 2009-1043 for Habitability Inspections – All apartment communities with 3 or more units (Sec 10-151 of the Houston Code of Ordinances) are required to register with The City of Houston for Habitability Inspection purposes (Habitability Inspection Checklist). To obtain detailed information regarding the program, log on to www.houstonmultifamily.org. For more information, please contact the Habitability Inspections Section at 713-535-7900. See appendix II for Habitability Ordinance 2009-1043.

APARTMENT SECURITY ORDINANCE 2006-1124

As per the City of Houston's Ordinance 2006-1124 for Apartment Security – All apartment communities of ten or more units (Sec 28-282 City of Houston Code of Ordinances) are required to register the ownership of the apartment community with the Multifamily Administrative Unit of the Houston Police Department. To obtain detailed information regarding the program, log on to www.houstonmultifamily.org. For more information, please contact the Habitability Inspections Section at 713-535-7900.

CERTIFICATE OF OCCUPANCY RENEWAL

All properties are required to have a Certificate of Occupancy from the City of Houston Code Enforcement located at 3300 Main Street, Houston, TX 77002.

FIRE INSPECTION

All inspections related to City of Houston Fire Department are coordinated through the City of Houston Habitability Inspection.

Appendix I

APPENDIX 14

PROJECT SUMMARY:

Apartments:

Type	Description	Qty.	Area
A1	One Bedroom, 1 Bath	46	581 s.f.
B1	One Bedroom, 1 Bath	24	620 s.f.
C1	One Bedroom, 1 Bath	131	660 s.f.
C2	One Bedroom, 1 Bath (H.C.)	9	660 s.f.
Total One Bedroom Units		210 Units	130,006 s.f.
D1	Two Bedroom, 1 Bath	41	857 s.f.
D2	Two Bedroom, 1 Bath (H.C.)	3	857 s.f.
E1	Two Bedroom, 2 Bath	63	950 s.f.
E2	Two Bedroom, 2 Bath (H.C.)	5	950 s.f.
F1	Two Bedroom, Den, 2 Bath	2	1,007 s.f.
Total Two Bedroom Units		114 Units	104,332 s.f.
Apartments Total		324 Units	234,328 s.f.
Amenity Center			2,400 s.f.
Leasing Office			1,240 s.f.
Laundry, Boiler, Storage			2,500 s.f.
Project Total			240,468 s.f.

Parking:

Parking Required

210 One Bedroom Units @ 1.333 cars/unit =	279.93 cars
114 Two Bedroom Units @ 1.667 cars/unit =	190.04 cars
Total Required	469.97 cars

Parking Provided

Open Parking (secured)	293 cars
Carport Parking (secured)	150 cars
Total Secured Parking	443 cars
Amenity & Other Parking (non-secured)	27 cars
Total Parking Provided	470 cars

<u>Total Parking Provided:</u>	<u>Van</u>	<u>HC</u>	<u>Standard</u>	<u>Total</u>
	<u>Accessible</u>	<u>Accessible</u>		
Open Parking (secured)	6	11	425	442 cars
Amenity Center	1	0	27	28 cars
Total Parking Provided	7	11	452	470 cars

Appendix II

APPENDIX 14

City of Houston, Texas, Ordinance No. 2009-1043

AN ORDINANCE AMENDING CHAPTER 10 OF THE CODE OF ORDINANCES, HOUSTON, TEXAS, RELATING TO THE HABITABILITY OF MULTI-FAMILY RENTAL BUILDINGS; CONTAINING FINDINGS AND OTHER PROVISIONS RELATING TO THE FOREGOING SUBJECT; PROVIDING FOR SEVERABILITY; CONTAINING A SAVINGS CLAUSE; AND DECLARING AN EMERGENCY.

* * * * *

WHEREAS, the 81st Texas Legislature (Regular Session) passed House Bill 1819 ("HB 1819"), which bill became law on June 19, 2009; and

WHEREAS, HB 1819 added Section 214.219 ("Section 214.219") to the Texas Local Government Code; and

WHEREAS, Section 214.219 requires a municipality with a population of 1.7 million or more to "adopt an ordinance to establish minimum habitability standards for multi-family rental buildings, including requiring maintenance of proper operating conditions" and to "establish a program for the inspection of multi-family rental buildings to determine if the buildings meet the minimum required habitability standards"; and

WHEREAS, HB 1819 requires a municipality subject to Section 214.219 to enact the said ordinance and to establish the said program not later than December 31, 2010; and

WHEREAS, the City is a municipality subject to Section 214.219; and

WHEREAS, the City Council finds that Article V and Divisions 3 and 4 of Article IX of Chapter 10 of the Code of Ordinances, City of Houston, Texas (the "Code of Ordinances") constitute habitability standards for multi-family rental buildings, which standards should be supplemented and strengthened as provided herein; **NOW, THEREFORE,**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. That the findings contained in the preamble of this Ordinance are determined to be true and correct and are adopted as a part of this Ordinance.

Section 2. That Chapter 10 of the Code of Ordinances, Houston, Texas, is amended by adding a new Article IV that reads as follows:

"ARTICLE IV. HOUSTON MULTI-FAMILY HABITABILITY CODE

Sec. 10-151. Title; purpose; conflict with other municipal laws.

This article is, and may be cited as, the 'Houston Multi-Family Habitability Code.' One purpose of this Habitability Code is to comply with Section 214.219 of the Texas Local Government Code. The provisions of this Habitability Code are cumulative of all other laws and regulations of the city, as well as all applicable state and federal laws and regulations. In the event of a conflict between this Habitability Code and another law or regulation of the city, the provisions of this Habitability Code shall control.

Sec. 10-152. Definitions.

In addition to definitions appearing elsewhere in this article, the following words and phrases when used in this article shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Building official means the building official and all persons designated in writing by the building official to act on his or her behalf to construe and to enforce this article.

Habitability refers to the character of a multi-family rental building free of any condition constituting a material risk to the physical safety or health of the building's ordinary tenants. A multi-family rental building substantially free of such conditions is *habitable*.

Multi-family rental building or MFRB means a building that has three or more units. Only for the purposes of the Inspection Program established by this article, *multi-family rental building or MFRB* includes all MFRBs and all accessory buildings (such as a boiler room, laundry room, club house, or garage) on the same tract.

Owner means the current owner (or, collectively, the current owners) of the real property on which a multi-family rental building is located. For the purposes of this article, records available for public view at an official website maintained by the appraisal district in which the MFRB is located are presumed to be accurate with regard to the ownership of real property, but the presumption of ownership may be rebutted by documents properly recorded in the real property records of the county in which the MFRB is located.

Tract means the parcel or parcels of real property on which a

multi-family rental building is located.

Unit means one or more rooms rented for use as a permanent residence under a lease to one or more tenants, except that none of the following shall constitute a *unit*:

- (a) A room or rooms rented primarily for the purpose of receiving services regulated by a department or agency of the federal government or of the State of Texas (including, but not limited to, the Texas Department of State Health Services);
- (b) A room or rooms owned or operated by a public or private college or university accredited by a recognized accrediting agency within the meaning of Section 61.003, Texas Education Code;
- (c) An 'apartment' in a 'condominium' within the meaning of Chapter 81, Texas Property Code; or
- (d) A 'unit' in a 'condominium' within the meaning of Chapter 82, Texas Property Code.

Sec. 10-153. Construction of this Habitability Code.

This article shall not be construed to alter the terms of any lease or other agreement between an owner and a tenant relating to an MFRB, except that no provision of any such lease or other agreement shall be construed to excuse compliance with this article or with any other law or regulation of the city. It is not the purpose of this article to prescribe legal rights or liabilities as between an owner and a tenant.

Sec. 10-154. MFRB Registration.

- (a) The building official shall promulgate a form for the registration of MFRBs, which form shall require disclosure of:
 - (1) The physical address of the MFRB;
 - (2) The account number(s) assigned to the tract by the appraisal district in which the MFRB is located;
 - (3) The number of buildings on the tract;
 - (4) The number of units in each building on the tract;

- (5) A brief description of the intended use of each building on the tract (residential building, boiler room, laundry room, club house, garage, etc.);
- (6) The Project Number(s) appearing on the face of either the Certificate of Occupancy or the Life Safety Compliance Certificate issued by the city for each building on the tract; and
- (7) The name, mailing address, physical address, telephone number, and e-mail address (if available) of at least one owner of the MFRB.

(b) The form promulgated by the building official shall provide a physical address and a mailing address for filing completed MFRB Registration Forms. In addition, the building official shall establish a means by which MFRB Registration Forms may be completed and filed electronically.

(c) An owner of an MFRB shall register the MFRB by completing and filing an MFRB Registration Form with the building official.

(d) An owner of an MFRB shall post a hard copy of the current, completed MFRB Registration Form in or on the MFRB.

(e) If an MFRB was not in existence on January 1, 2010, the owner of the MFRB shall register the MFRB by completing and filing the MFRB Registration Form with the building official no later than 30 days after the MFRB receives a Certificate of Occupancy.

(f) Registration of an MFRB as required by this section shall constitute:

- (1) Registration of the MFRB under section 28-283 of the Code of Ordinances; and
- (2) Compliance with sections 250.003 and 250.004 of the Texas Local Government Code.

(g) No later than 30 days after an owner of an MFRB knows or reasonably should know that a statement on the MFRB Registration Form was incomplete or inaccurate when filed, or has become incomplete or inaccurate since filed, the owner must complete and file an amended MFRB Registration Form.

Sec. 10-155. Habitability standards.

In addition to the habitability standards established by article V and by divisions 3 and 4 of article IX of chapter 10 of this Code:

- (1) An owner of an MFRB violates this article if the MFRB does not comply with:
 - a. All applicable provisions of the Fire Code;
 - b. Sections L102 through L108 of appendix L of the Building Code (which provisions are part of the Building Code's 'Life Safety Appendix');
 - c. Sections 10-211 through 10-215 of this Code (which provisions pertain to the numbering of buildings);
 - d. Sections 43-18 through 43-20 and section 43-23 of this Code (which provisions pertain to swimming pools); and
 - e. Sections 92.153 through 92.162 of the Texas Property Code (which provisions pertain to security devices).
- (2) An owner of an MFRB at all times must post in or on the MFRB:
 - a. A valid Certificate of Occupancy or a valid Life Safety Compliance Certificate; and
 - b. A 'NOTICE TO ALL RESIDENTS' legibly typed or printed in a font 28 points or larger, in both English and Spanish, the substance of which Notice is as follows: 'IF ANY CONDITION of this building CREATES A HAZARD to human safety or health, REPORT THE CONDITION to the building's manager or owner. You also may report the condition to the City of Houston by calling the City's Service Helpline at 311.'
- (3) Any document required by this article to be posted in or on an MFRB must be posted either (a) as provided by the Building Code or (b) by posting an accurate copy of the document in a manner reasonably protected from weather and in a place conspicuous to ordinary tenants no more than five feet from each mailbox facility at which the United States Postal Service delivers mail to tenants or, if no such facility exists, in some

other place equally conspicuous to ordinary tenants of the MFRB.

Sec. 10-156. Powers and duties of building official.

(a) Except for applicable provisions of the Fire Code incorporated herein by reference, the building official has primary responsibility for the enforcement of this Habitability Code.

(b) With regard to MFRBs only, the terms 'director' and 'neighborhood protection official' as used in article V and in divisions 3 and 4 of article IX of chapter 10 of this Code refer to the building official.

(c) With regard to MFRBs only, the building official has powers and duties equal to and concurrent with the health officer for the enforcement of sections 43-18 through 43-20 and section 43-23 of this Code (which provisions pertain to swimming pools).

Sec. 10-157. MFRB Inspection Program.

(a) The building official shall inspect MFRBs pursuant to an inspection program (the 'Multi-Family Rental Building Inspection Program' or the 'MFRB Inspection Program'), as provided in this section.

(b) The building official shall promulgate a checklist (the 'Multi-Family Rental Building Checklist' or the 'MFRB Checklist') of criteria by which the building official shall determine the habitability of MFRBs.

(1) The MFRB Checklist shall have no force or effect until ninety days after copies of City of Houston Ordinance No. 2009-~~2009-1043~~²⁰⁰⁹⁻¹⁰⁴³¹ and the MFRB Checklist have been available for public view in the office of the city secretary and at a website maintained by the city.

(2) The building official may amend the MFRB Checklist; however, an amendment of the MFRB Checklist shall have no force or effect until ninety days after the MFRB Checklist has been available for public view in the office of the city secretary and at a website maintained by the city.

(c) No MFRB shall be inspected under the MFRB Inspection Program until at least forty-five days after the building official has mailed to

¹ The City Secretary shall insert the number of this Ordinance.

the owner a letter stating:

- (1) The first day of thirty consecutive days during which the building may be inspected under the MFRB Inspection Program;
- (2) The physical address of the office of the city secretary and the internet address of the website at which copies of the MFRB Checklist are available for public view;
- (3) The amount of the fee (the 'MFRB Inspection Fee') to be paid to the city prior to the first day of the said thirty consecutive days during which the building may be inspected; and
- (4) The mailing and physical addresses at which the MFRB Inspection Fee may be paid.

(d) The building official shall mail by first-class mail duplicate originals of the letter required by subsection (c) of this section to the owner of the MFRB at the respective addresses:

- (1) Of the owner, according to MFRB Registration Form filed with the building official, or, if the MFRB has not been registered with the building official, according to records available for public view at an official website maintained by the appraisal district in which the MFRB is located; and
- (2) Of the MFRB.

(e) No inspection of an MFRB under the MFRB Inspection Program shall be delayed solely because the owner did not receive or did not understand a letter prepared and sent as required by subsections (c) and (d) of this section.

(f) Notwithstanding anything to the contrary in this article, no employee of the city inspecting an MFRB under the MFRB Inspection Program shall enter a unit without the written permission of a person who has a legal right to occupy the unit.

Sec. 10-158. Fees.

For the inspection of an MFRB under the MFRB Inspection Program the owner shall pay to the city the MFRB Inspection Fee, which fee shall be in the amount of either \$4.00 per unit or \$100.00 (total), whichever amount is greater, plus an administrative fee in the amount of \$10.00.

Sec. 10-159. Remedies.

An owner who violates, or whose MFRB is in violation of, any provision of this article shall be guilty of a misdemeanor punishable upon conviction by a fine of not less than \$500 nor more than \$2,000. Each violation, and each day that a violation continues, shall constitute and be punishable as a separate offense."

Section 3. That nothing in this Ordinance shall delay or otherwise hamper a timely inspection of a multi-family rental building ("MFRB") by the City in response and relating to credible complaints by tenants or other members of the public, such inspections ("reactive inspections"), although not part of the Multi-Family Residential Building Inspection Program ("MFRB Inspection Program") established by this Ordinance, being essential to the public welfare.

Section 4. That, except as otherwise provided by this Ordinance, an owner of an MFRB shall register the MFRB by filing a completed registration form (the "the MFRB Registration Form") with the building official no later than January 31, 2010.

Section 5. That the building official shall use appropriate public and non-public databases to compile a list (the "MFRB List") of the City's MFRBs in numerical order, according to the following priorities:

First, MFRBs not registered with the building official as required by this Ordinance;

Second, MFRBs whose owners have not obtained Certificates of Occupancy or Life Safety Compliance Certificates as required by the Building Code;

Third, MFRBs that were subjects of one or more citations issued during 2009 for violations of the Building Code; and

Fourth, all other MFRBs.

Within the four groups described immediately above, MFRBs shall be ordered in a manner reasonably consistent with their respective dates of construction, older MFRBs first. For the purposes of this Ordinance, the date of an MFRB's construction is the most recent of (a) the date of construction according to the registration required by this Ordinance, unless the building official reasonably concludes that such information is not reliable; or (b) the date of construction according to an official website maintained by the appraisal district in which the MFRB is located; or (c) the date on which the building official issued a Certificate of Occupancy or a Life Safety Compliance Certificate for the MFRB.

Section 6. That the MFRB List shall be available for public view in the office of the City Secretary and at a website maintained by the City at least forty-five days before the building official conducts an inspection pursuant to the MFRB Inspection Program. The office of the City Secretary and said website both shall provide a mailing address for the submission of additional buildings that members of the public believe should be included on the MFRB List. Any building so added to the MFRB List shall be assigned the next consecutive number. In addition:

- (1) A newly constructed or rehabilitated multi-family rental building shall be added to the MFRB List four years after the date on which a Certificate of Occupancy is issued for the building;
- (2) For the purposes of subsection (1) immediately above, a Life Safety Compliance Certificate is not a substitute for a Certificate of Occupancy;
- (3) The building official may add a building to, or delete a building from, the MFRB List as long as the addition or deletion is consistent with the purposes and requirements of this Ordinance; and
- (4) If the building official deletes a building from the MFRB List, the number to which the building had been assigned shall be marked "Deleted," and the building official shall make a reasonable effort to avoid reassigning numbers to buildings on the MFRB List.

Section 7. That the building official's enforcement of the MFRB Inspection Program shall include inspections conducted in the order the buildings appear on the MFRB List, except that, with regard to buildings to whose owners the building official properly has sent letters stating that the buildings will be inspected during the same thirty-day period, the building official may inspect the said buildings in any order during the said period.

Section 8. That, as soon as reasonably possible, the building official shall schedule for a reactive inspection any building added to the MFRB List after February 15, 2010, for which neither a Certificate of Occupancy nor a Life Safety Compliance Certificate has been issued.

Section 9. That, when all buildings on the MFRB List have been inspected under the MFRB Inspection Program, the building official shall reinspect the buildings in the order the buildings appear on the MFRB List, repeating the Inspection cycle *ad infinitum*, except that the building official shall omit from the then-current reinspection cycle any building that during the preceding four years:

- (1) Has been inspected at least once pursuant to the MFRB Inspection Program;
- (2) Has not been the subject of a "notice of violation" within the meaning of the Building Code; and
- (3) Has not been the subject of a citation alleging a violation of the Building Code or of Division 3 or Division 4 of Article IX of Chapter 10 of the Code of Ordinances.

Section 10. That, if any provision, section, subsection, sentence, clause, or phrase of this Ordinance, or the application of same to any person or set of circumstances, is for any reason held to be unconstitutional, void, or invalid, the validity of the remaining portions of this Ordinance or their application to other persons or sets of circumstances shall not

be affected thereby, it being the intent of the City Council in adopting this Ordinance that no portion hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness, or invalidity of any other portion hereof, and all provisions of this Ordinance are declared to be severable for that purpose.

Section 11. That there exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect at 12:01 a.m. on the ninetieth day next following the date of its passage and approval by the Mayor.

PASSED AND APPROVED this 4th day of November, 2009.

Bill White
Mayor of the City of Houston

Requested by Michael S. Marcotte, P.E., Director
Department of Public Works & Engineering

Prepared by Legal Dept. [Signature]
First Assistant City Attorney

AYE	NO	
✓		MAYOR WHITE
••••	••••	COUNCIL MEMBERS
✓		LAWRENCE
✓		JOHNSON
✓		CLUTTERBUCK
✓		ADAMS
✓		SULLIVAN
✓		KHAN
✓		HOLM
	ABSENT	GONZALEZ
✓		RODRIGUEZ
	ABSENT	BROWN
✓		LOVELL
✓		NORIEGA
✓		GREEN
✓		JONES
CAPTION	ADOPTED	

CAPTION PUBLISHED IN DAILY COURT
REVIEW
DATE: NOV 10 2009

Appendix 15 City Workforce Protection Measures

The City is committed to ensuring that the construction it finances protects workers on these projects by making sure they are safe, are compensated in accordance with applicable law and have access to pathways for sustainable careers in the construction industry. Contractors who work on developments financed under this NOFA will be required to implement certain policies designed to ensure every worker on the project is safe, receives appropriate pay, and has a path toward building a career in construction. All contractors of any tier that perform work on the development, unless otherwise specified, will be required to comply with the following workforce protection program and employment measures.

The City acknowledges many of these provisions may require additional costs. The department will consider award requests sufficient to cover additional costs associated with the new requirements. However, the City will still require the limitation of CDBG-DR awards to no greater than 50% of total development costs. The City reserves the right to revise the requirements of the workforce protection measures on an as-needed basis before and after issuance of CDBG-DR awards.

Pay or Play

In an effort to create a level playing field for competing contractors, the Pay or Play program (POP) mandates City Contractors to offer their employees a minimum level of health benefits or contribute a prescribed amount towards "Contractors Responsibility Fund" to defray the costs of providing health care to uninsured people in the Houston and Harris County area.

This program applies to contracts for services in which the total expenditure by the City, including contingencies, amendments, supplemental terms and/or change orders equals or exceeds \$100,000. This program also applies to subcontracts for services in which the total value of the subcontract, including contingencies, amendments, supplemental terms and/or change orders equal or exceeds \$200,000.

All project contractors (of any tier) must comply with the City's Pay or Play policies with regard to every Section 3 worker and apprentice-level worker that they employ for work on the project. Prior to the commencement of a covered contract, the contractor will declare its intent to comply with the Program and will submit a plan for compliance. Contractors will report to the City regarding the identity of covered subcontracts and covered employees working under subcontracts in the form and manner prescribed by the Administer (060).

Pay

If the contractor elects to comply by paying, the contractor will pay to the City \$1 for each regular hour of work performed by covered employees, including covered employees of covered subcontractors. All payments will be deposited into the City shall be deposited in the Contractor Responsibility Fund.

Play

If the contractor elects to comply by "playing", the contractor will provide documentary proof in a form acceptable to the Administrator that it provides the requisite level of health benefits

to each covered employee, and that covered employees of covered subcontractors are provided with health benefits. A contractor must contribute no less than \$150 per covered employee per month toward the total premium cost; and the covered employee may not contribute more than \$150 per month toward the premium. A contractor is deemed to have complied with this provision with respect to a covered employee who is not provided health benefits if the employee refuses the benefits and the employee's contribution to the premium is no more than \$40 per month. Program exceptions such as waivers and types of contracts that do not require participation can be found in Executive Order 1-7. For additional information regarding the City of Houston, Housing and Community Development Department compliance requirements you may visit: <http://vwww.houstontx.gov/housing/multifamilycompliance.html>

Workers' Compensation

The owner and general contractor will provide workers' compensation coverage provided with either project level policy or umbrella policy provided by the owner or GC HCDD will require that the owner and GC place signage onsite to properly inform workers of their benefits under this coverage. Developer must provide the Director of HCDD or his or her designee with evidence of worker's compensation coverage at the time of loan closing.

Awardees will be subject to these terms which will be included within the loan agreement.

Safety Training and Hourly Base Wage Rate

The owner and general contractor will be required to ensure that (1) all individuals performing project work, regardless of job designation or employment status, have received OSHA 10 certification and (2) at least one (1) on-site supervisor with OSHA 30 certification is present on the job site at all times that work is being performed.

In addition, any individual performing project work, regardless of job designation or employment status, will receive a minimum hourly wage of no less than the higher of (1) \$15.00 per hour or (2) the Federal prevailing wage.

If the applicant elects to include their statement on safety training, they will be required to certify within the HCDD contract they will employ contractors with adequate OSHA training. HCDD will require the construction contract with the general contractor include this provision as an addendum. HCDD will test compliance during onsite visits and payment applications.

If the applicant elects to include their statement on an hourly base wage rate, they will be required to certify within the HCDD contract they will comply with the Hourly base rate requirement of \$15.00 per hour for each worker. HCDD will require the construction contract with the general contractor include the Hourly Base Rate of \$15.00 requirement along with the applicable DBRA wage scale as an addendum. HCDD will test compliance during construction.

Awardees will be subject to these terms which will be included within the loan agreement.

Employment Training and Apprenticeships

HCDD expects project contractors to commit to the development of their craft workforce and invest in skills training linked to construction career paths. A minimum of 10% of all labor hours on each project must be performed by individuals enrolled in apprenticeship or craft training programs that are certified by the U.S. Department of Labor.

Owners will be required to certify within the HCDD contract they will employ contractors that adhere to the employment and apprenticeship policy. HCDD will require the construction contract with the general contractor include acknowledgement that 10% of all labor hours will be performed by apprentices enrolled in apprenticeship or craft training programs that are certified by the Department of Labor. HCDD will test compliance during construction. Awardees will be subject to these terms which will be included within the loan agreement.

Section 3

Awardees must, to the greatest extent feasible, employ Section 3 Residents (as defined in Title 24 CFR Part 135) for 30 percent (30%) of the aggregate number of new hires for each year over the duration of the project. At a minimum, awardees must, to the greatest extent feasible, ensure that 10 percent (10%) of all project work hours are performed by Section 3 Residents.

Awardees will be subject to these terms which will be included within the loan agreement.

Employment Classification

HCDD expects its awardees to hire responsible contractors who can reliably verify the proper employment classification of all individuals they engage to perform work on covered projects and provide verified reporting of wages owed and paid to employees and monthly certified payroll data to the City.

All Section 3 workers and apprentice-level workers must be directly employed by a project contractor. In addition, all self-employed workers will be subject to the same compensation standards and protections as other employees/contractors outlined in this policy.

Awardees will be subject to these terms which will be included within the loan agreement.

Davis Bacon and Related Acts (DBRA)/Labor Standards Provisions

All City financed developments require compliance with the Davis-Bacon Labor Standards no matter the use of HCDD's funds. Davis-Bacon and Related Acts require that prevailing wage rates be paid to all construction laborers regardless of job designation or employment status.

Compliance Plan

The Borrower and Owner will be required to submit a plan for implementing these measures. The plan is not required to have detailed procedure, but at minimum an acknowledgement that the applicant will inform general contractors that they and all subcontractors of any tier will be subject to these terms when solicited for the referenced development.

APPENDIX 16
TO LOAN AGREEMENT
REQUIRED PROVISIONS IN MASTER LEASE

The Master Lease shall satisfy the following conditions and shall contain the following terms unless otherwise waived by the Director in his sole discretion:

1. **Insurance.** Master Tenant shall be required to maintain the insurance on the Project required by this Agreement, Appendix 2 hereof and the Deed of Trust including, without limitation, the required waivers of subrogation against the Master Landlord and the City and which names the Master Landlord and the City as an additional insured parties.

2. **Inspections.** The Master Lease shall grant the City and the GLO the same inspections rights set forth under Section 6.6 of this Agreement for periods following Project Completion.

3. **Designated Units; Compliance with Affordability Requirements.** Master Tenant shall be required to comply with the Affordability Requirements and other requirements set forth in Section 6.8 of this Agreement with respect to the Designated Units.

4. **Annual Reevaluation of Rents.** For purposes of monitoring compliance with the Affordability Requirements, Master Tenant shall be required to submit to the Owner as Master Landlord for its approval (which approval shall be contingent upon the City's approval thereof), the rents proposed to be charged by Master Tenant for the coming year for Designated Units and the monthly allowances proposed by Master Tenant for the coming year for utilities and services to be paid by the tenants. In connection with the annual submission of proposed rents, Master Tenant shall reexamine the income of each tenant family living in a Designated Unit. Master Tenant shall calculate the maximum monthly rent in accordance with the Affordability Requirements, and such maximum monthly rent shall be reviewed and approved by the Owner as Master Landlord prior to the date that such rent becomes effective and Owner's approval shall be contingent upon the City's approval of such maximum monthly rent ("Approved Rents"). Any increase in the Approved Rents for Designated Units is subject to the provisions of the leases, in any event, and Master Tenant shall provide tenants not less than thirty (30) days prior written notice before implementing any increase in Approved Rents.

5. **Compliance with Property Standards.** Master Tenant shall be required, throughout the Affordability Period, to maintain the Project in good condition and repair, ordinary wear and tear excepted, in accordance with the Minimum Property Standards set forth in Appendix 13 of this Agreement. City shall have the right to inspect the Project from time to time to ensure compliance with such requirements. Master Tenant shall be required to make any necessary repairs to comply with such requirements in a reasonable period of time; provided, however, any repairs to correct a dangerous condition or imminent hazard shall be commenced immediately upon notice of such dangerous condition or imminent hazard and prosecuted diligently to completion.

6. **Tenant Lease Requirements.** Any new or renewal leases for Designated Units, must be on a form lease approved by the Owner as Master Landlord (and which approval will be contingent upon approval by the City which approval shall not be unreasonably withheld) that shall be used for occupancy of the Designated Units. Master Tenant shall not make any modifications to such form lease without prior written approval from Owner as Master Landlord (which approval will be contingent upon approval from the City which approval shall not be unreasonably withheld). Master Tenant shall be required to enter into leases in such approved form with each tenant of a Designated Unit. The term of each lease of a Designated Unit shall not be less than one year unless Master Tenant and the tenant mutually agree otherwise.

7. **Tenant Selection Policy; Marketing.** Master Tenant shall comply at all times with the approved Tenant Selection Policy and shall not amend the Tenant Selection Policy without the prior written approval of the Owner as Master Landlord (which approval will be contingent upon approval from the City which approval shall not be unreasonably withheld).

Master Tenant shall not refuse to lease a Designated Unit to a prospective tenant because of the status of the prospective tenant as a holder of a certificate of family participation, rental voucher, or comparable tenant-based assistance document under any federal or state assistance program (unless such rental is in conflict with other applicable federal or state requirements).

8. Use of Projects. The Master Lease shall provide that during the term of the Affordability Period, the Designated Units shall be used solely for the purpose of providing housing for the City's LMI Persons in accordance with the provisions of this Agreement, and for no other purpose. Master Tenant shall list the Project on the Houston Housing Authority's ("HHHA") landlords list and shall notify HHA that the Designated Units are available for affordable housing.

9. Maintenance of Record; Financial and Operating Reports; Monitoring. Master Tenant shall follow the recordkeeping requirements required by the City of Houston, including to establish and maintain such records as may be necessary to facilitate review and audit by City representatives (including, without limitation, the Director and City Controller) (collectively, the "City Representatives"), GLO or HUD of the City Loan and any documentation required in connection with the CDBG Regulations under 24 C.F.R. § 570.492 and 24 C.F.R. § 570.493. The City Representatives, GLO and/or HUD or any of their authorized representatives shall have the right to audit Master Tenant's books and record and compliance with these requirements upon reasonable notice to Borrower, Owner as Master Landlord and Master Tenant. If such books and records are located outside of Harris County, Master Tenant agrees to make them available in Harris County, Texas.

(A) Master Tenant shall provide to the Owner as Master Landlord and the Director: (a) quarterly balance sheets and operating statements not later than the 30th day of the

month following the calendar quarter to which the statements relate; (b) monthly rent rolls for the Project not later than the 10th day of the following month which contain at a minimum the following information (or other information as the Master Landlord and/or Director may from time to time require) which correctly reflects, as of the first of each month, for each Designated Unit: the unit number, the number of bedrooms, the tenant name, the effective lease date, the monthly rent and the unit status (i.e., AMI); and (c) financial statements (balance sheet and operating statements) of Master Tenant, in a form acceptable to the Director, within 120 days (for unaudited statements) and six months (for audited statements) following the close of Master Tenant's fiscal years. The annual financial statements of Master Tenant shall be audited by an independent certified public accountant upon the request of the Director. If the Director requires, Master Tenant shall provide such reports at different intervals, but never more frequently than monthly. (B) Using the Monitoring Forms or other forms from time to time established for use by the Director for monitoring purposes of the City's Loan Proceeds or to document compliance with the requirements of this Agreement, Master Tenant shall provide to Master Landlord (who shall provide to the Director) all monthly, quarterly or annual compliance reports as the Director requests.

(C) The City shall have ownership of all information, including reports and data, prepared or assembled by Master Tenant for purposes of meeting CDBG-DR17 Program requirements and the contractual requirements of the Lease; provided, however, Master Tenant or Master Landlord may provide copies of such information to third parties.

(D) Master Tenant shall upon the request of Master Landlord or the City make available to the City and Master Landlord at the location of the Project (or at another location in Houston, Texas) all records, reports and other information and data maintained by Master Tenant

relating to the Project, and shall cooperate with the City and Master Landlord in connection with the City's review of such records and monitoring of the Project.

(E) Master Tenant shall maintain all records and other information relating to the Project for a period of not less than five (5) years following the expiration of the Affordability Period.

(F) Master Tenant shall pay to the City the annual monitoring compliance fee per restricted Unit. The fee is initially \$30.00 per restricted unit annually.

10. **Notice of Claims or Suits.** Master Tenant shall give the Master Landlord and Director prompt written notice of any causes of action, suits, or other proceedings filed or any claims made against the Project or Master Tenant to the extent that it would have a material adverse effect on the Project.

11. **Transactions with Affiliates.** Master Tenant shall not enter into any transaction in connection with the Master Lease or the Project with any director, officer, employee, partner, or affiliate of either Master Tenant, Master Landlord or the Borrower without the prior written approval of the Director.

12. **Taxes and Insurance.** Master Tenant shall pay or shall cause to be paid all applicable taxes for the Project before delinquency and all insurance premiums for the Project at least 15 days before the due date to prevent any lapse in coverage. Master Tenant shall: (1) fund an escrow account with Senior Lender for the payment of taxes and insurance premiums; or (2) provide the Master Landlord and Director with written evidence acceptable to the Master Landlord and Director that taxes and insurance premiums are paid prior to the date that such taxes and insurance premiums are due. To the extent that Master Tenant escrows funds with Senior Lender,

Master Tenant shall provide the Master Landlord and City with evidence of the adequacy of such escrows. Further, to the extent that there is no escrow with the Senior Lender, the Director reserves the right to require Owner to escrow funds for taxes and insurance premiums with the City.

13. **HUD Section 3 Requirements.** If applicable, Master Tenant shall comply at all times with Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) as set forth and supplemented in the City's Housing and Community Development Department's Section 3 Plan and associated documents to the same extent as applicable to Master Tenant and Owner. Master Tenant shall report Section 3 compliance in accordance with 24 C.F.R. Part 135 and 83 Fed. Reg. 5844.

14. **Public Relations and Signage.** All news releases and other public relations efforts, including advertising (except for advertisements solely for the purpose of obtaining tenants for the Project) and signage, must be approved in advance by the Master Landlord and Director, and must properly refer to the City's Loan by the City and the City's Housing and Community Development Department.

15. **Expertise.** Owner shall have the right to approve (subject to the City's approval) Master Tenant's intention to retain any person or firm for the purpose of leasing and managing the Project and Master Tenant shall provide evidence of the expertise and competence of such persons and firms that Master Tenant intends to engage for the purpose of leasing and managing the Project. In addition, the Owner as Master Landlord may require (and shall require at the request of the City) the retention of third party consultants if the Master Tenant fails to demonstrate capacity to handle the Project scope and leasing.

16. **Compliance with Applicable Law.**

(A) Master Tenant shall repair/re-construct, lease, maintain and operate the Project, and conduct all activities under the Master Lease in accordance with all applicable federal, state, and local laws, rules, regulations and ordinances including, without limitation, the those included in the Appendix 1 and those specifically set forth in the Master Lease, as they may be from time to time amended (collectively, the "Applicable Law").

(B) Master Tenant acknowledges and agrees that it is required to comply with all Applicable Law with respect to lead-based paint (42 U.S.C. Sec. 4831(b)) and asbestos containing materials within the Project.

(C) Master Tenant shall cause the Project to comply with the requirements of the Americans With Disabilities Act of 1990 (42 U.S.C. § 12101 et seq.), the Architectural Barriers Act (42 U.S.C. §§ 4151-4157), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794 et seq.) ("Section 504"), and regulations and guidelines promulgated thereunder, as all of the same may be amended and supplemented from time to time, the Texas Architectural Barriers Act, Tex. Gov't. Code Ann. § 469.001 et seq. (1994) and the regulations and guidelines promulgated thereunder, and Chapter 10, subsection 60 of the Texas Administrative Code and the regulations and guidelines promulgated thereunder ("Chapter 10") as all of the same may be amended and supplemented from time to time (collectively, "Accessibility Requirements"). The Project shall meet the Property and Construction Standards outlined in the Multifamily Disaster Recovery Guidelines of the CDBG-DR17 Disaster Recovery Guidelines including, without limitation, the Accessibility Requirements, the Minimum Property Standards, energy efficiency standards (Energy Star, LEED, Enterprise Green ICC-700, and HUD CPD Green Building Checklist), and installation of broadband infrastructure. Five percent (5%) of the total number of units at the Project (i.e. five (5) units), disbursed throughout the Project, shall be designated accessible in

accordance with Section 504 and Chapter 10 using the 2010 ADA Standards for Accessible Design, promulgated by the United States Department of Justice, found at 28 C.F.R. § 35.151 (2013) and 36 C.F.R. Part 1191, App. B and D (2013) (the “2010 ADA Standards”) as modified by HUD. In addition, two percent (2%) of the units at the Project (i.e. two (2) units) shall meet the standards to accommodate the hearing and visually impaired in accordance with Applicable Laws (as defined herein).

17. **Replacement Reserve and Operating Reserve.** In accordance with the Senior Loan Documents, but not later than the first (1st) anniversary after Project Completion, Master Tenant shall establish with Senior Lender, or to the extent not funded with the Senior Lender, a financial institution acceptable to the Master Landlord, and fund as an Operating Expense a “replacement reserve escrow account” (“Replacement Reserve Account”) for the replacement of furniture, fixtures, and equipment used in connection with those units at the Project for which the Work has been completed and for repair of capitalized improvements, in an amount not less than the greater of (i) \$300.00 per unit annually, increased by 3% annually, or (ii) the reserve required by the Senior Lender per Unit per annum. The reserve shall be deposited in equal monthly installments on an amortized basis. (For example if the Project had 100 Units, the monthly payment would be calculated as follows: $100 \text{ Units} \times \$300 \div 12 = \$2,500$ monthly escrow payment). Unless a Default exists, Master Tenant shall be entitled to utilize amounts in the Replacement Reserve Account as necessary, provided that Master Tenant shall replenish the amount withdrawn by continuing to fund deposits to the Replacement Reserve Account in accordance with the preceding sentence. Any replacement reserve amounts required under the Senior Loan Documents may be applied toward satisfaction of the Replacement Reserve Account requirements in this Master Lease. If the Replacement Reserve is not required by the Senior Lender, the Replacement Reserve

Account and all amounts held therein shall be collaterally assigned to the City pursuant to a pledge and account control agreement in form and substance acceptable to the Director in his or her sole and absolute discretion. If the Replacement Reserve is required by the Senior Lender, the City shall have a second lien priority interest in the Replacement Reserve Account and the funds contained therein. On an annual basis, Master Tenant shall provide Master Landlord and City an accounting of the Replacement Reserve Account. Master Landlord shall require the Master Tenant to establish an Operating Reserve for the Project at Project Completion on terms and conditions reasonably acceptable to the Master Landlord and the City.

18. **Consulting, Developer's and Management Fees.** During the Term, no consulting, developer fees or fees to partners of the Master Tenant (but excluding fees payable to Master Tenant's tax credit investor member which are allowed under the Loan Agreement) shall be paid by Master Tenant, directly or indirectly out of the proceeds of the revenue of the Project (except as provided in the Approved Final Operating Budget). Any property management fee or similar fee shall be limited to 5.0% in the gross aggregate of the Project's gross annual income.

20. **Distributions Covenant.** If the Project exceeds a debt service ratio of 1.5 to 1 on an annual (calendar year) basis, the available cash for distribution for such calendar year shall be limited to the cash available between breakeven (1:1 debt service ratio) and a 1.5 to 1 debt service ratio.

Notwithstanding anything to the contrary contained in this Agreement, any distribution in excess of such amount by the Master Tenant shall constitute a Default under the Master Lease by Master Tenant without prior notice and opportunity to cure. Master Tenant acknowledges that any distribution in excess of such amount shall cause a default under the City Loan Agreement with Borrower and Owner. For example: If the debt service on the Project (whether paid by the Master Landlord or Master Tenant) was \$100,000 per year and the available cash before payment of debts was \$200,000, the Project would have a debt service ratio of 2:1. \$100,000 of the cash would be used to pay debt service, \$50,000 (only)

would be available for distribution and the remaining \$50,000 would be reserved by the Landlord or Master Tenant and promptly invested in the capital improvement of the Project or deposited in the Replacement Reserve Account. Cash flow in excess of a 1.5 to 1 debt service ratio shall not be available for distribution and shall be invested in the Project or deposited in the Replacement Reserve Account as provided above. Master Tenant covenants to notify the Owner as Master Landlord and the City in writing at least ten (10) days in advance of any distribution of Project income to Master Tenant's partners, shareholders or members as applicable. Master Tenant shall also provide City with the amount of any Rent payments made to the Owner as Master Landlord which will be counted as a distribution for purposes of calculating distributions under this Section except to the extent utilized to pay debt service. Operating expenses, debt service, Rent and other expenses allowed by the Approved Final Operating Budget may be paid at the Master Tenant level, provided that they do not result in a violation of this Distributions Covenant or any other provisions of this Lease or the City Loan Agreement.

20. SNDA. Master Tenant, Borrower, Owner as Master Landlord and City shall enter into a Subordination, Nondisturbance and Attornment Agreement with respect to the Master Lease and the City Loan in form and substance acceptable to the parties thereto as a condition to the Master Lease.

21. No Assignment of Interests. No assignment of any interest in the Master Lease, the Master Tenant or Owner as Master Landlord shall be made without the consent of the City except as allowed by the Subordination, Nondisturbance and Attornment Agreement between the City, Master Tenant, Borrower and Owner.

EXHIBITS TO LOAN AGREEMENT

EXHIBIT A	Legal Description of the "Land"
EXHIBIT B	Commitments for "Other Financings"
EXHIBIT C	Preliminary Construction Budget
EXHIBIT D	Scope of Work
EXHIBIT E	Construction Schedule

EXHIBIT A

Property Description

TRACT 1:

A TRACT OR PARCEL OF LAND CONTAINING 0.3884 ACRES, (16,917 SQUARE FEET), BEING OUT OF AND A PART OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS; (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

COMMENCING at a ½ " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29" Street), with the west right-of-way line Yates Street, (60 Foot Right-of-Way, Formerly known as House Street), same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner of that certain called 2.2455 acre tract of land being the remainder of said 2.634 Acre Tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said 2.2455 Acre Tract, a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southeast corner of said 2.2455 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said Block 121, a distance of 67.67 feet to a capped, (Landtech), iron rod found for the intersection of the west right-of-way line of Yates Street with the north right-of-way line of Chisum Street, (50 Foot Right-of-Way, Formerly known as Division Avenue), same being the southeast corner of said Block 121, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, along the north right-of-way line of Chisum Street, same being the south line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to a capped, (Landtech), iron rod found for the intersection of the east right-of-way line of St. Elizabeth Street with the north right-of-way line of Chisum Street, same being the southwest corner of said Block 121, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 01" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 67.67 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southwest corner of said 2.2455 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89 degrees, 56' 01" E, across said Block 121, along the common line of said 2.2455 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 0.3884 acres or 16,917 square feet of land, more or less.

TRACT 2:

A TRACT OR PARCEL OF LAND CONTAINING 2.2455 ACRES, (97,813 SQUARE FEET), BEING LOTS 1 THROUGH 10, INCLUSIVE, BLOCK 117, AUGUSTA ADDITION, A SUBDIVISION IN HARRIS COUNTY, TEXAS ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 56, PAGE 139, OF THE HARRIS COUNTY DEED RECORDS, ALONG WITH AND IN ADDITION TO A PORTION OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS

AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, ALONG WITH AND IN ADDITION TO THAT CERTAIN TRACT OF LAND FORMERLY KNOWN AS FARMER AVENUE LOCATED BETWEEN SAID BLOCKS 117 AND 121 AND BEING BOUNDED BY THE EAST LINE OF ST. ELIZABETH STREET (30.00 FOOT RIGHT-OF-WAY, ALSO KNOWN AS DAN STREET) AND THE WEST LINE OF YATES STREET, (60.00 FOOT RIGHT-OF-WAY, FORMERLY KNOWN AS HOUSE STREET), AS DESCRIBED BY INSTRUMENT RECORDED IN VOLUME 1396, PAGE 161, OF THE HARRIS COUNTY DEED RECORDS, SAID 2.2455 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

BEGINNING at a 1/2 " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 foot Right-of-Way, Formerly known as 29th Street), with the west right-of-way line Yates Street, same being the northeast corner of said Block 117, same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00 sec W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, pass at a distance of 200.00 feet a calculated point for the southeast corner of said Block 117, same being the northeast corner of said Farmer Avenue Tract, pass at a distance of 260.00 feet a calculated point for the southeast corner of said Farmer Avenue Tract, same being the northeast corner of said Block 121, and continuing for a total distance of 391.25 feet to a capped, (Precision Surveyors); iron rod set on the common line of said Block 121 for the northeast corner of that certain called 0.3884 acre tract of land out of said 2.634 Acre Tract, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, across said Block 121, along the common line of said 0.3884 Acre Tract, a distance of 250.00 feet to a capped, (Precision Surveyors), iron rod set on the east right-of-way line of St. Elizabeth Street, same being the common line of said Block 121, for the northwest corner of said 0.3884 Acre Tract, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 00" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, pass at a distance of 131.25 feet a calculated point for the northwest corner of said Block 121, same being the southwest corner of said Farmer Avenue Tract, pass at a distance of 191.25 feet a calculated point for the northwest corner of said Farmer Avenue Tract, same being the southwest corner of said Block 117, and continuing for a total distance of 391.25 feet to a capped, (Precision Surveyors), iron rod found for the intersection of the east right-of-way line of St. Elizabeth Street with the south right-of-way line of Lyons Avenue, for the northwest corner of said Block 117, same being the northwest corner of said 2.634 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89° 56' 01" E, along the south right-of-way line of Lyons Avenue, same being the common line of said Block 117, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 2.2455 acres or 97,813 square feet of land, more or less

EXHIBIT B



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Southwest Multifamily Region

*Serving Arkansas, Iowa, Kansas, Louisiana, Missouri, Nebraska,
New Mexico, Oklahoma, and Texas*

Multifamily Customer Service Telephone Line 1-800-568-2893

www.hud.gov

Via Email: bblue@gershman.com

Brian Blue

Director - Underwriting

Gershman Investment Corp.

7800 Forsyth Blvd, Suite 700

St. Louis, MO 63105

Cell: 740.816.6323

SUBJECT: St. Elizabeth Place

Houston, TX 77020

Section 221(d)(4) New Construction

FHA #114-35821

Dear Mr. Blue:

Enclosed is an executed, scanned copy of the Commitment for Insurance Upon Completion, form HUD-2453 for the subject project in the amount of **\$7,325,000**. A hard copy of the Commitment for Insurance Upon Completion will not be issued. Also enclosed are forms, HUD-92264 (Multifamily Summary Appraisal Report), HUD-92264-A (Supplement to Project Income Analysis), HUD-92329 (Property Insurance Schedule), and HUD-92447 (Property Insurance Requirements).

Please acknowledge receipt and acceptance of this Commitment by having the key principle and mortgagee sign on page 17 of the firm commitment. Within three business days, you will be contacted by your assigned Closing Coordinator to discuss the next steps and logistics of the closing process. The fully executed copy must be returned to the assigned Closing Coordinator within ten business days, along with the lender's attorney contact information. Amendment and extension requests, if any, must also be forwarded to the assigned Closing Coordinator prior to submitting your closing documents.

We look forward to the Initial Endorsement of this project. If you have any questions, please call Shatorya A. Modkins, Underwriter at 817-978-5712 or Shatorya.A.Modkins@hud.gov.

Sincerely,

Lantrina Stewart	<small>Digitally signed by: Lantrina Stewart DN: CN = Lantrina Stewart email = Lantrina.D.Stewart@hud.gov C = US O = U.S. Dept. of HUD OU = Multifamily Housing Date: 2022.04.04 11:34:53 -05'00'</small>
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Lantrina Stewart
Underwriting Branch Chief
Southwest Multifamily
Region

Enclosures

*Fort Worth Regional Office
307 W. 7th St. Suite 1000
Fort Worth, Texas 76102*

*Kansas City Satellite Office
400 State Avenue, Suite 300
Kansas City, Kansas 66101*

**COMMITMENT for Insurance of Advances
(Sections 207, 220, 221, 241(a) and 231)**

**OFFICE OF HOUSING
Multifamily Production**

**U.S. Department of Housing
and Urban Development**

WARNING: Federal law provides that anyone who knowingly or willfully submits (or causes to submit) a document containing any false, fictitious, misleading, or fraudulent statement/certification or entry may be criminally prosecuted and may incur civil administrative liability. Penalties upon conviction can include a fine and imprisonment, as provided pursuant to applicable law, which includes, but is not limited to: 18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802, 24 C.F.R. Parts 25, 28 and 30, and 2 C.F.R. Parts 180 and 2424.

FHA Project No.:	114-35821
Project Name:	St. Elizabeth Place
Project Address:	4514 Lyons Ave
	Houston, TX 77020

Gershman Investment Corp.	St. Elizabeth Place LP
("Lender")	("Borrower")
7801 Forsyth Blvd, 3 rd Floor	4300 Lyons Ave., Suite 300
St. Louis, MO 63105	Houston, TX 77020
("Lender Address")	("Borrower Address")

We understand that you, as Lender, have agreed to make a loan to Borrower (the **"Loan"**) in an amount not exceeding the Maximum Loan Amount (defined below), evidenced by a note (the **"Note"**) to be secured by a security instrument (the **"Security Instrument"**) covering real property as shown on the legal description of the property attached hereto as **Exhibit A** (**"Project"**).

It is your intention to present the said Note and Security Instrument to the U.S. Department of Housing and Urban Development (“HUD”) for mortgage insurance under the section of the National Housing Act (the “Act”) identified further below and the Regulations thereunder now in effect (the “Regulations”).

HUD hereby agrees to insure said Note and Security Instrument under the provisions of the Act and Regulations upon the following conditions, all of which must be satisfied before this commitment letter (hereinafter referred to as the “Commitment”) is enforceable against HUD.

Lender and Borrower expressly acknowledge and agree that each numbered item contained in this Commitment, including those in **Exhibit B**, is an independent condition that must be satisfied before HUD is legally obligated to accept the Note and Security Instrument for mortgage insurance. The HUD action that signifies its acceptance of said Note and Security Instrument for mortgage insurance is the “Initial Endorsement” (initial Loan closing for insured advances) or “Final Endorsement” (final Loan closing for insured advances).

The conditions contained herein may include various references to the *Multifamily Accelerated Processing Guide* (the “MAP Guide”), the *Federal Housing Administration Multifamily Program Closing Guide* (the “FHA Closing Guide”), and HUD “Program Obligations” (as defined in the Security Instrument). All applicable provisions of the MAP Guide, FHA Closing Guide, and Program Obligations are hereby incorporated by reference and must be addressed to the satisfaction of HUD prior to Initial Endorsement and Final Endorsement.

The definition of each capitalized term used in this Commitment is indicated with quotation marks, and preceded or followed by data, information, narrative, or reference to another document.

FHA Project No.	114-35821	
“Section of the Act”	221 (d)(4)	
“Firm Commitment Effective Date”	Date SIGNED BY Authorized Agent of HUD, as it appears at the end of this document	
“Firm Commitment Term”	60	Days.
“Maximum Loan Amount”	\$7,325,000	
	Seven Million Three Hundred Twenty Five Thousand Dollars	

MIP owed at Initial Endorsement	\$25,638	
Upfront capitalized MIP percentage rate	.35	%
Annual MIP percentage rate	.35	% Per Annum
"MIP Category"	Affordable	
"Section 50 Signatories"	1. Fifth Ward Community Redevelopment Corporation 2. Thomas R. Cantwell, Jr.	

"Permanent Financing"		
"Permanent Interest Rate"	3.15	% Per Annum
"Amortization Period"	480	Months
"Initial Principal Payment Month"	The first day of the second month following the date of Endorsement	Months after date of Initial Endorsement
"Principal and Interest Payment Amount"	\$26,859.53	Per Month

“Additional Funding Sources”		
“Secondary Financing”	City of Houston Disaster Relief Funds - \$16,452,396	
“Tax Credit Equity”	1. State Historic Tax Credit Equity - \$6,329,590 2. Federal Historic Tax Credit Equity - \$4,482,596	
“Bridge Loan”	N/A	
“Bonds”	N/A	

“Construction Terms”		
“Construction Contract Amount”	\$16,792,715	
“Construction Term”	20	<i>Months</i>
“Surety Bond Amounts”	\$140,395	
“Construction Period Interest Rate”	3.15	<i>% Per Annum</i>
“Cost Certification”	EXEMPT	

“Drawing and Specifications”	St. Elizabeth Place
	December 2020
“Deferred Drawing & Specifications”	N/A
“Survey”	December 14, 2018
	Precision Surveyors – George Gale No. 4678

"Current Davis-Bacon Wage Decision"	
Harris	County
Texas	State
TX20210067 05/07/2021	General Decision No.
2	Modification No.
Residential	Construction Category

"Reserves, Insurance and Escrows"		
"Initial Reserve for Replacement Deposit Amount"	N/A	<i>Prior to Closing</i>
"Annual Reserve for Replacement Amount"	\$25,500	<i>Per Year</i>
"Monthly Reserve for Replacement Payment Rate"	\$2,125	<i>Per Month</i>

"Inspection Fee Amount"	\$89,990
"Exam Fee Amount"	\$14,650
"Flood Insurance"	NOT REQUIRED
"Property Insurance Coverage Amount"	\$7,325,000
"Estimated Insurable Value"	\$16,193,076
"Maximum Allowable Property Insurance Deductible"	\$123,821

“Working Capital Deposit Escrow Amount”	\$146,500	
“Additional Project Capital Amount”	\$21,437,169	
“BSPRA”	N/A	
“Off-site Improvement Cost”	N/A	
“Assurance of Completion Amount for Off-Site Improvements”	N/A	
“Demolition Cost”	N/A	
“Initial Operating Deficit Deposit”	\$347,952	
“Operating Deficit Period”	12	<i>Months after the date of Final Endorsement</i>

“ADDITIONAL & DEAL-SPECIFIC CONDITIONS”	
Additional & Deal-Specific Conditions are identified in Exhibit B	EXHIBIT B

I. UNIFORM CONDITIONS - FIRM COMMITMENT

1. **Firm Commitment Acceptance; Corrections.** The Borrower’s and Lender’s acceptance of the Commitment must be evidenced by the return of a fully executed copy to HUD on or before ten (10) business days from the Firm Commitment Effective Date. This Commitment and exhibits referred to herein, and the Act and Regulations constitute the entire agreement among the parties, and the signature of the Borrower and Lender below hereof evidences acceptance of the terms. Notwithstanding anything to the contrary contained in this Commitment, Borrower and Lender agree to revise and execute any documents HUD determines necessary to complete the Loan closing in accordance with Program Obligations, and/or correct ministerial or clerical errors in the Commitment that are inconsistent with the loan application and supporting documents.
2. **Firm Commitment Term.** This Commitment shall expire after the Firm Commitment Term unless extended by HUD. Upon such expiration, all rights and obligations of the respective parties shall cease, and pursuant to 24 C.F.R. § 200.47, HUD shall not insure the Note and

Security Instrument. Prior to any extension of this Commitment, HUD may, at its option, reexamine this Commitment to determine whether it shall be extended in the same amount, or shall be amended to include a lesser amount. The Firm Commitment Term shall commence on the Firm Commitment Effective Date.

(a) **Reopening of Expired Firm Commitment.** A request for the reopening of this Commitment received within ninety (90) days of its expiration must be accompanied by the reopening fee of \$.50 per \$1,000 of the amount of the expired commitment.

3. **No Material Adverse Change.** Prior to Initial Endorsement the Lender must certify that there has been no material adverse change to the: (a) underwriting assumptions stated on the attachments to this Commitment; (b) financial condition or creditworthiness of the Borrower, or principals thereof; (c) Borrower's ability to perform its obligations or responsibilities under the loan documents; or (d) Project; and no event has occurred, or circumstances exist that may result in such material adverse effect.
4. **Third Party Updates.** HUD may require submission of updated third-party reports and underwriting, which will be subject to HUD review and approval, to extend this Commitment beyond its original expiration. HUD may elect to not insure the Note and Security Instrument as a consequence of any material adverse change to such reports or underwriting.
5. **Compliance with Laws and HUD Requirements.** The Borrower, Lender, and Project shall comply with all Program Obligations, and all applicable state and local laws. All certificates, documents and agreements required by this Commitment and required for closing are on HUD forms or, if no HUD form is available, must be approved by HUD. The closing procedures and requirements in the FHA Closing Guide are followed, including procedures for changes to closing documents when requested. To the extent any condition references a specific form number, HUD may require the use of any renumbered, successor, or otherwise formally updated version.
6. **Draft Closing Documents.** Draft closing documents shown in comparison form against the model forms, conforming to the terms of this Commitment, must be submitted not less than fifteen (15) business days prior to Initial Endorsement and/or Final Endorsement. After review, the place and date of the closing will be designated, at which time the documents and exhibits in final form shall be delivered to HUD for approval. Borrowers and Lenders must use the most recent closing checklists for Initial Endorsement and Final Endorsement found here: [https://www.hud.gov/OGC Multifamily Closing Documents Checklist](https://www.hud.gov/OGC_Multifamily_Closing_Documents_Checklist)
7. **Closing Statement Certification.** Upon closing, the Lender must submit a certified loan closing statement signed by the Lender and Borrower that itemizes the disbursement of Loan proceeds and Borrower's cash contribution, if any. The statement regarding the disbursements must be specific and list the amounts to be paid to satisfy the Borrower's obligations for: (1) existing or other indebtedness in a refinancing transaction, (2) repairs, (3) discounts, (4) financing fees, (5) legal expenses, (6) organizational expenses, (7) title and recording costs, and (8) any Lender required escrows for GNMA, taxes, or insurance. The

certified closing statement signed by the Borrower and Lender must include the following certification:

WARNING: Federal law provides that anyone who knowingly or willfully submits (or causes to submit) a document containing any false, fictitious, misleading, or fraudulent statement/certification or entry may be criminally prosecuted and may incur civil administrative liability. Penalties upon conviction can include a fine and imprisonment, as provided pursuant to applicable law, which includes, but is not limited to: 18 U.S.C. 1001, 1010, 1012; 13 U.S.C. 3729, 3802, 24 C.F.R. Parts 25, 28 and 30, and 2 C.F.R. Parts 180 and 2424.

8. **Assurance of Permanent Financing.** Prior to Initial Endorsement, the Lender must provide HUD with a commitment for a permanent loan or other firm written assurance demonstrating that permanent financing will be available at the rate shown in the firm commitment application. The form of assurance must address, but is not limited to the: (1) source of financing; (2) term; (3) interest rate; (4) extension provisions; (5) dates for delivery of the permanent mortgage; and (6) any conditions that are, will be part of, or will impact on the permanent financing arrangements.
9. **Electronic Documents.** Acceptance of this Commitment includes the Lender's agreement to provide, within five (5) business days after closing, a CD or USB flash drive containing electronic copies of the fully executed and otherwise collected closing documents. The CD or USB flash drive should be submitted to the assigned HUD closing coordinator and the HUD closing attorney.
10. **HUD Review.** HUD reserves the right to examine the Lender's file materials related to the underwriting of the Note and Security Instrument at any time during the ten (10) -year period following Initial or Initial/Final (as applicable) Endorsement. If there is evidence of fraud or misrepresentation by the Lender, HUD reserves its legal rights under the contract of mortgage insurance and Mortgagee Review Board requirements. The Lender agrees to retain, in accessible files, all materials related to the underwriting of the Note and Security Instrument for a period of ten (10) years, even though the Note and Security Instrument itself may be sold to another entity.

UNIFORM CONDITIONS - SECURITY

11. **Form of the Note and Security Instrument.** The Note and Security Instrument to be insured shall be in the form prescribed by HUD for use in connection with loans insured under the Act in the locality in which the property is situated.
12. **First Lien Security Interest.** The Borrower and Lender, as applicable, shall provide a security agreement, UCC financing statements, and such other documents as required under State law, granting Lender and HUD a perfected first lien security interest in the UCC Collateral (as that term is defined in the Security Instrument, form HUD-94000M) for the duration of the insured Note and Security Instrument (subject only to liens for taxes and

assessments that are not delinquent). For § 241 loans only, the preceding provision is modified to substitute “second” in lieu of “first.”

13. **Title Policy.** Prior to Initial Endorsement and again prior to Final Endorsement, the Borrower shall present to HUD an ALTA Loan title policy and title policy endorsements in conformity with the FHA Closing Guide in effect on the date of this Commitment. The title policy must indicate that fee simple title to the property (or, if approved by HUD, a leasehold estate therein) is vested in the Borrower free of all exceptions to title, other than those specifically determined to be acceptable by HUD, on the date of Initial Endorsement and Final Endorsement (as applicable). Said title policy shall by its terms inure to the benefit of the Lender and/or the U.S. Department of Housing and Urban Development, as their interests may appear. Lender and Borrower each agree that as a condition of this Commitment, title exceptions must be acceptable to HUD.
14. **Survey.** Prior to Initial Endorsement, and again prior to Final Endorsement, the Borrower shall present to HUD an ALTA/NSPS Survey of the Project and Surveyor’s Report dated within 120 days of the closing, in form and substance satisfactory to HUD.
15. **Upfront Mortgage Insurance Premium.** Upon Initial Endorsement, the Lender shall pay to HUD, in advance, the “Upfront Mortgage Insurance Premium,” which is defined by multiplying the Maximum Loan Amount by the upfront mortgage insurance premium rate published in the Federal Register pursuant to 24 C.F.R. 207.254 that is applicable to the Loan’s Section of the Act and MIP Category, as of the Firm Commitment Effective Date.
16. **Changes in Tax Credit Allocation or Other Governmental Assistance.** Pursuant to Form HUD-2880, this Commitment is based on Borrower certifications regarding the absence or use of Tax Credits or Other Government Assistance. Any change to the Borrower’s financial position relating to Tax Credits or Other Government Assistance must be reflected in an updated Form HUD-2880. HUD reserves the right to unilaterally alter any and all of its underwriting determinations, and/or revise the terms of this Commitment or Regulatory Agreement in accordance with the change in Tax Credit Allocation or Other Governmental Assistance. This condition survives through Final Endorsement.

UNIFORM CONDITIONS - AUTHORITY & OWNERSHIP

17. **Borrower Authority.** The Borrower must possess the powers necessary for complying with Program Obligations for insurance of the Note and Security Instrument. Prior to Initial Endorsement, there shall be delivered to HUD and the Lender (a) copies of ownership entity documentation that complies with applicable requirements of HUD, including a copy of the instrument under which the Borrower entity is created, together with copies of all instruments or agreements necessary under the laws of the applicable jurisdiction to authorize execution of the other closing documents, and (b) a regulatory agreement in the form prescribed by HUD for use in connection with loans insured under the Act (the “**Regulatory Agreement**”).

18. **Section 50 Signatory.** Section 50 of the Regulatory Agreement shall apply to the individuals or entities identified above as Section 50 Signatories. It is a condition of this Commitment that none of the Section 50 Signatories may withdraw or be substituted without HUD's prior written approval.

19. **Previous Participation (2530) Review.** Any individuals and entities in control of the Project are subject to a previous participation review as set forth in 24 C.F.R. part 200, subpart H (as may be amended from time to time) ("**Controlling Participants**") and other Program Obligations ("**Previous Participation**").

Any individual or entity who is subject to the Previous Participation regulations but who has not already received Previous Participation approval or who may later become involved with the Project, is subject to said Previous Participation review, mortgage credit review, and Office of Foreign Assets Control (OFAC)/Terrorism checks and verifications as required by the U.S. Patriot Act, prior to Initial Endorsement or Final Endorsement (as applicable). HUD's obligations under this Commitment remain subject to satisfactory resolution of any adverse items found by HUD during HUD Previous Participation review, as determined by HUD.

A closing date shall not be set until appropriate clearance and HUD approval is obtained for all participants. Previous Participation Certifications may be submitted to HUD electronically via the Active Partners Performance System (APPS) or via paper form HUD-2530, or as directed by HUD. Controlling Participants who opt to file a paper form HUD-2530 must also register at Business Partner Registration HUD Multifamily. To register, and for more information, please visit:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/apps/appsmfhm.

20. **Changes in Ownership/Financial Support.** HUD has materially relied on the representations made in the firm commitment application as to the identity of all entities and individuals having an ownership interest (directly or indirectly) in the Borrower entity. It is a condition of this Commitment that any change to such entities or individuals requires a written request to HUD for written approval of the change, and any such change shall be subject to HUD's credit review and Previous Participation clearance prior to Initial Endorsement and Final Endorsement. Additionally, the withdrawal of any entity or individual relied on for financial capacity prior to Initial or Final Endorsement requires prior approval by HUD.

UNIFORM CONDITIONS - PROJECT

21. **Property Insurance Coverage.** Prior to issuance of the Permission to Occupy or prior to Final Endorsement as applicable, the Borrower must provide evidence to Lender that all required insurance complies with Program Obligations. Property insurance, including fire and other property insurance as required by the Security Instrument, shall be in full force and effect and coverage must equal the Property Insurance Coverage Amount with a deductible that equals the Maximum Allowable Property Insurance Deductible.

22. **Reserve for Replacement.** The Regulatory Agreement shall provide, among other things, for the establishment of a reserve fund for replacements (the “**Reserve for Replacement**”) under the control of the Lender by payment of the Annual Reserve for Replacement Amount, to be accumulated monthly at the Monthly Reserve for Replacement Payment Rate, commencing on the date of the first payment to principal as established in the Note and Security Instrument, unless a later date is agreed upon by HUD. In addition to the Annual Reserve Fund for Replacement Amount, there shall be an initial deposit in the amount of not less than the Initial Reserve for Replacement Deposit Amount made to the Reserve for Replacement by the Borrower at the time of Initial Endorsement. If applicable, attached hereto as **Exhibit D**, is the Reserve for Replacement Funding Schedule which supports the per annum and initial deposits to the Reserve for Replacement. The Annual Reserve for Replacement Amount shall be subject to change in accordance with Program Obligations.

II. PROGRAM CONDITIONS (New Construction/Substantial Rehabilitation)

1. **Note Terms.**

(a) The Note shall bear interest at the Construction Period Interest Rate during the “**Construction Period.**” As used herein, the Construction Period shall begin on the date of Initial Endorsement and end on the cost cut-off date approved by HUD (or such other date as may be approved by HUD). The Construction Period is scheduled to last for the number of months identified above as the Construction Term. After the Construction Period ends, the Note shall bear interest at the Permanent Interest Rate and shall be payable in the manner set forth below. (If the Note does not specify a Construction Period Interest Rate, the Note shall bear interest at the Permanent Interest Rate and shall be payable in the manner set forth below.)

Note: Any change in the interest rate may require reprocessing of the mortgage insurance application and amendment of this Commitment prior to Initial Endorsement.

- (b) Payments of interest only on the outstanding principal balance shall be due and payable on the first day of each month, commencing not later than the first day of the month following Initial Endorsement and continuing through the first day of the month immediately prior to the date on which the first monthly payment of principal is due.
- (c) The first payment to principal (commencement of amortization) shall be due on the first day of the Initial Principal Payment Month. The Note and Security Instrument shall be payable on a level annuity basis in the amount identified above as the Principal and Interest Payment Amount. Monthly principal and interest payments due prior to, or on the first day of the month after Final Endorsement shall be adjusted to the extent that the full principal amount of the Note and Security Instrument has not yet been advanced in order for such payments to equal the sum of (i) interest on the outstanding principal balance plus (ii) the regularly scheduled principal amortization payments due on the Note and Security Instrument assuming that the full amount thereof has been advanced. The Amortization Period shall begin on the due date of the first repayment of the principal.

- (d) Upon Final Endorsement, the Borrower must be current with respect to all payments required by the Note and Security Instrument, including all deposits required to be made with the Lender for mortgage insurance premiums, fire and other property insurance premiums, ground rents, water rates, taxes and other assessments.
2. **Project Construction.** The Project shall be constructed or substantially rehabilitated (as applicable) on the property shown on **Exhibit A** in accordance with a Construction Contract (HUD-92442M), approved by HUD, and with the project's final Drawings and Specifications filed with HUD and identified in the index attached hereto as **Exhibit C**. The Drawings and Specifications, which include "General Conditions of the Contract for Construction" (AIA Document A201) and "Supplementary Conditions of the Contract for Construction" (HUD-92554M), shall be identified in a manner acceptable to HUD by the following parties or their authorized agents: Borrower, design architect, architect administering the Construction Contract, contractor, and if applicable, the contractor's surety. HUD encourages Borrowers to utilize energy saving devices and methods.
 3. **Changes to Drawings and Specifications.** Any change in the Drawings and Specifications or in the related conditions upon which this Commitment is based, that may occur after the date hereof, shall be explained in writing, or in a supplementary application if required by HUD, and must be approved by HUD prior to Initial Endorsement. Any such change must be brought to the attention of HUD immediately upon occurrence, and must be documented as a project change order and approved by both HUD and the Lender. HUD's approval of any change described above is subject to the procedures set forth in Chapter 12 of the MAP Guide.
 4. **Building Agreements.** Approval of advances of insured loan proceeds in accordance with the Building Loan Agreement (Form HUD-92441M) must be obtained on a form prescribed by HUD prior to the date of each advance to be insured. A Contractor's Prevailing Wage Certificate is included with the Contractor's Requisition Form (HUD-92448) and shall be filed with the request for approval of each advance that includes a payment for construction costs. HUD's execution of Applications for Insurance of Advances of Mortgage Proceeds (Form HUD-92403) shall be required only for advances made at Initial Endorsement and Final Endorsement and for advances of all or part of the contractor's retainage, and the Lender shall have the authority to approve all other advances of Loan proceeds. The Current Davis-Bacon Wage Decision, as identified above, applies as of the Firm Commitment Effective Date, but must be verified, and updated as necessary, prior to Initial Endorsement.
 5. **Davis Bacon Wage Requirements.** The HUD Closing Coordinator will contact the HUD Office of Davis Bacon and Labor Standards ("**DBLS**") at least two (2) weeks prior to the start of construction to determine whether a wage conference is necessary. If determined necessary, authorized representatives from the Borrower, general contractor, and any subcontractors specified by DBLS must attend the conference (all subcontractors are encouraged to attend). Initial Endorsement is contingent on the Borrower having obtained a wage decision from DBLS effective for the date of Initial Endorsement.

6. **Pre-Construction Conference.** A pre-construction conference must be held the day of Initial Endorsement or, if requested and HUD scheduling permits, at an earlier date. Required attendees include authorized representatives from the Lender, Borrower, general contractor, architect, and sureties.
7. **Estimated Progress Schedule of Work.** No fewer than ten (10) calendar days prior to Initial Endorsement, an Estimated Progress Schedule of Work must be submitted by the general contractor for review and approval by HUD. The progress schedule is required by the AIA General Conditions, which is an integral part of the FHA Construction Contract, Form HUD-92442M.
8. **E&O Insurance.** Prior to Initial Endorsement, both the design architect and supervising architect shall provide evidence of errors and omissions (liability) insurance and shall agree to maintain errors and omissions insurance through acceptance of the 12-month warranty inspection.
9. **Asbestos O&M Plan/Lead Based Paint Survey.** Should any asbestos-containing materials, lead paint or other environmental contaminants be encountered in the course of demolition or construction, such contaminants are to be handled in accordance with all applicable federal, state, and local requirements.
10. **Section 106 Consultation.** If an archaeological site, human remains, or cultural resources of tribal interest are revealed during the project's construction, HUD must be notified. HUD will contact responders to the Section 106 consultation, as applicable.
11. **HUD Inspection and Inspection Fee.** During the course of construction, HUD shall at all times have access to the property and the right to inspect the progress of construction, and the Inspection Fee Amount shall be paid at or before Initial Endorsement. The inspection of construction by a representative of HUD shall be only for the benefit and protection of HUD. The inspection fee is subject to change based on the resizing of the Note and Security Instrument prior to Initial Endorsement.
12. **HUD Application Fee ("Exam Fee").** Prior to Initial Endorsement, the Lender shall also pay to HUD an application fee (also known as an "Exam Fee") equal to the Exam Fee Amount set forth above, in accordance with Chapter 3 of the MAP Guide.
13. **Completion Assurance.** At or prior to Initial Endorsement, there shall be submitted to HUD assurance of completion of the Project in the form of (i) Payment and Performance Bonds reflecting the Surety Bond Amounts set forth above and issued by a surety acceptable to HUD, or (ii) a completion assurance agreement reflecting a deposit of the Completion Assurance Agreement Amount set forth above.
14. **Escrows.** At or before Initial Endorsement, the Lender or its nominee shall collect escrowed funds (in the form of cash and/or, except with respect to clause (c) below, one or more unconditional and irrevocable letters of credit) to be applied to the following items:

- (a) **Working Capital Deposit Escrow Amount.** Funds for application to taxes, mortgage insurance premiums, property insurance premiums and assessments required by the terms of the Security Instrument accruing subsequent to Initial Endorsement, and not from Loan proceeds, in the amount identified above as the Working Capital Deposit Escrow Amount.
- (b) **Additional Project Capital Amount.** Funds required over and above Note and Security Instrument proceeds for completion of the Project in the amount identified above as the Additional Project Capital Amount. This sum represents the difference between HUD's estimate of the total cash required for carrying charges, financing, and for construction of the Project, including contractor's fees and overhead, architect's fees, and other fees, and the maximum amount of the Note and Security Instrument to be insured. These funds may be reduced by (i) so much of the contractor's fees up to Maximum Contractor's Fee or BSPRA (as applicable), as the closing documents show that are not to be paid in cash, and (ii) amounts that have been prepaid by or on behalf of the Borrower, as evidenced by a certification of the Borrower.
- (c) **Off-site Improvement Cost & Demolition Cost.** Funds for application to the costs of off-site improvements in the amount identified above as the Off-site Improvement Cost, and the amount identified above as the Demolition Cost.
- (d) **Initial Operating Deficit Deposit.** Funds in the amount identified above as the Initial Operating Deficit Deposit held in escrow either by cash, a letter of credit, or excess mortgage proceeds, or excess land equity, if any, for application to the Project expenses beginning on the later of (1) the date on which all or part of the Project receives a certificate of occupancy, or (2) the date on which the residents first occupy the Project, and ending on the later of (1) the Operating Deficit Period or (2) the date by which the Project has demonstrated to HUD's satisfaction that the Project has achieved a debt service coverage ratio (including Mortgage Insurance Premium) of at least 1.0 for six consecutive months (break-even occupancy).
- (e) At Initial Endorsement, the Lender shall deliver to HUD a Lender's Certificate (form HUD-92434M) evidencing the escrow of funds corresponding to the accounts described in (a) – (d) above. All funds deposited with the Lender or its nominee under this paragraph shall be held and disbursed by the Lender or its nominee in accordance with the applicable Program Obligations.

15. Occupancy Approval. To the extent that the Borrower has not done so prior to Initial Endorsement, the Borrower must provide to HUD evidence/documentation from the appropriate local/state local authorities showing approval or conditional approval for the occupancy of the Project prior to any actual occupancy of the Project (or applicable portion thereof).

16. **Tenant Security Deposits.** If the Project is currently occupied, the Borrower must provide proof of a tenant security deposit account prior to Initial Endorsement. The Borrower agrees that it will comply with the Regulatory Agreement covering Security Deposits.
17. **Cost Certification and Cost Savings.** Borrower must provide a Cost Certification (under Forms HUD-92330 and 92330-A) unless HUD has determined that the Project is exempt from this requirement pursuant to Program Obligations as indicated in the table above. Any interest savings resulting purely from a differential between the processed interest rate and the actual final interest rate may not be construed as excess funds offsetting costs in other categories at the time of cost certification. To the extent that the amount of the Note and Security Instrument set forth in this Commitment has been determined based upon replacement cost, any such savings must be applied as a reduction in the amount of the Note and Security Instrument or placed in the Reserve for Replacement account (if permitted by Program Obligations) or other use as deemed appropriate as project betterment by HUD.
18. **Continuing Obligations & Final Endorsement.** Once HUD endorses the Note and Security Instrument for mortgage insurance upon satisfaction of all conditions required prior to Initial Endorsement, pursuant to 24 C.F.R. § 200.100(b), Borrower and Lender shall continue to be obligated to satisfy all remaining conditions contained herein that must be satisfied before Final Endorsement. Upon completion of the Project in accordance with the Drawings and Specifications, the Note will be finally endorsed for insurance to the extent of the advances of Note and Security Instrument proceeds approved by HUD, subject to reduction as provided in the Act and Regulations.

Place Closing Coordinator and
OGC Closing Attorney contact
information in a cover letter or
intro letter.

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
acting by and through the Secretary:

By:

KENNETH COOPER	Digitally signed by KENNETH COOPER
	DN: CN = KENNETH COOPER C = US O = U S: Government OU = Department of Housing and Urban Development, Office of Administration Date: 2022.04.04 11:54:14 -0500'

Date: _____

Kenneth L. Cooper
Production Division Director
Multifamily Housing Southwest Region

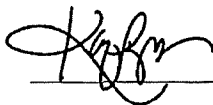
This Commitment, including **Exhibit B** conditions, is hereby accepted by the undersigned, and we hereby agree to be bound by the terms hereof.

Each signatory below hereby certifies such signatory's statements and representations contained in this Commitment and all supporting documentation provided by such signatory are true, accurate, and complete. This Commitment has been made, presented, and delivered for the purpose of influencing an official action of HUD in insuring the Loan, and may be relied upon by HUD as a true statement of the facts contained therein.

BORROWER:

St. Elizabeth Place LP

Date: April 6, 2022

By: 
Name: Kathy Flanagan Payton
Title: President/CEO

LENDER:

Gershman Investment Corp.

Date: 4/6/2022

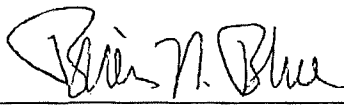
By: 
Name: Brian Blue
Title: Underwriter

Exhibit A: St. Elizabeth Place Legal description

Legal description of land:

Unrestricted Reserve "A", in Block 1, of SAINT ELIZABETH PLACE, a subdivision in Harris County, Texas, according to the map or plat thereof, recorded in Film Code No. 693272 of the Map Records of Harris County, Texas.

**COMMITMENT for Insurance of Advances
(Sections 207, 220, 221, 241(a) and 231)**

**OFFICE OF HOUSING
Multifamily Production**

**U.S. Department of Housing
and Urban Development**

**EXHIBIT B: ADDITIONAL CONDITIONS
New Construction/Substantial Rehabilitation**

1. Secondary Financing.

This Commitment is conditioned on the availability of the Secondary Financing described above. All Secondary Financing documents to which either the Borrower or Controlling Participants (as that term is defined in 24 CFR part 200) are a party (other than any other note and security instrument insured by HUD), and any related land use restrictions, must be approved by HUD prior to the date of Initial Endorsement, and must comply with HUD's legal and administrative secondary financing requirements, and all related HUD closing forms.

2. Land Use Restriction Agreements (LURA) and Other Restrictive Covenants.

Copies of any document described above and/or any other documents restricting the Project's use or operation ("**Restrictive Covenants**"), must be submitted to the HUD closing attorney for review fifteen (15) days prior to Initial Endorsement (or such longer time as may be needed) to accomplish any necessary revisions to the Restrictive Covenants. Borrowers and Lenders understand and agree as a condition of this Commitment that HUD will not approve Restrictive Covenants or terms that deviate from terms previously agreed to by HUD or which conflict with Program Obligations or Federal law.

Restrictive Covenants in the form of land use restriction agreements ("**LURAs**") or similar instruments typically required for tax-credit, tax-exempt bond financing, or other affordable housing financing, must incorporate the rider set forth in Appendix 5.3 of the FHA Closing Guide. HUD may require the incorporation of the Appendix 5.3 rider with other Restrictive Covenant instruments, as well as subordination or other amendments and modifications, if deemed necessary to ensure the Project's consistency with underwriting and compliance with Program Obligations. The Appendix 5.3 Rider must be submitted to the HUD closing attorney pursuant to the timeframe established in the preceding paragraph for Restrictive Covenants.

In regard to Section 3.3 of the City of Houston Disaster Relief Funds loan agreement that states that the City's Restrictive Covenants shall have priority over any and all liens proposed. Please note that within the Restrictive Covenants, the City of Houston's remedies shall be subordinate to the FHA mortgage (a default of the restrictions and foreclosure would not extinguish the insured mortgage or obviate the usual TPA requirements). The HUD rider to restrictive covenants is still required. The City of Houston must amend its Restrictive Covenants that are part of

the Disaster Relief Fund loan agreement with the HUD Rider to Restrictive Covenants.

3. **Tax Credit Equity.**

This Commitment is conditioned on the availability of the Tax Credit Equity contribution described above, and the equity contribution schedule provided with the firm commitment application and shown below.

Benchmarks for Equity Installments	Minimum Equity Installment⁷⁸
On Or Before Closing (223(f)) or Initial Endorsement (221(d)(4))	20% of Total Equity
At 65% Completion of Repairs (223(f)) or Construction Completion (221(d)(4))	37.5% of Net Equity
At 100% Completion of Repairs (223(f)) or Final Endorsement (221(d)(4))	62.5% of Net Equity

Lender must submit satisfactory evidence of an agreement that binds the tax credit investors to timely and periodically pay to the Borrower entity the Tax Credit Equity to contribute to Project completion costs, in the aggregate amounts set forth in form HUD-2880 and HUD-92013.

All Tax Credit Equity documents to which either the Borrower or Controlling Participants are a party, and any related land use restrictions, must be approved by HUD prior to the date of Initial Endorsement, and must comply with HUD's legal and administrative tax credit equity requirements, and all related HUD closing forms.

In addition to the standard provisions that must be included in the organizational documents for the Borrower entity, a provision must be added that prohibits any changes to the organizational documents that affect the obligations of the tax credit investor without written consent of the Lender and HUD.

Special Limited Partner has been preapproved to serve as the Special Limited Partner to replace the General Partner for a limited period of time. A "Rider to the Security Instrument for LIHTC Properties" must be submitted with the closing documents.

A master lease structure has been approved for this Loan transaction to facilitate Historic Tax Credits. The Borrower and master tenant **St. Elizabeth Place Master Tenant, LLC**, along with the master sub-lessees must execute separate Regulatory Agreements with the

appropriate HUD Rider attached. The Riders can be found at the following link - https://portal.hud.gov/hudportal/HUD?src=/program_offices/general_counsel/mffafs.

- 1. The master lease included in the application is in draft form and must be submitted to HUD for approval 30 days prior to closing.**
- 2. The final master tenant's Organizational Documents must be submitted to HUD for approval 30 days prior to closing.**

Additional Master Lease Special Conditions:

1. The policies and procedures involving master lease structuring to facilitate the use of tax credits are incorporated herein and made a part of this Commitment for insurance of advances, specifically including, without limitation, the terms and conditions contained in Chapter 16 of the MAP Guide. All information submitted to HUD with the Application for Multifamily Housing Project, form HUD- 92013, to evidence the satisfaction of such terms and conditions shall be true and correct as of the date submitted and must continue to be true and correct at the time of Initial Endorsement.
2. This commitment is subject to, and has been issued upon the reliance of, the successful (a) allocation to the project of LIHTC, Historic Tax Credits or New Markets Tax Credits and (b) syndication of such credits, with an appropriate agreement for the timely investment of equity, as shown on forms HUD-2880 and HUD-92013, to assure completion of the project and pay other associated and incidental costs. In addition to the standard provisions that must be included in the organizational documents for the Borrower entity, a provision must be added that prohibits any changes to the organizational documents that affect the obligations of the tax credit investor without the written consent of the Lender and HUD.
3. Notwithstanding the issuance of this commitment, this commitment remains subject to, and HUD's obligations hereunder are conditioned upon the satisfactory resolution, as determined by HUD, of the adverse items determined by HUD during the Previous Participation Review process.
4. As an accommodation, this commitment has been issued and based upon schematic drawings, instead of the final Drawings and Specifications, if allowed by the State Historic Preservation Office (SHPO) and/or Memorandum of Understanding (MOU) for historic tax credits. At least 30 days prior to the scheduled date for initial endorsement, HUD must receive the final Drawings and Specifications for review and approval to ensure consistency of design and cost. In the event that there is a net cumulative construction cost increase or change in the design concept, if allowed by the State Historic Preservation Office (SHPO) and/or MOU for historic tax credits, or a net cumulative construction cost decrease in the

amount of more than 5%, this commitment shall be subject to and conditioned upon the further approval of HUD, to be evidenced in writing, and may be terminated and voided by HUD, or additional conditions may be imposed, at HUD's option.

5. (See Chapter 5, Section 5.6, Streamlined Processing, for further policy guidance on the deferral of final plans and specifications at Firm Commitment when tax credits are involved.)

4. **Cost Certification Exemption.**

The Project is exempt from providing Cost Certification pursuant to Program Obligations. As an additional condition of this Commitment, when the Project reaches substantial completion, as determined by the HUD Inspector, the Lender will be notified of the substantial completion date, and the Borrower must account for all operating income during construction and ending three months prior to the originally scheduled date of the first principal payment under the Secured Instrument. An operating (or income and expense) statement must be submitted covering the period from first occupancy (if occupancy occurred during construction) or from the date of substantial completion (as determined by HUD) through the period ending three months before the date of the first principal payment as originally scheduled. The Borrower may include in the operating statement all soft costs incurred up to 60 days beyond this date, which will establish the cut-off date. The statement must be submitted to HUD at least 30 days before the date scheduled for Final Endorsement. If the operating statement evidences receipt of net operating income during this period, the Borrower may be required to allocate the income received during this period in accordance with current Cost Certification guidance.

5. **Plans and Specifications**

Delivery of plans for initial closing: To avoid multiple handling or shipping errors, the Lender will be responsible for bringing the (3) final printed sets of plans/specs on day of initial closing.

- Master set (1/2 size and legible)
- Inspector's set (1/2 size and legible)
- Contractor's set (full size)

If we are still under COVID-19 restrictions, the Pre-Con will be completed by conference call and Lender will be responsible for make sure attendance sheet is signed by all parties. A copy will need to be emailed to the Construction Analyst.

Signature Cover Sheet for Plans & Specifications: Use the instructions and template provided in Exhibit H to complete the signature cover sheet for the plans and specifications for this project. The signed cover sheets must be submitted to the closing coordinator and construction analyst at least 30 days prior to initial endorsement.

The General Contractor must participate in a one-day training with HUD and the Lender to familiarize themselves with HUD forms and procedures. This training shall occur prior to initial endorsement.

Structural Engineering Report

The borrower must provide HUD with an updated structural engineering report after completion of the demolition and remediation.”

Additional Lender Certification.

If applicable, in transactions involving short-term, tax exempt bonds secured with cash collateral, in order to qualify for 4% Low Income Housing Tax Credits, in combination with Ginnie Mae securities, the bond documents must comply with, and the FHA lender must provide before Initial Endorsement, the “Lender Certification for Tax Exempt Bonds and 4% Low Income Housing Tax Credit Transactions”.

6. **Affordable.**

Borrower has applied for the reduced annual MIP rate identified above, based on the Project meeting the threshold for Affordable Housing as set forth in Program Obligations. As a condition of this Commitment, prior to Initial Endorsement, the Lender must ensure that Borrower executes and delivers to HUD the certification and acknowledgment of Program Obligations for this MIP Category (form HUD-92013-D) and the Rider to the Regulatory Agreement for Affordable Projects (form HUD-92466-R5).

7. **Environmental Remediation Plans.**

The environmental mitigation and remediation reviewed and approved by HUD must be adhered to throughout the construction period. In addition, the Borrower, General Contractor and Architect must provide a written compliance certification regarding the environmental mitigation and remediation plan to the HUD Construction Manager prior to Final Endorsement.

1. **An Asbestos O&M plan must be provided to HUD for approval 30 days prior to closing.**
2. **A Lead-Based Paint O&M plan must be provided to HUD for approval 30 days prior to closing.**

8. **Radon.**

Radon resistant construction methods must be installed that meet the requirements of ANSI/AARST CC-1000, Soil Gas Control Systems. Testing in accordance with the ANSI-AARST MAMF-2017 standard is required after substantial completion but prior to Final

Endorsement. If upon testing the results are above the minimum threshold of 4.0 picocuries per liter, appropriate mitigation must occur to achieve an acceptable radon level.

9. **Preoccupancy Conference.**

At 80% completion, a Preoccupancy Conference must be scheduled with **Cheryl Henderson, Account Executive**, who can be contacted at **(713) 718-3172**.

10. **Management Agent/Management Agent Documents.**

1. Management Agent approved by HUD cannot be replaced without PRIOR HUD approval.
2. Evidence of employee fidelity bond coverage equal to or greater than two (2) month's gross potential income must be provided with the closing documents.
3. The Management Agent is already receiving a set HUD-approved management fee that the Owner and Agent have agreed upon to perform all the duties listed as additional services. Charges for "Additional Services" performed by the Manager that are approved by the Owner will be paid to the Manager at a rate prior approved by HUD per hour. If the Owner believes these duties warrant additional payment, those funds cannot come out of the Project's operating Account.

11. **Monthly Accounting Reports.**

Form HUD 93479, Monthly Report for Establishing Net Income, Form HUD 93480, Schedule of Disbursements and Form HUD 93481, Schedule of Accounts Payable must be submitted from the beginning of rent-up activities through sustaining occupancy. Sustaining occupancy is defined as 93% occupancy for three consecutive months. These reports must be sent by the 10th of each month to **Cheryl Henderson**. In the first submission include the Project's fiscal year and the name of the person to whom all financial correspondence should be sent.

12. **Organizational Documents**

The Mortgagor's Organizational Documents do not match the organizational chart showing the ownership structure to be in place at final closing. The organizational documents must be amended and submitted to HUD 30 days prior to closing.

13. **Davis Bacon Wage Determination**

An updated Davis Bacon Wage Determination must be provided at least 30 days prior to closing.

The General Contractor must participate in a training by local Davis Bacon Labor Standard staff member prior to construction.

14. **Initial Operating Deficit Escrow (12 months)**

\$347,952

15. Cash Sources:

Borrower Cash - \$615,099

State Historic Tax Credit Equity - \$6,329,590

Federal Historic Tax Credit Equity - \$4,482,596

City of Houston Disaster Relief Funds - \$16,452,396

;

PROJECT DATA SHEET

Project Name: St. Elizabeth's Phase 1
 Location: 4514 Lyons Avenue, Houston, TX 77020
 Date: 09/23/2020
 HUD Case Number: #114-33921

DATE	APPLICANT	DATE REVIEWED	REVIEWER

PLANNING ANALYSIS (Please use NOTES for NC Parking Requirements)	TYPE	UNIT TYPE	UNIT COUNT	UNIT TYPE	UNIT COUNT

UNIT TYPE ABBREVIAT	ACCESSIBLE UNITS	UNITS W/ COMMUNICATION FEATURES

HOSPITAL BUILDING - LEVISO AREA UNIT (L2) CALCULATIONS												HOSPITAL BUILDING - TOTAL LEVISO AREA (L2) CALCULATIONS												
UNIT TYPE	APPLICANT	DATE REVIEWED	REVIEWER	BALCONY/FORGE	BALCONY/STORAGE	WHEELCHAIR	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS		

CONVENT BUILDING - LEVISO AREA UNIT (L2) CALCULATIONS												CONVENT BUILDING - TOTAL LEVISO AREA (L2) CALCULATIONS													
UNIT TYPE	APPLICANT	DATE REVIEWED	REVIEWER	BALCONY/FORGE	BALCONY/STORAGE	WHEELCHAIR	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	STAIRS	

HOSPITAL BUILDING GRAND TOTALS		CONVENT BUILDING GRAND TOTALS		COMBINED BUILDINGS GRAND TOTALS	

SIGNATURES

PROJECT ARCHITECT
 BY: _____
 NAME: _____
 TITLE: _____

OWNER
 BY: _____
 NAME: _____
 TITLE: _____

CONTRACTOR
 BY: _____
 NAME: _____
 TITLE: _____

LENDER
 BY: _____
 NAME: _____
 TITLE: _____

BONDING COMPANY
 BY: _____
 NAME: _____
 TITLE: _____

PROJECT RENDERING



CODE ANALYSIS

420.2 SEPARATION WALLS

Walls separating dwelling units in the same building, walls separating sleeping units in the same building and walls separating sleeping or sleeping units from other occupancies contiguous to them in the same building shall be constructed as fire partitions with fire-resistance rating of not less than 1/2 hour in accordance with Section 703.2, and Table 1011A.

420.3 HORIZONTAL SEPARATION

Floor assemblies separating dwelling units in the same building, floor assemblies separating sleeping units in the same building and floor assemblies separating dwelling or sleeping units from other occupancies contiguous to them in the same building shall be constructed as horizontal assemblies in accordance with Section 711. Horizontal assemblies separating dwelling units in the same building and horizontal assemblies separating sleeping units in the same building shall be a minimum of 1-hour fire-resistance-rated construction.

AREA AND STORY INCREASE TABLES AND CALCULATIONS

*** A SPRINKLER SYSTEM FOR SECTION 903.1.1 (HPFA 13) IS REQUIRED

Section 503 General Building Height and Area Limitations

Group	Height (ft)	TYPE OF CONSTRUCTION		WH Increase
		A	B	
		II	III	
R	3	12,000	36,000	

A = building area per story, S = stories above grade plane, UL = Unlimited

Section 504 Building Height

504.2 Automatic Sprinkler System Increase
Where a building is equipped throughout with an approved automatic sprinkler system in accordance with Section 903.1.1, the building area limitation in Table 503 is permitted to be increased by an additional 200 percent (2x). For buildings with more than one story above grade plane and an additional 100 percent (1.5x) for buildings with no more than one story above grade plane. These increases are permitted in addition to the height and story increases in accordance with Section 502.2.

Section 508 Building Area Modifications

Where a building is equipped throughout with an approved automatic sprinkler system in accordance with Section 903.1.1, the building area limitation in Table 503 is permitted to be increased by an additional 200 percent (2x) for buildings with more than one story above grade plane and an additional 100 percent (1.5x) for buildings with no more than one story above grade plane. These increases are permitted in addition to the height and story increases in accordance with Section 502.2.

501.2 Other

The building mass limited by Table 503 shall be permitted to be increased due to storage (S) and automatic sprinkler system protection (SP) in accordance with Equation 501.

Eq 501: $M \leq (M + S) + (M \times SP)$ (Equation 5-1)

where:

Symbol	Value	Allowable building area per story (square feet)
M	12,000	Fabricator building area per story in accordance with Table 503 (square feet)
S	0	Area Increase Factor due to storage as calculated in accordance with Section 501.2 (NOT TAKEN)
SP	2	Area Increase Factor due to sprinkler protection as calculated in accordance with Section 501.2

903.4 Separated Occupancies

903.4.2 Allowable building area
In each story, the building area shall be such that the sum of the ratios of the actual building area of each separated occupancy divided by the allowable building area of each separated occupancy shall not exceed 1.

Floor/Occupancy	Building Area	Accessory Floor Area	% Accessory Floor Area	% of Separable Occupancies	Sum of Ratios (Occupancies)
1	22,726	1,473	7.35%	NA	
2	11,293 total	1,095	9.42%	0.57	
3	20,878	377	1.81%	0.26	0.83
4	20,893	229	1.14%	NA	
5	18,165	242	1.34%	NA	

TABLE 503A REQUIRED SEPARATION OF OCCUPANCIES (HOURS)

Occupancy	A	Ra	B
A	S	S	S
A	-	S	1
Ra	-	-	1

S = Buildings equipped throughout with an automatic sprinkler system installed in accordance with Section 903.1.1, 101.

NA = No separation requirements.

NP = Not permitted.

a. See Section 420.

b. The required separation from areas used only for private or pleasure vehicles shall be reduced by 1 hour but not less than 1 hour.

c. See Section 408.3.4.

d. Separation is not required between occupancies of the same classification.

e. See Section 422.2 for ambulatory care facilities.

CODE ANALYSIS (CONT.)

TABLE 601 FIRE-RESISTANCE RATING REQUIREMENTS FOR BUILDING ELEMENTS (HOURS)

BUILDING ELEMENT	TYPE V
Primary structural frame (I) (See Section 2002)	A
Beams	1
Columns	1
Interior	1
Exterior (E, G)	1
Interior	0
Exterior	0
Nonbearing walls and partitions	0
Interior (I)	1
Floor construction and associated secondary members (See Section 2002)	1
Roof construction and associated secondary members (See Section 2002)	1

For SI: 1 foot = 304.8 mm.

a. Roof supports. Fire-resistance ratings of primary structural frames and bearing walls are permitted to be reduced by 1 hour where supporting a roof only.

b. Except in Group F-1, H, M and S-1 occupancies, fire protection of structural members shall not be required, including protection of roof framing and decking where any part of the roof construction is 20 feet or more above any floor level below. Plywood or other wood members shall be allowed to be used for such unprotected members.

c. An approved automatic sprinkler system in accordance with Section 903.1.1 shall be allowed to be substituted for 1-hour fire-resistance-rated construction, provided such system is not otherwise required for other provisions of this code or used for an allowable area increase in accordance with Section 504.2 or an allowable height increase in accordance with Section 504.2. The 1-hour

TABLE 602 FIRE-RESISTANCE RATING REQUIREMENTS FOR EXTERIOR WALLS BASED ON FIRE SEPARATION DISTANCE, A, B, R

FIRE SEPARATION DISTANCE - X (ft)	TYPE OF CONSTRUCTION	OCCUPANCY GROUP A, B, R
X < 5	Other	1
5 <= X < 10	Other	1
10 <= X < 20	II	1d
X >= 20	III	0

For SI: 1 foot = 304.8 mm.

a. Load-bearing exterior walls shall also comply with the fire-resistance rating requirements of Table 601.

b. For special requirements for Group U occupancies, see Section 408.3.

c. See Section 706.1 for party walls.

d. Open parking garages complying with Section 408 shall not be required to have a fire-resistance rating.

e. The fire-resistance rating of an exterior wall is determined based upon the fire separation distance of the exterior wall and the story in which the wall is located.

f. For special requirements for Group H occupancies, see Section 412.5.

g. For special requirements for Group S alcohol hangars, see Section 412.4.1.

h. Where Table 702.8 permits reinforcing exterior walls with unadorned areas of unadorned openings, the required fire-resistance rating for the exterior walls is 0 hours.

TABLE 1011A CORRIDOR FIRE-RESISTANCE RATING

OCCUPANCY	OCCUPANT LOAD SERVED BY CORRIDOR	REQUIRED FIRE-RESISTANCE RATING (HOURS)	
		Without sprinkler system	With sprinkler system (c)
A, B	Ceiling: 30 min	1	0
R	Ceiling: 30 min	Not Permitted	0.5

c. Buildings equipped throughout with an automatic sprinkler system in accordance with Section 903.1.1 or 903.2.1.2 where allowed.

HISTORIC CODE PROVISIONS

2012 IBC Houston Amendments

2012.1 Historic buildings. The preservation of the value and character of historic buildings... (Text is partially obscured and difficult to read in the image)

2011 International Energy Conservation Code - Houston Amended

CS01.2 Historic buildings. No provisions of this code relating to the construction, repair, alteration, replacement and movement of structures... (Text is partially obscured and difficult to read in the image)

IECC ANALYSIS

(SEE HISTORIC CODE PROVISIONS)

C102.1 Other
This code is not intended to prevent the use of any material, method of construction, design or building system not specifically prohibited herein, provided that such construction, design or building system has been approved by the code official as meeting the intent of this code.

TABLE C301.1-CONTINUED CLIMATE ZONES, MOISTURE REGIMES, AND WARM-HUMID DESIGNATIONS BY STATE, COUNTY AND TERRITORY
Texas 2A Houston

C301.2 Warm Humid Climate: Warm humid climates are identified in Table C301.1 by an asterisk.

TABLE C301.2(2) INTERNATIONAL CLIMATE ZONE DEFINITIONS
ZONE: 2

THERMAL CRITERIA: 3500 < ODD10°C < 5000

For SI: °C = (°F)-32/1.8.

C302.1 Interior design conditions.

The interior design temperatures used for heating and cooling load calculations shall be a minimum of 72°F (22°C) for heating and minimum of 75°F (24°C) for cooling.

UNVENTED ATTIC

1203.3 Unvented Attic and Unvented Enclosed Rafter Assemblies

Unvented attic and unvented enclosed rafter framing assemblies created by ceilings applied directly to the underside of the roof framing members and the structural roof sheathing at the slope of the roof framing members shall be permitted where all the following conditions are met:

- The unvented attic space is completely within the building thermal envelope.
- No interior Class I vapor retarders are installed on the ceiling side (attic floor) of the unvented attic assembly or on the ceiling side of the unvented enclosed rafter framing assembly.
- Where wood shingles or shakes are used, a minimum 1/4-inch (6.4 mm) vented airspace separates the shingles or shakes and the roofing underlayment above the structural sheathing.
- In Climate Zones 5, 6, 7 and 8, any air-impermeable insulation shall be a Class II vapor retarder or shall have a Class II vapor retarder coating or covering in direct contact with the underside of the insulation.
- Insulation shall be located in accordance with the following:
 - Item 5.1.1, 5.1.2, 5.1.3 or 5.1.4 shall be met, depending on the air permeability of the insulation directly under the structural roof sheathing.
 - Where only air-impermeable insulation is provided, it shall be applied in direct contact with the underside of the structural roof sheathing.
 - Where air-permeable insulation is provided inside the building thermal envelope, it shall be installed in accordance with Item 5.1. In addition to the air-permeable insulation installed directly below the structural sheathing, rigid board or sheet insulation shall be installed directly above the structural roof sheathing in accordance with the R values in Table 1203.3 for condensation control.
 - Where both air-impermeable and air-permeable insulation are provided, the air-impermeable insulation shall be applied in direct contact with the underside of the structural roof sheathing in accordance with Item 5.1, and shall be in accordance with the R values in Table 1203.3 for condensation control. The air-permeable insulation shall be installed directly under the air-impermeable insulation.
 - Alternatively, sufficient rigid board or sheet insulation shall be installed directly above the structural roof sheathing to maintain the monthly average temperature of the underside of the structural roof sheathing above 45°F (7°C). For calculation purposes, an interior air temperature of 68°F (20°C) is assumed and the exterior air temperature is assumed to be the monthly average outside air temperature of the three coldest months.
- Where preformed insulation board is used as the air-impermeable insulation layer, it shall be sealed at the perimeter of each individual sheet interior surface to form a continuous layer.

Exceptions:

- Section 1203.3 does not apply to special use structures or enclosures such as swimming pool enclosures, day processing centers, hospitals or art galleries.
- Section 1203.3 does not apply to enclosures in Climate Zones 5 through 8 that are humidified beyond 35 percent during the three coldest months.

ROOF ASSEMBLY	R	Table 7	T
OUTSIDE AIR TEMP			64.1F
OUTSIDE AIR TEMP	0.11	0.04	NA
TP1	0.18	0.17	NA
TP2	0.18	0.17	NA
TP3	0.18	0.17	NA
TP4	0.18	0.17	NA
TP5	0.18	0.17	NA
TP6	0.18	0.17	NA
TP7	0.18	0.17	NA
TP8	0.18	0.17	NA
TP9	0.18	0.17	NA
TP10	0.18	0.17	NA
TP11	0.18	0.17	NA
TP12	0.18	0.17	NA
TP13	0.18	0.17	NA
TP14	0.18	0.17	NA
TP15	0.18	0.17	NA
TP16	0.18	0.17	NA
TP17	0.18	0.17	NA
TP18	0.18	0.17	NA
TP19	0.18	0.17	NA
TP20	0.18	0.17	NA
TP21	0.18	0.17	NA
TP22	0.18	0.17	NA
TP23	0.18	0.17	NA
TP24	0.18	0.17	NA
TP25	0.18	0.17	NA
TP26	0.18	0.17	NA
TP27	0.18	0.17	NA
TP28	0.18	0.17	NA
TP29	0.18	0.17	NA
TP30	0.18	0.17	NA
TP31	0.18	0.17	NA
TP32	0.18	0.17	NA
TP33	0.18	0.17	NA
TP34	0.18	0.17	NA
TP35	0.18	0.17	NA
TP36	0.18	0.17	NA
TP37	0.18	0.17	NA
TP38	0.18	0.17	NA
TP39	0.18	0.17	NA
TP40	0.18	0.17	NA
TP41	0.18	0.17	NA
TP42	0.18	0.17	NA
TP43	0.18	0.17	NA
TP44	0.18	0.17	NA
TP45	0.18	0.17	NA
TP46	0.18	0.17	NA
TP47	0.18	0.17	NA
TP48	0.18	0.17	NA
TP49	0.18	0.17	NA
TP50	0.18	0.17	NA
TP51	0.18	0.17	NA
TP52	0.18	0.17	NA
TP53	0.18	0.17	NA
TP54	0.18	0.17	NA
TP55	0.18	0.17	NA
TP56	0.18	0.17	NA
TP57	0.18	0.17	NA
TP58	0.18	0.17	NA
TP59	0.18	0.17	NA
TP60	0.18	0.17	NA
TP61	0.18	0.17	NA
TP62	0.18	0.17	NA
TP63	0.18	0.17	NA
TP64	0.18	0.17	NA
TP65	0.18	0.17	NA
TP66	0.18	0.17	NA
TP67	0.18	0.17	NA
TP68	0.18	0.17	NA
TP69	0.18	0.17	NA
TP70	0.18	0.17	NA
TP71	0.18	0.17	NA
TP72	0.18	0.17	NA
TP73	0.18	0.17	NA
TP74	0.18	0.17	NA
TP75	0.18	0.17	NA
TP76	0.18	0.17	NA
TP77	0.18	0.17	NA
TP78	0.18	0.17	NA
TP79	0.18	0.17	NA
TP80	0.18	0.17	NA
TP81	0.18	0.17	NA
TP82	0.18	0.17	NA
TP83	0.18	0.17	NA
TP84	0.18	0.17	NA
TP85	0.18	0.17	NA
TP86	0.18	0.17	NA
TP87	0.18	0.17	NA
TP88	0.18	0.17	NA
TP89	0.18	0.17	NA
TP90	0.18	0.17	NA
TP91	0.18	0.17	NA
TP92	0.18	0.17	NA
TP93	0.18	0.17	NA
TP94	0.18	0.17	NA
TP95	0.18	0.17	NA
TP96	0.18	0.17	NA
TP97	0.18	0.17	NA
TP98	0.18	0.17	NA
TP99	0.18	0.17	NA
TP100	0.18	0.17	NA

R = AS RECORDED AND MAY BE AT VARIANCE WITH ORIGINAL RECORDS

T = MONTHLY AVERAGE OUTDOOR TEMPERATURE OF THREE COLDEST MONTHS



ARCHITECTS ENGINEERS INTERIORS
300 RHOADES AVENUE, SUITE 100
HOUSTON, TEXAS 77057
713.774.6623

□ CIVIL ENGINEER
Sterley Spurling & Hamilton
300 RHOADES AVENUE, SUITE 100
HOUSTON, TEXAS 77057
713.774.6623

□ STRUCTURAL ENGINEER
Sterley Spurling & Hamilton
(See Above)

□ MEP ENGINEER
Bouler Engineering
11111 N.W. 11TH ST.
BOULDER, CO 80520
303.440.1500

□ LANDSCAPE ARCHITECT
AsaMira Robison
1925 W. Loop West, Suite 800
Houston, Texas 77057
713.623.0428

□ HISTORIC CONSULTANT
Historic Preservation Architects LLC
2511 W. Loop West, Suite 251
Houston, Texas 77057
713.422.1818

□ SPECIALTY MECHANICAL & FIRE PLUMB ENGINEER
OASIS Fire Protection, Inc.
2601 W. Loop West, Suite 2601
Houston, Texas 77057
713.664.8900



NO.	DATE	DESCRIPTION
1		
2		
3		
4		
5		
6		
7		
8		
9		



PROJECT MANUAL St. Elizabeth Place

Fifth Ward Community
Redevelopment Corporation
HOUSTON, TX | DECEMBER 2020
HUD CASE NUMBER: #I14-35821

SIGNATURES

PROJECT ARCHITECT

BY: _____
NAME: _____
TITLE: _____

OWNER

BY: _____
NAME: _____
TITLE: _____

CONTRACTOR

BY: _____
NAME: _____
TITLE: _____

LENDER

BY: _____
NAME: _____
TITLE: _____

BONDING COMPANY

BY: _____
NAME: _____
TITLE: _____

**VAN METER
WILLIAMS
POLLACK ^{LLP}**



**SECTION 00 00 01
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DIVISION SECTION

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01 21 00 Allowances
01 22 00 Unit Prices
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- 05 40 00 Cold Formed Metal Framing
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- 07 13 10 Self-Adhering Sheet Waterproofing
- 07 21 00 Thermal Insulation
- 07 25 00 Weather Resistive Barrier
- 07 27 07 Vapor Permeable Water-resistive Barriers
- 07 42 13 Metal Wall Panels
- 07 54 23 Thermoplastic Polyolefin Roofing
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- 08 43 13 Aluminum Framed Entrances and Storefronts
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- 09 21 16 Gypsum Board Assemblies on Metal Framing
- 09 29 00 Gypsum Board
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09 68 00 Carpeting
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32 01 90 Operation & Maintenance of Planting
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32 13 13 Concrete Paving
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32 92 00 Turf and Grasses
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33 10 00 Water Utilities (Refer to Civil Drawings)
33 33 00 Sanitary Utilities (Refer to Civil Drawings)
33 40 00 Storm Drainage Utilities (Refer to Civil Drawings)

Exhibit D: St. Elizabeth Place Financial Schedule

	Year 1 (Re	Year 2 (Re	Year 3 (Re	Year 4 (Re	Year 5 (Re	Year 6 (Re	Year 7 (Re	Year 8 (Re	Year 9 (Re	Year 10 (R	Year 11 (R	Year 12 (R	Year 13 (R	Year 14 (R	Year 15 (R	Year 16 (R	Year 17 (R	Year 18 (R	Year 19 (R	Year 20 (Read Only)
Calendar Y	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Beginning	0	25500	51255	77523.83	104186.7	117095.5	134062.6	151078.3	168139.4	185242.3	181137.4	181263.4	180829.5	130884.1	78626.32	-56581	-193042	-332742	-468700	-607887
Interest Inc	0	255	768.83	1162.86	1562.8	1756.43	2010.94	2266.17	2522.09	2778.63	2717.06	2718.95	2712.44	1963.26	1179.39	0	0	0	0	0
Annual Dep	25500	25500	25500	25500	25500	25500	25500	25500	25500	25500	25500	25500	25500	25500	25500	25500	25500	25500	25500	25500
Uninflated	0	0	0	0	13251.44	9444.44	9444.44	9444.44	9444.44	27460.53	23353.53	23353.53	62453.53	62453.53	124335.5	121953.5	121953.5	116853.5	116853.5	286199.4
Inflated Ne	0	0	0	0	14153.94	10289.42	10495.2	10705.1	10919.2	32383.52	28091.04	28652.87	78157.85	79721.01	161886.7	161961	165200.3	161457.5	164686.7	411420.2
Ending Bal	25500	51255	77523.83	104186.7	117095.5	134062.6	151078.3	168139.4	185242.3	181137.4	181263.4	180829.5	130884.1	78626.32	-56581	-193042	-332742	-468700	-607887	-993807
Required h	56912.65	57282.58	58428.23	59596.8	60788.73	62004.51	63244.6	64509.49	65799.68	67115.67	68457.99	69827.15	71223.69	72648.16	74101.13	75583.15	77094.81	78636.71	80209.44	81813.63
Interest Ra	1	1	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Inflation Rε	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Inflation Rε	0	0.65	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
RFRR Dep	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Inflated Ne	0	0	0	0	166.52	121.05	123.47	125.94	128.46	380.98	330.48	337.09	919.5	937.89	1904.55	1905.42	1943.53	1899.5	1937.49	4840.24

This schedule is to be attached to the Firm Commitment letter

The following amounts and assumptions are incorporated by reference into the terms of the Commitment Letter for the referenced project. Lender may complete the section below.

(Figures are e-Tool Data, per the RfR Deposit Test workbook)

Project Name	St. Elizabeth Place
FHA #	114-35821
Project City	Houston
Project State	TX
SOA	221(d)(4)
Lender	Gershman Investment Corp.

Date of Commitment letter (HUD Input) 4/1/2022

Initial Deposit at Endorsement

Initial deposit to the Reserve for Replacement escrow, (incl.any transferred reserves) \$0

Annual Deposits to the Reserve for Replacements Escrow (ADRR)

1st Year ADRR/unit	Approved annual % rate(s) of change in ADRR:	
\$300		Initial Rate of Change: 0.00%
Number of units		Relative Year of Change: Constant Rate
85		New Rate of Change: 0.00%
1st Year Deposit		
\$25,500		

Relative Year	<u>Initial ADRR per unit x the # of units is the base ADRR below:</u>	<u>Adjusted ADRR based on rate(s) of change:</u>	<u>Adjusted ADRR per month</u>
1	\$25,500	\$25,500	\$2,125.00
2	\$25,500	\$25,500	\$2,125.00
3	\$25,500	\$25,500	\$2,125.00
4	\$25,500	\$25,500	\$2,125.00
5	\$25,500	\$25,500	\$2,125.00
6	\$25,500	\$25,500	\$2,125.00
7	\$25,500	\$25,500	\$2,125.00
8	\$25,500	\$25,500	\$2,125.00
9	\$25,500	\$25,500	\$2,125.00
10	\$25,500	\$25,500	\$2,125.00
Total	\$255,000	\$255,000	

The ADRR may be amended in future years based on HUD review of actual repair and replacement needs and in any event ADRR will be adjusted based on a new capital needs assessment (CNA) which must be completed not later than 10 years after the date of Endorsement/Final Endorsement.

**Minimum Balance Test Result Summary:
CNA eTool FINANCIAL SCHEDULE DATA**

**YEAR 1-10:
REQUIRED MINIMUM
BALANCE TEST RESULT**

PASS

of Violations:
0

[See Results](#)

**YEAR 11+:
REQUIRED MINIMUM
BALANCE TEST RESULT**

FAIL →

of Violations:
6

[See Results](#)

**YEAR 11+:
AMORTIZATION TEST
REQUIRED?**

REQUIRED →

**YEARS 11+:
AMORTIZATION TEST
MITIGATION RESULT**

PASS

of Violations:
0

[See Results](#)

OVERALL RESULT:

REQUIREMENTS MET

If "Violation Exists," the CNA eTool submission does not meet MAP Guideline requirements.

"Requirements Met"

[Go to Firm Commitment Letter Attachment Tab](#)

"Violation Exists"

[Go to Trial Deposit Analysis Tab for adjustments trial](#)

RISK ANALYSIS

To meet RMB for the entire Est. Period, increase annual deposit starting **RY 1** by:

(\$366,770)

Per unit

To meet RMB for the entire Est. Period, increase annual deposit starting **RY 11** by:

(\$4,034,470)

Per unit

One-time deposit amount required in **RY 11** to meet RMB for remaining Est. Period (i.e. RY 11+):

(\$342,929,960)

Lump sum

[Go to Year 11+ Risk Analysis Tab for details](#)

[Go To Trial Deposit Analysis Tab to test deposit amounts](#)

Note: The amounts reflected in the Risk Analysis are all approximate and for estimation purposes only.

Multifamily Summary Appraisal Report

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0029
(exp. 04/30/2020)

This form is in compliance with the requirements of the Uniform Standards of Professional Appraisal Practice for written reports, except where the Jurisdictional Exception is invoked to allow for minor deviations, as noted throughout. Additional technical direction is contained in the HUD Handbooks referenced in the lower right corner.

Application Processing Stage SAMA Feasibility (Rehab) Firm
Property Rights Appraised Fee Simple Leasehold

Project Name: St. Elizabeth Place Project Number: 114-35821

Purpose. This appraisal evaluates the subject property as security for a long-term insured mortgage. Included in the appraisal (consultation for Section 221) are the analyses of market need, location, earning capacity, expenses, taxes, and warranted cost of the property.
Scope. The Appraiser has developed, and hereunder reports, conclusions with respect to: feasibility; suitability of improvements; extent, quality, and duration of earning capacity; the value of real estate proposed or existing as security for a long-term mortgage; and several other factors which have a bearing on the economic soundness of the subject property.

A. Location and Description of Property

1. Street Nos. 4514	2. Street Lyons Ave	3. Municipality Houston			
4a. Census Tract No. 48-201-2113.00	4b. Placement Code	4c. Legal Description (Optional)	5. County Harris	6. State and Zip Code TX 77020	
7. Type of Project <input checked="" type="checkbox"/> Elevator(s) <u>2</u> <input type="checkbox"/> Detached	<input type="checkbox"/> Highrise <input type="checkbox"/> Walkup <input type="checkbox"/> Semi-Detached	<input checked="" type="checkbox"/> 2 - 5 sty. Elev. <input type="checkbox"/> Row House <input type="checkbox"/> Town House	8. No. Stories 4	9a. Foundation <input checked="" type="checkbox"/> Slab on Grade <input type="checkbox"/> Partial Basement	9b. Basement Floor <input checked="" type="checkbox"/> Structural Slab <input type="checkbox"/> Slab on Grade
10. <input type="checkbox"/> Proposed <input checked="" type="checkbox"/> Existing	11. Number of Units Revenue: 85 Non-Rev.: 0	12. No. of Bldgs. 2	13a. List Accessory Bldgs. and Area / 0		
13b. List Recreation Facilities and Area / 0					

13c. Neighborhood Description

Location	<input checked="" type="checkbox"/> Urban	<input type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Present Land Use <u>40</u> % 1 Family <u>10</u> % 2 to 4 Family <u>15</u> % Multifamily <u>10</u> % Condo/Coop <u>15</u> % Commer. <u>0</u> % Industrial <u>10</u> % Vacant	
Built Up	<input type="checkbox"/> Fully Developed	<input checked="" type="checkbox"/> Over 75%	<input type="checkbox"/> 25 % to 75%		Change In Use <input checked="" type="checkbox"/> Not Likely <input type="checkbox"/> Likely <input type="checkbox"/> Taking Place From _____ to _____
Growth Rate	<input type="checkbox"/> Rapid	<input checked="" type="checkbox"/> Steady	<input type="checkbox"/> Slow		
Property Values	<input checked="" type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining		
Demand/Supply	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In Balance	<input type="checkbox"/> Oversupply		
Rent Controls	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Likely	Predominant Occupancy <input type="checkbox"/> Owner <input checked="" type="checkbox"/> Tenant <u>10</u> % Vacant	

Description of Neighborhood. (Note: Race and racial composition of the neighborhood are not appraisal factors.) Describe the boundaries of the neighborhood and those factors, favorable or unfavorable, that affect marketability, including neighborhood stability, appeal, property conditions, vacancies, rent control, etc.
The subject neighborhood is an area of Houston known as the Fifth Ward. The subject is located in an Opportunity Zone. The subject's neighborhood is well-established, with a population expected to increase. The neighborhood is characterized by lower income levels. The Fifth Ward has good access to are transportation, major roadways and thoroughfares through the Houston region. According to the appraiser, the neighborhood is starting to undergo renewal.

Site Information

14. Dimensions 0 ft. by 0 ft. or 97813 sq. ft.	15a. Zoning (If recently changed, submit evidence) No Zoning
15b. Zoning Compliance <input type="checkbox"/> Legal <input type="checkbox"/> Illegal <input type="checkbox"/> Legal nonconforming (Grandfathered use) <input checked="" type="checkbox"/> No zoning	
15c. Highest and Best Use as Improved <input type="checkbox"/> Present use <input checked="" type="checkbox"/> Proposed use <input type="checkbox"/> Other use (explain)	
15d. Intended M/F Use (summarize: e.g., Market Rent: Hi - Med. - Lo-End; Rent Subsidized; Rent Restricted with or without Subsidy; Applicable Percentages) Combination of market rent and restricted rent affordable units.	

Building Information

16a. Yr. Built 1947	16b. <input type="checkbox"/> Manufactured Housing <input type="checkbox"/> Modules	<input checked="" type="checkbox"/> Conventionally Built <input type="checkbox"/> Components	17a. Structural System Metal Stud	17b. Floor System Steel Frame	17c. Exterior Finish Stone/Brick	18. Heating-A/C System an Coil / Centra
------------------------	--	---	--------------------------------------	----------------------------------	-------------------------------------	--

B. Additional Information Concerning Land or Property

19. Date Acquired 1/08/2018	20. Purchase Price \$4,700,000	21. Additional Costs Paid or Accrued \$0	22. If Leasehold, Annual Ground Rent \$0.00	23a. Total Cost \$4,700,000	23b. Outstanding Balance \$4,700,000
--------------------------------	-----------------------------------	---	--	--------------------------------	---

24a. Relationship (Business, Personal, or Other) Between Seller and Buyer
Personal

24b. Has the Subject Property been sold in the past 3 years? Yes No If "Yes," explain:

25. Utilities

Public Water	<input type="checkbox"/>	Community	<input type="checkbox"/>	Distance from Site	0
Sewers	<input checked="" type="checkbox"/>		<input type="checkbox"/>		0

26. Unusual Site Features

<input type="checkbox"/> Cuts	<input type="checkbox"/> Fills	<input type="checkbox"/> Rock Formations	<input type="checkbox"/> Erosion	<input type="checkbox"/> Poor Drainage	<input checked="" type="checkbox"/> None
<input type="checkbox"/> High Water Table	<input type="checkbox"/> Retaining Walls	<input type="checkbox"/> Off Site Improvements			
<input type="checkbox"/> Other (Specify)					

C. Estimate of Income (Attach forms HUD-92273, 92264-T, as applicable)

27. No. of Each Family Type Unit	Rentable Living Area (Sq. Ft.)	Composition of Units	Unit Rent per Mo. (\$)	Total Monthly Rent For Unit Type (\$)
(a)		See Addendum		
(b)		See Addendum		
(c)		See Addendum		
(d)		See Addendum		
(e)		See Addendum		
(f)		See Addendum		
(g)		See Addendum		
(h)		See Addendum		
(i)		See Addendum		

28. Total Estimated Rentals for All Family Units \$87,769

29. Number of Parking Spaces

<input type="checkbox"/> Attended	0	Offstreet Parking and Other Non-Commercial Ancillary Income (Not Included in Unit Rent)	Other	1 @ \$20,400	\$20,400 (annual)	per month =	\$1,700
<input checked="" type="checkbox"/> Self Park	94					per month =	
						per month =	
						per month =	
Total Spaces	94						
Total Monthly Ancillary Income							\$1,700

30. Commercial Income (Attach Documentation)

Area-Ground Level _____⁰ sq. ft. @ _____ \$⁰ per sq. ft./month = _____ \$⁰

Other Levels _____⁰ sq. ft. @ _____ \$⁰ per sq. ft./month = _____ \$⁰

Total Monthly Commercial Income \$0

31. Total Estimated Monthly Gross Income at 100 Percent Occupancy \$89,469

32. Total Annual Rent (Item 31 x 12 months) \$1,073,628

33. Gross Floor Area 85,387 Sq. Ft.	34. Net Rentable Residential Area 46,904 Sq. Ft.	35. Net Rentable Commercial Area 0 Sq. Ft.
--	---	---

36. Non-Revenue Producing Space

Type of Employee	No. Rms.	Composition of Unit	Location of Unit in Project

36a. Personal Benefit Expense (PBE) (May produce additional revenue and expenses to be considered above and below.)

Tenant Employee-Paid Utilities	Type(s) _____	Monthly Cost	\$0
Landlord Employer-Paid Utilities	Type(s) _____	Monthly Cost	\$0

D. Amenities and Services Included in Rent (Check and circle appropriate items; fill-in number where indicated)

37a. Unit Amenities

- Ranges (Gas or Elec.)
- Refrig. (Gas or Elec.)
- Micro Wave
- Carpet
- Balcony/Patio
- Laundry hookups (in units)
- Upper level vaulted ceiling/Skylight(s) No. 0
- Wash/Dryer (in units)
- Other(Specify) Dishwasher
- Disposal/Compactor
- Air Conditioning (central or window)
- Dishwasher
- Window treatment (blinds, drapes, shades)
- Fireplace(s) No. 0
- Security System(s) (Describe)

37b. Project Amenities

- Guest room(s) No. 0
- Sauna/Steam room(s) No. 0
- Exercise room(s) No. 0
- Tennis Court(s) No. 0
- Laundry Facilities (coin)
- Project Security System(s) (Describe) Cameras, Secure Entrance
- Jacuzzies/Community Whirlpool(s) No. 0
- Other(specify)
- Grill/Garden/Patio Area
- Community room(s) No. 1
- Swimming Pool(s) No. 1
- Racquetballcourt(s) No. 0
- Picnic/Play area(s) No. 0

37c. Unit Rating

	Good	Aver.	Fair	Poor
Condition of Improvement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Room Sizes and Layout	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Closets and Storage	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kitchen Equip., Cabinets, Workspace	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Plumbing - Adequacy and Condition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Electrical - Adequacy and Condition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Soundproofing - Adequacy and Condition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insulation - Adequacy and Condition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Livability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appeal and Marketability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

37d. Project Rating

	Good	Aver.	Fair	Poor
Location	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General Appearance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Amenities & Rec.Facilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Density (units per acre)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unit Mix	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality of Construction (matl. & finish)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Condition of Exterior	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Condition of Interior	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appeal to Market	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Soundproofing - Vertical	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Soundproofing - Horizontal	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

38. Services

- Gas: Heat Hot Water Cooking Air Conditioning
- Elec: Heat Hot Water Cooking Air Conditioning Lights/etc.
- Other: Heat Hot Water Water Other (specify) Trash Removal

39. Special Assessments

- a. Prepayable Non-Prepayable
- b. Principal Balance \$0
- c. Annual Payment \$0
- d. Remaining Term Years

E. Estimate of Annual Expense

Administrative

1. Advertising	\$10,000
2. Management	\$39,724
3. Other	\$27,279
4. Total Administrative	\$77,003

Operating

5. Elevator Main. Exp.	\$8,500
6. Fuel (Heating and Domestic Hot Water)	\$0
7. Lighting & Misc. Power	\$7,225
8. Water	\$34,000
9. Gas	\$7,820
10. Garbage & Trash Removal	\$9,435
11. Payroll	\$144,360
12. Other	\$0
13. Total Operating	\$211,340

Maintenance

14. Decorating	\$0
15. Repairs	\$17,545
16. Exterminating	\$5,400
17. Insurance	\$42,289
18. Ground Expense	\$21,600
19. Other	\$0
20. Total Maintenance	\$86,834
21. Replacement Reserve (0.006 x total structures Line G41) or (0.004 x MTG. for Rehab)	\$25,500
22. Total Operating Expense	\$400,677

Taxes

23. Real Estate: Est. Assessed Value \$ _____ at \$ _____ per \$1000	\$69,350
24. Personal Prop. Est. Assessed Value \$ _____ at \$ _____ per \$1000	\$0
25. Empl. Payroll Tax	\$0
26. Other	\$4,720
27. Other	\$0
28. Total Taxes	\$74,070
29. Total Expense (Attach form HUD-92274, as necessary)	\$474,747

F. Income Computations

30a. Estimated Residential Project Income (Line C28 x 12)	\$1,053,228	c. Effective Gross Commercial Income (Line 32a. x Line 32b.)	\$0
b. Estimated Ancillary Project Income (Line C29 x 12)	\$20,400	d. Total Commercial Project Expenses (From Attached Analysis)	\$0
c. Residential and Ancillary Occupancy Percentage *	92.500 %	33. Net Commercial Income to Project (Line 32c. minus Line 32d.)	\$0
d. Effective Gross Residential and Ancillary Income (Line 30c. x (Line 30a. plus Line 30b.))	\$993,106	34. Total Project Net Income (Line 31 plus Line 33)	\$518,359
e. Total Residential and Ancillary Project Expenses (Line E29)	\$474,747	35a. Residential and Ancillary Project Expense Ratio (Line E29 divided by Line 30d.)	47.8 %
31. Net Residential and Ancillary Income to Project (Line 30d. minus Line 30e.)	\$518,359	35b. Commercial Expense Ratio (Line 32d. divided by 32c.)	0 %
32a. Estimated Commercial Income (Line C30 x 12)	\$0	* Vacancy and collection loss rates and corresponding residential and commercial occupancy percentages are analyzed through market data, but subject by Jurisdictional Exception to overall HUD underwriting mandates.	
b. Commercial Occupancy * (80% Maximum) (See Instructions)	100.000 %		

G. Estimated Replacement Cost

36a. Unusual Land Improvements	\$0	Carrying Charges & Financing	
b. Other Land Improvements	\$1,022,480	53. Interest: <u>22</u> Mos. at <u>3.15</u> %	
c. Total Land Improvements	\$1,022,480	on \$3,662,500	\$211,509
Structures		54. Taxes	\$224,000
37. Main Buildings	\$13,889,713	55. Insurance	\$292,640
38. Accessory Buildings	\$0	56. FHA Mtg. Ins. Prem. (0.7 %)	\$51,275
39. Garages	\$0	57. FHA Exam. Fee (0.20 %)	\$14,650
40. All Other Buildings	\$0	58. FHA Inspec. Fee (0.01 %)	\$89,990
41. Total Structures	\$13,889,713	59a. Financing Fee (1 %)	\$73,250
42. General Requirements	\$737,633	59b. Perm. Placement Fee (0.479 %)	\$45,100
		60. AMPO (N.P. only) (%)	\$159,000
		61. Contingency (Sec. 202) (%)	\$0
		62. Title & Recording	\$25,000
Fees		63. Total Carrying Charges & Financing	\$1,186,414
43. Builder's Gen. Overhead at <u>2.0</u> %	\$312,996	Legal, Organization & Audit Fee	
44. Builder's Profit at <u>4.4</u> %	\$689,498	64. Legal	\$50,000
45. Arch. Fee-Design at <u>4.4</u> %	\$740,335	65. Organization	\$63,287
46. Arch. Fee-Supvr. at <u>2.3</u> %	\$383,665	66. Cost Certification Audit Fee	\$20,000
47. Bond Premium	\$140,395	67. Total Legal, Organization & Audit Fees (64 + 65 + 66) \$	\$133,287
48. Other Fees	\$81,304	68. Builder and Sponsor Profit & Risk	\$0
49. Total Fees	\$2,348,193	69. Consultant Fee (N. P. only)	\$0
50. Total All Improvements		70. Supplemental Management Fund	\$0
(Lines 36c. plus 41 plus 42 plus 49)	\$17,998,019	71a. Contingency Reserve (Sec. 202 or Rehab only)	\$1,564,983
51. Cost Per Gross Sq. Ft.	\$211	71b. Relocation Expenses (Rehab Only)	\$0
52. Estimated Construction Time (Months)	20	71c. Other	\$3,179,466
		72. Total Est. Development Cost (Excl. of Land or Off-site Cost) (50 plus 63 plus 67 thru 71)	\$24,062,169
Note 1: Jurisdictional Exception: In HUD programs, land, and/or existing improvements are not valued for their "highest and best use," but instead, for their intended multifamily use (See Section J analysis below.)(Exception: Title II or VI Preservation). Offsite improvements are assumed completed in new construction land valuations (See Line M17 for estimated cost.) Unusual costs of site preparation are deducted from the "Value of the Site Fully Improved" to determine "Warranted Price of Land Fully Improved."		73a. Warranted Price of Land J-14(3)(New Constr)	
		sq. ft. @ sq. ft. \$4,700,000	* see note 1
		73b. As Is Property Value (Rehab only)	* see note 2
		73c. Off-Site (if needed, Rehab only)	* see note 1
		74. Total Estimated Replacement Cost of Project (72 plus 73a or 73b and 73c)	\$28,762,169

H. Remarks

I. Estimate of Operating Deficit

Periods	Gross Income	Occup. %	Effec. Gross	Expenses	Net Income	Debt Serv. Reqmt.	Deficit
1. 1st (0) Mos	\$0	0 %	\$0	\$0	\$0	\$0	\$0
2. 2nd (0) Mos	\$0	0 %	\$0	\$0	\$0	\$0	\$0
3. Total Operating Deficit							\$0

J. Project Site Analysis and Appraisal (See Chapter 2, Handbook 4465.1)

- | | | | | |
|---|-------------------------------------|-----|--------------------------|----|
| 1. Is Location and Neighborhood acceptable? | <input checked="" type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| 2. Is Site adequate in Size for proposed Project? | <input checked="" type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| 3. Is Site Zoning permissible for intended use? | <input checked="" type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| 4. Are Utilities available now to serve the Site? | <input checked="" type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| 5. Is there a Market at this location for the Facility at the proposed Rents? | <input checked="" type="checkbox"/> | Yes | <input type="checkbox"/> | No |
6. Site acceptable for type of Project proposed under Section 221(d)(4) . (If checked, acceptance subject to qualifications listed at bottom of page 6.)
7. Site not acceptable (see reasons listed at bottom of page 6.)

Date of Inspection 12/2/2020 (Appraiser) Note: The Effective Date of all land valuations is the date of inspection.

8. Value Fully Improved	Location of Project	Size of Subject Site
	4514 Lyons Avenue, Houston, TX	97,813 Sq. Ft.

	Comparable Sales Address No. 1	Comparable Sales Address No. 2	Comparable Sales Address No. 3	Comparable Sales Address No. 4	Comparable Sales Address No. 5
	Chisum Street, Houston, TX	2701 Harrington Street, Houston, TX	Bringhurst Street, Houston, TX	West side of Dorsett Street, south of Lyon Avenue, Houston, TX	East Line of 70th St & Avenue S, Houston, TX
Date of Sale	Oct-19	Aug-19	Mar-18	Jun-17	Dec-16
Sales Price	\$90,000	\$325,000	\$230,000	\$863,000	\$400,000
Size per Sq. Ft.	13,714	56,689	22,000	219,237	69,781
Price per Sq. Ft.	\$6.56	\$5.73	\$10.45	\$3.94	\$5.73
No. Units Permitted					
Price Per Unit	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Adjustments (%)					
Time	0.0%	0.0%	0.0%	0.0%	0.0%
Location	15.0%	0.0%	-5.0%	15.0%	0.0%
Zoning	0.0%	0.0%	0.0%	0.0%	0.0%
Plottage	10.0%	15.0%	0.0%	15.0%	10.0%
Demolition	0.0%	0.0%	0.0%	0.0%	0.0%
Size	-30.0%	-5.0%	-10.0%	5.0%	0.0%
Other	0.0%	0.0%	0.0%	0.0%	0.0%
Total Adjustment Factor	-5.0%	10.0%	-15.0%	35.0%	10.0%
Adjusted Sq. Ft. Price	\$6.23	\$6.31	\$8.89	\$5.31	\$6.31
Indicated Value by Comparison	\$609,816	\$616,842	\$869,202	\$519,789	\$616,754.13

9. Value of Site Fully Improved \$ 635,000

	Value "As Is" No. 1	Value "As Is" No. 2	Value "As Is" No. 3	
Date of Sale				
Sales Price				
Ft. / Acres				
Price per Sq. Ft.				
Adjustments (%)				
Time				
Location				
Zoning				
Plottage				
Demolition				
Pilling, Etc.				
Other				
Total Adjustment Factor				
Adjusted Sq. Ft. Price				
Indicated Value by Comparison				

11. Value of Site "As Is" by Comparison N/A

12. Acquisition Cost (Last Arms-Length Transaction)

Buyer 4514 Lyons LLC	Address
Seller Ability Insurance Company	Address
Date 4/4/2016	Price \$3,250,000

Source: Deed (see Exhibit 4-1B). In August 2020, 4514 Lyons LLC sold the property to the mortgagor for \$3,600,000 plus additional charges listed on the closing statement, for a total of \$4,747,503.75. This was not an arm's length transaction due to an identity of interest.

13. Other Costs

(1) Legal Fees and Zoning Costs	\$	-
(2) Recording and Title Fees	\$	-
(3) Interest on Investment	\$	-
(4) Other	\$	-
(5) Acquisition Cost (From 12 above)	\$	-
(6) Total Cost to Sponsor	\$	4,747,504.00

14. Value of Land and Cost Certification

(1) Fair Market Value of land fully improved (from 9 above)	\$	4,700,000
(2) Deduct unusual items from Section G, item 36a	\$	-
(3) Warranted price of land fully improved (Replacement Cost items excluded) (enter G-73)	\$	4,700,000
For Cost Certification Purposes		
(3a) Deduct cost of demol. \$ - and required off-sites \$ - to be paid by Mtgor. or by special assessments \$ -	\$	-
(4) Estimate of "As Is" by subtraction from improved value	\$	4,700,000
(5) Estimate of "As Is" by direct comparison with similar unimproved sites (from 11 above)	\$	-
(6) "As Is" based on acquisition cost to sponsor (from 13 above)	\$	-
(7) Commissioner's estimated value of land "As Is" (the lesser of [4] or [5] above) *	\$	4,700,000

* Where land is purchased from LPA or other Governmental authority for specific reuse, use the lesser of 4, 5, or 6.

K. Income Approach to Value

(1) Estimated Remaining Economic Life		55 Years
(2) Capitalization Rate Determined By (See Chapter 7, Handbook 4465.1)		
<input type="checkbox"/> Overall Rate From Comparable Projects		
<input type="checkbox"/> Rate From Band of Investment		
<input type="checkbox"/> Cash Flow to Equity		
(3) Rate Selected		N/A %
(4) Net Income (Line F 34)	\$	518,359
(5) Capitalized Value (Line 4 divided by Line 3)		N/A
(6) Value of Leased Fee (See Chapter 3, Handbook 4465.1) Ground Rent \$ -	\$	-
divid % equals Value of Leased Fee	\$	-

Remarks: (See item 6 and 7 on page 5)

L. Comparison Approach to Value

7. The undersigned has recited three sales of properties most similar and proximate to the subject property and has described and analyzed these in this analysis. If there is a significant variation between the subject and comparable properties, the analysis includes a dollar adjustment reflecting the market reaction to those items or an explanation supported by the market data. If a significant item in the comparable property is superior to, or more favorable than, the subject property, a minus (-) adjustment is made, thus reducing the indicated value of the subject property. If a significant item in the comparable property is inferior to, or less favorable than, the subject property, a plus (+) adjustment is made, thus increasing the indicated value of the subject property. *[(1) equals the Sales Price divided by Gross Annual Rent]

Item	Subject Property	Comparable Sale No.1				Comparable Sale No. 2				Comparable Sale No. 3												
Address																						
Proximity to subject																						
Sales price	\$	Unf.		Furn. \$		Unf.		Furn. \$		Unf.		Furn. \$										
Sales price per GBA	\$			\$		\$				\$												
Gross annual rent	\$			\$		\$				\$												
Gross rent multiplier (1)*																						
Sales price per unit	\$			\$		\$				\$												
Sales price per room	\$			\$		\$				\$												
Data source																						
Adjustments	Description	Description				+ (-) \$ Adjust.				Description				+ (-) \$ Adjust.								
Sales or financing concessions																						
Date of sale/time																						
Location																						
Site/view																						
Design and appeal																						
Quality of construction																						
Year built																						
Condition																						
Gross Building Area		Sq. ft.				Sq. ft.				Sq. ft.				Sq. ft.								
Unit Breakdown	No. of Units	Room count				No. of Units	Room count				No. of Units	Room count				No. of Units	Room count					
		Tot.	Br.	Ba.	Vac		Tot.	Br.	Ba.	Vac		Tot.	Br.	Ba.	Vac		Tot.	Br.	Ba.	Vac		
Basement description																						
Functional utility																						
Heating/cooling																						
Parking on/off site																						
Project amenities and fee (if applicable)																						
Other																						
Net Adjustment (Total)		+		-		\$		+		-		\$		+		-		\$				
Adjusted sales price of comparables	\$																					

8. Indicated Value by Sales Comparison Approach \$

Reconciliation

Capitalization \$ _____ Summation \$ _____ Comparison \$ _____

9. The market value (or replacement cost) of the property, as of the effective date of the appraisal, is \$ _____ **** see note below**

**** Note:** For Section 221 mortgage insurance application processing, acceptable risk analysis produces a supportable replacement cost estimate, and the estimate reflected here is the replacement cost new/summation approach result. In effect, such "appraisals" are in fact USPAP "consultations" concerning economically supportable cost limits. For Section 207 and 223 processing, all three approaches to value are included in the appraisal, but the subject property is appraised for its intended multifamily use, not necessarily its "highest and best use." The definition provided in USPAP for "market value" is generally observed, but see Handbook 4465.1, paragraph 8-4, for qualifications.

Effective Dates: For new construction or substantial rehabilitation proposals, the effective date of the improvements component cost estimation is the Line G53 month estimate added to the report and certification date below. The land component is valued as of the inspection date. For Section 223, the effective date of the appraisal is the same as the reporting date, but assumes (hypothetically) the completion of all required repairs/work write-up items.

Comments on: (continue on separate page if necessary)

1. Sales comparison (including reconciliation of all indicators of value as to consistency and relative strength and evaluation of the typical investors/purchasers' motivation in that market).
2. Analysis of any current agreement of sale, option, or listing of the subject property and analysis of any prior sales of subject and comparables within three years of the date of appraisal.

M. To Be Completed by Construction Cost Analyst

Cost Not Attributable to Dwelling Use		Total Est. Cost of Off-Site Requirements	
10. Parking	\$152,820	16. Off-Site	Est. Cost
11. Garage	\$0		\$0
12. Commercial	\$0		\$0
13. Special Ext. Land Improvements	\$0		\$0
14. Other	\$617,360		\$0
15. Total	\$770,180	17. Total Off-Site Costs	\$0
	4.79 %		

N. Signatures and Appraiser Certification

Architectural Processor <i>[Signature]</i>	Date 03/11/2022	Architectural Reviewer	Date
Underwriter		Cost Reviewer	Date
Cost Processor	Date		

I certify that to the best of my knowledge and belief:

- o the statements of fact contained in this report are true and correct.
- o the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- o I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- o my compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- o my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice; HUD Handbook 4465.1, *The Valuation Analysis Handbook for Project Mortgage Insurance*; HUD Handbook 4480.1, *Multifamily Underwriting Forms Catalog*; and other applicable HUD handbooks and Notices.
- o I have made a personal inspection of the property that is the subject of this report.
- o no one provided significant professional assistance to the appraisers signing this report, except for the Architectural and Engineering, and Cost Estimation professionals signing above. These professionals' estimations of the subject property's dimensions and "hard" replacement costs have been relied upon by the Appraiser and Review Appraiser.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Appraiser Linda Powers, MAI	Date	Review Appraiser	Date
State Certification Number TX 1331962G	State	State Certification Number	State

The Review Appraiser certifies that he/she Did Did not inspect the subject property

Chief, Housing Programs Branch Lantrina Stewart	Date Digitally signed by: Lantrina Stewart DN: CN = Lantrina Stewart email = Lantrina.D.Stewart@hud.gov C = US O = U.S. Dept. of HUD OU = Multifamily Housing Date: 2022.04.04 11:35:55 -05'00'	Director, Housing Development KENNETH COOPER	Date Digitally signed by: KENNETH COOPER DN: CN = KENNETH COOPER C = US O = U.S. Government OU = Department of Housing and Urban Development, Office of Administration Date: 2022.04.04 11:55:08 -05'00'
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O. Remarks and Conclusions (continue on separate page if necessary. Appraisal reports must be kept for a minimum of five years.)

Public Reporting Burden for this collection of information is estimated to average 114 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

This information is being collected under Public Law 101-625 which requires the Department of to implement a system for mortgage insurance for mortgages insured under Sections 207,221,223,232, or 241 of the National Housing Act. The information will be used by HUD to approve rents, property appraisals, and mortgage amounts, and to execute a firm commitment. Confidentiality to respondents is ensured if it would result in competitive harm in accord with the Freedom of Information Act (FOIA) provisions or if it could impact on the ability of the Department's mission to provide housing units under the various Sections of the Housing legislation.

St. Elizabeth Place

HUD 92264

Addendum to Section C. Estimate of Income - Item 27. Unit Mix Table

No. of Each Family Type Unit	Rentable Living Area (Sq. Ft.)	Composition of Units	Unit Rent per Mo. (\$)	Total Monthly Unit Rent (\$)
5	470 Sq. Ft.	Studio/1BA - 30% AMI	\$341.00	\$1,705.00
6	470 Sq. Ft.	Studio - 50% AMI	\$604.00	\$3,624.00
4	470 Sq. Ft.	Studio - 60% AMI	\$735.00	\$2,940.00
5	470 Sq. Ft.	Studio - 80% AMI	\$998.00	\$4,990.00
3	557 Sq. Ft.	1BR/1BA - 50% AMI	\$645.00	\$1,935.00
14	557 Sq. Ft.	1BR/1BA - 60% AMI	\$785.00	\$10,990.00
7	557 Sq. Ft.	1BR/1BA - 80% AMI	\$1,067.00	\$7,469.00
5	470 Sq. Ft.	Studio/1BA - Market	\$1,148.00	\$5,740.00
28	557 Sq. Ft.	1BR/1BA - Market	\$1,292.00	\$36,176.00
8	773 Sq. Ft.	2BR/1BA - Market	\$1,525.00	\$12,200.00
			Total	\$87,769.00

HUD-92264 Addendum

St. Elizabeth Place
Houston, TX
FHA Project #114-35821

Other Fees

Building Permits	\$81,304	
TOTAL OTHER FEES		\$81,304

Placement Fee

Processing Fee	\$6,000	
Inspection Travel	\$1,300	
Credit Reports	\$500	
GNMA Fee	\$2,300	
TOTAL PLACEMENT FEE		\$10,100

Organization

Market Study	\$3,500	
Arch & Cost	\$9,000	
Noise Study	\$2,900	
Appraisal	\$5,000	
Phase I	\$24,160	
Survey	\$18,727	
TOTAL ORGANIZATION		\$63,287

Non-Mortgagable Expenses

Demolition/Clearance	\$2,344,955	
Self Help Interest	\$45,953	
Real Estate Taxes	\$737,536	
Inspection Fee	\$50,000	
Historic Consultant Fees	\$102,840	
Preconstruction Analysis	\$5,000	
Additional Cost Cert	\$76,000	
HTC Bridge Loan Interest	\$421,511	
Bridge Loan Fees	\$249,383	
Mortgage Broker Fees - Foss	\$61,000	
Yield Maintenace - Self Help	\$207,900	
Predevelopment Costs	\$783,826	
Title & Recording SH	\$78,375	
Market Study	\$15,000	
Appraisal	\$14,175	
Marketing	\$75,000	
Construction Management	\$20,000	
Legal Fees	\$659,606	
TOTAL NON-MORTGAGABLE EXPENSES		\$5,948,060

SOURCES & USES

St. Elizabeth Place
Houston, TX
114-35821

SOURCES

Mortgage Loan	\$7,325,000	
Federal Historic Tax Credits	\$4,482,596	
Texas Historic Tax Credits	\$6,329,590	
Houston - Disaster Relief Funds (loan)	\$16,452,396	
Owner Cash	\$615,098	
TOTAL SOURCES		\$35,204,680

MORTGAGEABLE USES

Other Land Improvements		\$1,022,480	
Main Buildings		\$13,889,713	
General Requirements		\$737,633	
Builder's General Overhead		\$312,996	
Builder's Profit		\$689,498	
Bond Premium		\$140,395	
Architect's Design Fee		\$740,335	
Architect's Supervision Fee		\$383,665	
Construction Interest		\$211,509	
Taxes During Construction		\$224,000	
Construction Insurance		\$292,640	
HUD Insurance Premium	.70%	\$51,275	
HUD Exam Fee	.20%	\$14,650	
HUD Inspection Fee	1.23%	\$89,990	
Financing Fee	1.00%	\$73,250	
Lender Legal		\$35,000	
FF&E		\$159,000	
Est. Title & Recording		\$25,000	
Borrower Legal		\$50,000	
Appraisal		\$5,000	
Phase I		\$24,160	
Survey		\$18,727	
Cost Certification Fee		\$20,000	
Contingency Reserve (Rehabilitation Only)		\$1,564,983	
Acquisition Cost		\$4,700,000	
Building Permits		\$81,304	
Processing Fee		\$6,000	
Inspection Travel		\$1,300	
Credit Reports		\$500	
GNMA Fee		\$2,300	
Market Study		\$3,500	
Arch & Cost		\$9,000	
Noise Study		\$2,900	
Developer Fee		\$3,179,466	
MORTGAGEABLE USES SUBTOTAL			\$28,762,169

NON-MORTGAGEABLE USES

Initial Operating Deficit	\$347,952	
Working Capital	\$146,500	
Demolition/Clearance	\$2,344,955	
Self Help Interest	\$45,953	
Real Estate Taxes	\$737,536	
Inspection Fee	\$50,000	
Historic Consultant Fees	\$102,840	
Preconstruction Analysis	\$5,000	
Additional Cost Cert	\$76,000	
HTC Bridge Loan Interest	\$421,511	
Bridge Loan Fees	\$249,383	
Mortgage Broker Fees - Foss	\$61,000	
Yield Maintenance - Self Help	\$207,900	
Predevelopment Costs	\$783,826	
Title & Recording SH	\$78,375	
Market Study	\$15,000	
Appraisal	\$14,175	
Marketing	\$75,000	
Construction Management	\$20,000	
Legal Fees	\$659,606	
NON-MORTGAGEABLE USES SUBTOTAL		\$6,442,512
TOTAL USES		\$35,204,681

Supplement to Project Analysis

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0029
(exp. 04/30/2020)

Section or Title Number 221 (d) 4

Valuation Trial Conditional Firm See last page for Public Reporting burden statement before completing this form

Privacy Act Notice: The United States Department of Housing and Urban Development, Federal Housing Administration, is authorized to solicit the information requested in the form by virtue of Title 12, United States Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. While no assurance of confidentiality is pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information Act request.

Name of Mortgagor (Borrower) St. Elizabeth Place LP Project Number 114-35821

Name of Project St. Elizabeth Place

Location of Project (street, city & state) 4514 Lyons Ave Houston, TX 77020

Type of Borrower

Private Profit Public Nonprofit State or Federal Instrumentality, etc.
 Management Coop. Sales Coop. Investor-Sponsor Builder-Seller Limited Distribution

Type of Project

Rental Housing Mobile Home Court Board and Care New Construction Non-Elevator
 Cooperative Nursing Home Single Rm. Occupancy Rehabilitation Elevator
 Condominium Intermediate Care Facility Redevelopment Existing
 Capital Advance 202/811 Housing for the Elderly Supplement Loan

I. Determination of Maximum Insurable Mortgage

Criteria	column 1	column 2	column 3
1. Mortgage or Loan Amount Requested in Application			\$7,325,000
2. Reserved			
3. Amount Based on Value or Replacement Cost			
a. Value (Replacement Cost) in Fee Simple	\$28,762,169 X 85 %	\$24,447,843	
b. (1) Value of Leased Fee	\$0		
(2) Grant/Loan funds attributable to R. C. items	\$0		
(3) Excess Unusual Land Improvement	\$0		
(4) Cost Containment Mortgage Deduction	\$0		
(5) Total lines (1) to (4)	\$0 X 85 %	\$0	
c. Unpaid Balance of Special Assessment		\$0	
d. Total line b plus line c		\$0	
e. Line a minus line d			\$24,447,800
4. Amount Based on Limitations Per Family Unit			
a. Number of no Bedroom Units	25 X \$145,755	\$3,643,868	
Number of one Bedroom Units	52 X \$167,093	\$8,688,838	
Number of two Bedroom Units	8 X \$203,187	\$1,625,497	
Number of three Bedroom Units	0 X \$262,852	\$0	
Number of four or more Bedroom Units	0 X \$288,538	\$0	
b. Cost Not Attributable to Dwelling Use	\$770,180 X 87 %	\$670,057	
c. Warranted Price of Land	\$4,700,000 X 87 %	\$4,089,000	
d. Total lines a through c		\$18,717,259	
e. Total Number of Spaces	X		
f. Sum: Value of Leased Fee and Unpaid Balance of Special Assessment(s)		\$0	
g. Line d or line e, whichever is applicable, minus line f			\$18,717,200
5. Amount Based on Debt Service Ratio			
a. Mortgage Interest Rate		3.15 %	
b. Mortgage Insurance Premium Rate		0.35 %	
c. Initial Curtail Rate		1.2501953 %	
d. Sum of Above Rates		4.7501953 %	
e. Net Income	\$518,359 X 85 %	\$440,605	
f. Annual Ground Rent \$0 + Annual Spec. Assmt. \$0		\$0	
g. Line e minus line f		\$440,605	
h. Line g divided by line d			\$9,275,513
i. Annual Tax Abatement Savings \$0 divided by 100.000 %			\$0
j. Line h plus line i			\$9,275,500

I. Determination of Maximum Insurable Mortgage (cont.)

Criteria	column 1	column 2	column 3
6. Amount Based on Estimated Cost of Rehabilitation Plus			
(i) "As Is" Value, or (ii) Acquisition Cost, or (iii) Existing Mortgage Indebtedness Against the Property Before Rehabilitation:			
a. Total Estimated Development Cost	_____		
b. Estimated Cost of Off-Site Construction	_____		
c. Sum of lines a & b	_____	_____	
d. Grant/Loan funds attributable to R. C. items	_____		
e. Line c minus line d	_____	_____	
f. "As Is" Value of Prop. Before Rehab. _____ X _____ %	_____		
g. Existing Mortgage Indebtedness (Property Owned) or Purchase Price of Property (to be Acquired)	_____		
h. Line e plus line f or line g, whichever is less	_____	_____	
i. Line h X _____ %	_____		_____
7. Amount Based on Borrower's Total Cost of Acquisition Section 223(f)			
a. Purchase Price of Project	_____		
b. Repairs and Improvements, if any	_____		
c. Other fees	_____		
d. Loan Closing Charges *	_____		
e. Sum of lines a through d	_____	_____	
f. Enter the Sum of any Grant/Loan and Reserves for Replacement and Major Movable Equipment to be purchased as an asset of the project	_____		
g. Line e minus line f	_____	_____	
h. Line g X _____ %	_____		_____
8. Amount Based on Sum of Unit Mortgage Amounts			
9. Amount Based on Estimated Cost to Borrower			
a. Total Estimated Cost (Exclusive of Site and Required Construction Off the Site)	_____		
b. Purchase Price of Site	_____		
c. Total Cost of Clearing Site, if any	_____		
d. Expense of Relocating Occupants, if any	_____		
e. Cost of Off-Site Construction, if any	_____		
f. Sum of line a through line e	_____	_____	
g. Line f X _____ %	_____		_____
10. Amount Based on Existing Indebtedness, Repairs, and Loan Closing Charges Section 223(f)			
a. Total Existing Indebtedness	_____		
b. Required Repairs	_____		
c. Other Fees	_____		
d. Loan Closing Charges *	_____		
e. Sum of line a through line d	_____	_____	
f. Enter the Sum of any Grant/Loan and Reserves for Replacement and Major Movable Equipment on Deposit	_____		
g. Line e minus line f	_____	_____	
h. 80% of Value _____ X 80%	_____		
i. Greater of line g or line h	_____		_____

11. Amount Based on Deduction of Grant(s), Loan(s), Tax Credit(s) and Gift(s) for Mortgageable items:

a. 100% Project (Replacement) Cost *	_____		
b. (1) Grants/loans/gifts	_____		
(2) Tax Credits	_____		
(3) Value of Leased Fee	_____		
(4) Excess Unusual Land Improvement Cost	_____		
(5) Cost Containment Mtge Deduction	_____		
(6) Unpaid Balance of Special Assessment	_____		
(7) Sum of Lines (1) through (6)	_____		
c. Line a. minus line b. (7)	_____	_____	

* Project Cost applies to Criteria 7 and 10 under Section 223 (f) and applications pursuant to 223(f). Project Replacement Cost applies to Section 221 (d) and other Sections of the Act mortgages limited by Replacement Cost.

* Attach format for computing loan closing charges.

Maximum Insurable Mortgage (Lowest of the Foregoing Criteria) \$7,325,000

II. Total Requirements for Settlement

Part A		Part B	
1. Fees Not to be Paid In Cash		1. a. Development Cost	\$24,062,169
a. BSPRA/SPRA	\$0	b. Adjustment for Contracted Amounts in Excess of form HUD-92264 Estimates	
b. Builder's Profit		(1) Construction Contract	
c. Other		(2) Architect's Contract	
Total (enter in part B on line 5)	\$0	(3) Other	
2. Commitment, Mktg., Fees and Discounts and Escrows		c. Total of lines a & b	\$24,062,169
a. Fees	GNMA	2. Land Indebtedness (or Cash Required for Land Acquisition)	\$4,700,000
	Other	3. Subtotal (lines 1c + 2)	\$28,762,169
		4. a. Mortgage Amount	\$7,325,000
b. Discounts	Permanent Loan	b. Grant/Loan	\$0
	Construction Loan	5. Fees Not to be Paid in Cash	\$0
c. Escrows	Debt Service Reserve (Board & Care)	6. Subtotal (lines 4a + 4b + 5)	\$7,325,000
	Other	7. Cash Investment Required (line 3 minus line 6)	\$21,437,169
		8. Initial Operating Deficit *	\$347,952
Total (enter in part B on line 9)	\$5,948,060	9. Commitment, Marketing Fees, Discounts and Escrows	\$5,948,060
3. Working Capital		10. Working Capital	\$146,500
a. Working Capital	\$146,500	11. Offsite Construction and Demolition Costs	
b. Minimum Capital Investment (Sec. 202 & Sec. 811)	\$0	(\$ + \$)	\$0
c. Non-Realty Items Not Included in Mortgage		12. Total Estimated Cash Requirement	
Total (enter in part B on line 10)	\$146,500	(sum of lines 7 + 8 + 9 + 10 + 11)	\$27,879,680
		Front Money Escrow, If Any,	
		(subtract line 6 from line 1)	\$16,737,169

* Note: for Section 223(f) cases, attach the format for computing the operating deficit.

III. Source of Funds to Meet Cash Requirements

Source	Funds Available
	\$0
	\$0
Federal Historic Tax Credits	\$4,482,596
Texas Historic Tax Credits	\$6,329,590
Houston - Disaster Relief Funds (loan)	\$16,452,396
Owner Cash	\$615,098
	\$
	\$0
Total Available Cash for Project	\$27,879,680

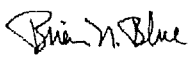
IV. Recommendations, Requirements and Remarks

- Recommend Approval; Subject to Conditions Stated Below, If Any
- Recommend Rejection for Reasons Stated Below (if more space is needed, continue on page 4).

Please see attached underwriting narrative

<p>SHATORYA MODKINS</p>	<p>Digitally signed by: SHATORYA MODKINS DN: CN = SHATORYA MODKINS C = US O = U.S. Government OU = Department of Housing and Urban Development, Office of Housing Date: 2022.04.04 11:23:21 -05'00'</p>
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Signature of the Mortgage Credit Examiner

X 

Date 03/11/2022

Remarks:

Public Reporting Burden for this project analysis is estimated to average 8 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

This information is being collected under Public Law 101-625 which requires the Department of to implement a system for mortgage insurance for mortgages insured under Sections 207,221,223,232, or 241 of the National Housing Act. The information will be used by HUD to approve rents, property appraisals, and mortgage amounts, and to execute a firm commitment. Confidentiality to respondents is ensured if it would result in competitive harm in accord with the Freedom of Information Act (FOIA) provisions or if it could impact on the ability of the Department's mission to provide housing units under the various Sections of the Housing legislation.

Contractor's and/or Mortgagor's Cost Breakdown

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB No. 2502-0044 (exp.12/31/2018)

Schedules of Values

Public reporting burden for this collection of information is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This information is required to obtain benefits. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB Control Number.

Section 207 of the National Housing Act (Section 126 of the Housing Act of 1954, Public Law 560, 12 U.S.C., 1715r), authorizes the collection of this information. The information is required for a general contractor when an identity of interest exists between the general contractor and the mortgagor or when the mortgagor is a non-profit entity and a cost plus contract has been used. The information is used by HUD to facilitate the advances of mortgage proceeds and their monitoring.

Privacy Act Notice. The United States Department of Housing and Urban Development, Federal Housing Administration, is authorized to solicit the information requested in this form by virtue of Title 12, United States Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. While no assurances of confidentiality is pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information request.

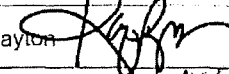
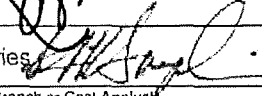
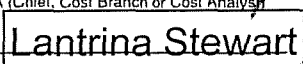
Date 03/01/2022	Sponsor Fifth Ward Community Redevelopment Corporation
Project No. 114-35821	Building Identification Former Hospital and Convent Buildings
Name of Project St. Elizabeth Place	Location 4514 Lyons Avenue, Houston, Texas 77020

This form represents the Contractors and/or Mortgagors firm costs and services as a basis for disbursing dollar amounts when insured advances are requested. Detailed instructions for completing this form are included on the reverse side.

Line	Div.	Trade Item	Cost	Trade Description
1	3	Concrete	384,315	Slab on grade & on elevated decks/plumbing patches
2	4	Masonry	656,277	Masonry repairs/new openings/cleaning/sealing
3	5	Metals	549,688	structural & misc steel/steel erection
4	6	Rough Carpentry	297,264	Interior blocking/roof blocking/trellis joists
5	6	Finish Carpentry	242,269	Interior wood base/wood trim/shelving/solid surface window stools
6	7	Waterproofing	105,163	waterproofing and window caulking
7	7	Insulation	108,985	Insulation @ underside of roof/fire safing & fire caulking
8	7	Roofing	421,268	tear-off existing roof/new TPO roof & roof pavers @ Convent
9	7	Sheet Metal	0	Included with roofing
10	8	Doors	813,114	Interior & exterior doors/frames/hardware/protect Historic Frames
11	8	Windows	1,426,758	New replacement windows with tinted film/skylight
12	8	Glass	0	Included with Windows
13	9	Lath and Plaster	5,000	patching @ Historic Lobby
14	9	Drywall	1,425,447	Metal stud framing/sheetrock/tape & float/sound insulation
15	9	Tile Work	381,881	Ceramic tile/Historic Corridor terrazzo patching, cleaning & polishing
16	9	Acoustical	0	None
17	9	Wood Flooring	0	None
18	9	Resilient Flooring	297,644	Carpet & LVT flooring
19	9	Painting and Decorating	266,200	Interior & exterior prep & painting
20	10	Specialties	156,896	Interior Bath & Closet specialties/signage/mailboxes/parcel/FE's
21	11	Special Equipment	8,850	BBQ Pit & Fireplace
22	11	Cabinets	315,940	Kitchen & Bath cabinets & plastic laminate countertops
23	11	Appliances	337,512	Appliances and installation
24	12	Blinds and Shades, Artwork	26,850	Horizontal Blinds
25	12	Carpets	0	Included with Flooring
26	13	Special Construction	131,507	Exterior metal wall panels/aluminum awnings & canopies
27	14	Elevators	410,142	Elevators and Wheelchair Lift
28	15	Plumbing and Hot Water	2,330,432	Building & site plumbing/complete fire sprinkler system
29	15	Heat and Ventilation	1,191,246	All HVAC ductwork/equipment & controls
30	15	Air Conditioning	0	Included with Heat & Ventilation
31	16	Electrical	1,599,065	All electrical & fire alarm with phone/CCTV & Cable rough-in
32		Subtotal (Structures)	13,889,713	
33		Accessory Structures	0	
34		Total (Lines 32 and 33)	\$13,889,713	

Line	Div.	Trade Item	Cost	Trade Description			
35	2	Earth Work	316,109	Excavation/fill/lime stabilization/haul-off spoils/SWPPP			
36	2	Site Utilities	0				
37	2	Roads and Walks	373,575	Site Paving, Site Concrete, Ramps/Curbs/Walks			
38	2	Site Improvements	141,001	Fencing/gates/bicycle racks/stripping & HC signage			
39	2	Lawns and Planting	191,795	Landscaping & irrigation			
40	2	Unusual Site Condition	1,022,480	Nonresidential and Special Exterior Land Improvement (costs included in trade item breakdown)		Offsite Costs (costs not included in trade item breakdown)	
41		Total Land Improvements		Description	Est. Cost	Description	Est. Cost
42		Total Struct. & Land Imprvts.	14,912,193				
43	1	General Requirements	737,633				
44		Subtotal (Lines 42 and 43)	15,649,826				
45		Builder's Overhead	312,996				
46		Builder's Profit	689,498	Total \$			
47		Subtotal (Lines 44 thru 46)	16,652,320	Other Fees		Total \$	
48						Demolition (costs not included in trade item breakdown)	
49		Other Fees	0			Description	Est. Cost
50		Bond Premium	140,395				
51		Total for All Improvements	16,792,715			Demolition/Abatement	2,344,955
52		Builder's Profit Paid by Means Other Than Cash	0				
53		Total for All Improvements Less Line 52	\$16,792,715	Total \$		Total \$	2,344,955

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.
Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Mortgagor	St. Elizabeth Place LP	By	Kathy F. Payton 	Date	3/10/22
Contractor	St. Elizabeth GC-JV, LLC	By	Kenneth M. Humphries 	Date	3/10/22
FHA (Processing Analyst)		Date		FHA (Chief, Cost Branch or Cost Analyst)	Lantrina Stewart 
FHA (Chief Underwriter)					Digitally signed by: Lantrina Stewart DN: CN = Lantrina Stewart email = Lantrina.D.Stewart@hud.gov US O = U.S. Dept. of HUD OU = Multifamily Housing Date: 2022.04.04 11:36:16 -0500

Instructions for Completing Form HUD-2328

This form is prepared by the contractor and/or mortgagor as a requirement for the issuance of a firm commitment. The firm replacement cost of the project also serves as a basis for the disbursement of dollar amounts when insured advances are requested. A detailed breakdown of trade items is provided along with spaces to enter dollar amounts and trade descriptions.
A separate form is prepared through line 32 for each structure type. A summation of these structure costs are entered on line 32 of a master form. Land improvements, General Requirements and Fees are completed through line 53 on the master 2328 only.

- Date**—Date form was prepared.
- Sponsor**—Name of sponsor or sponsoring organization.
- Project No.**—Eight-digit assigned project number.
- Building Identification**—Number(s) or Letter(s) of each building as designated on plans.
- Name of Project**—Sponsors designated name of project.
- Location**—Street address, city and state.
- Division**—Division numbers and trade items have been developed from the cost accounting section of the uniform system.
- Accessory Structures**—This item reflects structures, such as; community, storage, maintenance, mechanical, laundry and project office buildings. Also included are garages and carports or other buildings. When the amount shown on line 33 is \$20,000.00 or 2% of line 32 whichever is the lesser, a separate form HUD-2328 will be prepared through line 32 for Accessory Structures.

- Unusual Site Conditions**—This trade item reflects rock excavation, high water table, excessive cut and fill, retaining walls, erosion, poor drainage and other on-site conditions considered unusual.
- Cost**—Enter the cost being submitted by the Contractor or bids submitted by a qualified subcontractor for each trade item. These costs will include, as a minimum, prevailing wage rates as determined by the Secretary of Labor.
- Trade Description**—Enter a brief description of the work included in each trade item.
- Other Fees**—Includable are fees to be paid by the Contractor, such as sewer tap fees not included in the plumbing contract. Fees paid or to be paid by the Mortgagor are not to be included on this form.
- Total For All Improvements**—This is the sum of lines 1 through 50 and is to include the total builder's profit (line 46).



Property Insurance Schedule of Replacement Cost (HUD Form 92329)



OMB Approval No. 2502-0029

(exp. 09/30/2016)

CNA Number: 2021-086838

Property Name: St. Elizabeth Place (BLUE, B. 0620) (BLUE, B. 2598)

Date Run: 3/28/22

Residential Buildings

Building Types	Building Id	SF Cost	Total SF	100 % Insurable Value
Walk-up	Convent	\$190	20,095	\$3,811,017
2-5 Story Elevator	Hospital	\$190	65,289	\$12,382,059
				\$16,193,076

Property Total: \$16,193,076

This report is electronically generated from data provided by borrowers or lenders as part of an automated Capital Needs Assessment (CNA) where the CNA data collection has OMB Approval No. 2502-0505. When an approval date is shown the form is deemed electronically signed by HUD staff authorized to approve CNAs. Information displayed here is form HUD-92329 bearing OMB Approval No. 2502-0029. Public Reporting Burden for this collection of information is estimated to average .08 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed and completing and reviewing the collection of information. HUD may not conduct or sponsor, and a person is not required to respond to a collection of information unless that collection displays a valid OMB control number. This information is collected under Public Law 101-625 which requires HUD to implement mortgage insurance for mortgages under Sections 207, 221, 223, 232, or 241 of the National Housing Act. The information will be used by HUD to underwrite applications for mortgage insurance and to execute a firm commitment. Confidentiality for respondents is ensured if disclosure would result in competitive harm in accord with the Freedom of Information Act (FOIA) or if disclosure could impact HUD's ability to provide housing units under the referenced sections of the Act.

4. INSURANCE DURING CONSTRUCTION.

The Requirements for this type of insurance are inapplicable when a Commitment To Insure Upon Completion is issued.

(a) Concurrently with or prior to the issuance of mortgage insurance by the Federal Housing Commissioner of any advance of mortgage proceeds for construction of the property, the Mortgagee shall have in its possession or control and in full force and effect, the standard form of Builders Risk Insurance policy or policies. It shall be written upon the standard Builders Risk Completed Value form, for Fire, Extended Coverage and Vandalism and Malicious Mischief Insurance, in an aggregate amount equal to 100% of the Insurable Value of the completed building or buildings.

(b) The Builders Risk Insurance policy or policies shall show the Mortgagor as the Insured and may also show as additional insureds the general contractor and other contractors and subcontractors, as their interests may appear. Each policy shall carry the standard form of Non-Contribution Mortgage or Mortgagee Clause showing loss, if any, payable to the Mortgagee (name and address) and the Federal Housing Commissioner, Federal Housing Administration, Washington, D, C., his successors or assigns, as interest may appear. The original of such policy or policies shall be retained in the possession or control of the Mortgagee and shall be maintained in full force and effect.

(c) Upon cancellation of the Builders Risk Insurance or any portion thereof, Permanent Insurance shall be effected as hereinafter stipulated.

5. PERMANENT INSURANCE.

(a) Fire and Extended Coverage Insurance shall be provided for the subject property and may be either blanket coverage or by specific allocations to individual structures. Such insurance shall be evidenced by standard Fire and Extended Coverage Insurance policy or policies, in amounts not less than necessary to comply with the applicable Coinsurance Clause percentage, but in no event shall the amounts of coverage be less than 80% of the Insurable Values or not less than the unpaid balance of the insured mortgage, whichever is the lesser.

(b) The Permanent Insurance policy or policies shall show the Mortgagor as the Insured and shall carry the standard form of Non-Contribution Mortgage or Mortgagee Clause, showing loss, if any, payable to the Mortgagee (name and address) and the Federal Housing Commissioner, Federal Housing Administration, Washington, D. C., his successors or assigns, as interest may appear. The original of such policy or policies shall be retained in the possession or control of the Mortgagee and shall be maintained in full force and effect.

(c) BOILER EXPLOSION INSURANCE - If the boiler or boilers located in the subject property are other than steamboilers, specific Boiler Explosion Insurance generally is not required. If there is a steam boiler or boilers in operation in connection with the subject property, specific Boiler Explosion Insurance is required. In determining the adequacy of the amount or amounts of this coverage there must be careful review and consideration of all the facts and exposures for the purpose of estimating the maximum possible amount of a single loss by steam boiler explosion. The minimum limit of Boiler Explosion Insurance, when required, is \$50,000 per accident, per location. After due examination of all the related information in any given case, it may be determined this required minimum limit of \$50,000 is inadequate. In that event a greater amount of coverage should be provided. Determination of such amount is the responsibility of the Mortgagee.

(d) Boiler Explosion Insurance, as herein required, shall be evidenced by standard form of Boiler and Machinery policy or policies showing the Mortgagor as the Insured and shall have attached standard Mortgagee Interest Endorsement, showing loss, if any, on property of the Insured, to be adjusted with and payable to the Insured and the Mortgagee (name and address) and the Federal Housing Commissioner, Federal Housing Administration, Washington, D. C., his successors or assigns, as their interests may appear. The original of such policy or policies shall be retained in the possession or control of the Mortgagee and shall be maintained in full force and effect.

6. FLOOD INSURANCE. *(Required whenever the property is located in an area of special flood hazards in which flood insurance is available under the National Flood Insurance Act.)*

REQUIRED

NOT REQUIRED

Flood insurance shall be provided for the subject property during the term of the mortgage loan. The insurance shall be in an amount at least equal to the outstanding principal balance of the loan, or the maximum amount of insurance available with respect to the project under the National Flood Insurance Act, whichever is lesser. The policy shall show the mortgagor as insured and shall show loss, if any, payable to the Mortgagee *(name and address)* and the Federal Housing Commissioner, Washington, D. C., his successors or assigns, as their interests may appear. The original of such policy or policies shall be retained in the possession or control of the mortgagee and shall be maintained in full force and effect.

7. INSURANCE CARRIERS.

The acceptability of insurance carriers, types of coverage and the forms, conditions, amounts and scope of insurance policies are responsibilities of the Mortgagee. The Federal Housing Commissioner does not require that any duplicate policies, certificates or memoranda of insurance or other evidence of the foregoing insurance coverages be submitted to him or to any of his field offices or authorized agents.

8. LOSS SETTLEMENT DRAFTS AND CHECKS.

(a) Loss settlement drafts and checks in settlement of losses sustained under any of the aforementioned types of insurance coverages shall always include the Mortgagee and the Federal Housing Commissioner as payees.

(b) Loss settlement drafts and checks should be forwarded to the Federal Housing Administration Field Office Director having jurisdiction over the area in which the property sustaining the loss is situated, and he is responsible for the endorsement and release of such instruments on behalf of the Federal Housing Commissioner.

FEDERAL HOUSING COMMISSIONER

By Lantrina Stewart
Digitally signed by: Lantrina Stewart
DN: CN = Lantrina Stewart email = Lantrina.D.
Stewart@hud.gov C = US O = U.S. Dept. of
HUD OU = MultiFamily Housing
Date: 2022.04.04 11:36:32 -0500

(Authorized Agent)



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Region VI

Office of Field Policy and Management
Davis Bacon and Labor Standards (DBLS) Division
615 East Houston, Suite 347
San Antonio, Texas 78205

March 28, 2022

MEMORANDUM FOR: Shatorya A. Modkins, Senior Underwriter

FROM: Alberto Solorzano, Contractor Industrial Relations Specialist

SUBJECT: DBLS Firm Commitment

Project: St. Elizabeth Place

Project Number: 114-35821

Project Address: Houston, TX (Harris County)

Residential wage determination, TX20220067, MOD 2, 02/25/2021, applies to all construction and related activities. Should anyone have questions regarding what construction activities, including any offsite construction activities directly connected to the construction and completion of this project, and if Davis-Bacon applies, please contact Alberto Solorzano, Contractor Industrial Relations Specialist, via email at Alberto.J.Solorzano@hud.gov or telephone at 210-208-5115.

Ensure the enclosed wage decision and the HUD-92554M, *Supplementary Conditions of the Contract for Construction*, are contained in the appropriate contract documents.

Please provide the general contractor's DUNS number prior to initial endorsement for verification, via www.sam.gov, the general contractor's eligibility to participate in federally funded/insured/assisted construction projects. Should the general contractor change, notify this office immediately.

HUD DBLS is operating under a certified payroll electronic payroll system and all Federal Labor Standards documents will be processed through the HUD Electronic Payrolls System. Prime contractors and all subcontractors are required to register and establish accounts through Elation Systems, Inc, in addition to completing mandatory contractors training on this system.

When available, please provide this office a copy of the applicable HUD Form 290, *Multifamily Closing Memorandum*.

Enclosures

1. Residential Wage Decision, TX20220067, MOD 2, 02/25/2022
2. HUD-92554M, Supplementary Conditions of the Contract for Construction

cc: DBLS Project File

Contractor Industrial Relations Specialist, Region VI

"General Decision Number: TX20220067 02/25/2022

Superseded General Decision Number: TX20210067

State: Texas

Construction Type: Residential

County: Harris County in Texas.

Note: Contracts subject to the Davis-Bacon Act are generally required to pay at least the applicable minimum wage rate required under Executive Order 14026 or Executive Order 13658. Please note that these Executive Orders apply to covered contracts entered into by the federal government that are subject to the Davis-Bacon Act itself, but do not apply to contracts subject only to the Davis-Bacon Related Acts, including those set forth at 29 CFR 5.1(a)(2)-(60).

If the contract is entered	. Executive Order 14026	
into on or after January 30,	generally applies to the	
2022, or the contract is	contract.	
renewed or extended (e.g., an	. The contractor must pay	
option is exercised) on or	all covered workers at	
after January 30, 2022:	least \$15.00 per hour (or	
	the applicable wage rate	
	listed on this wage	
	determination, if it is	
	higher) for all hours	
	spent performing on the	
	contract in 2022.	
If the contract was awarded on	. Executive Order 13658	
or between January 1, 2015 and	generally applies to the	

January 29, 2022, and the	contract.	
contract is not renewed or	. The contractor must pay all	
extended on or after January	covered workers at least	
30, 2022:	\$11.25 per hour (or the	
	applicable wage rate listed	
	on this wage determination,	
	if it is higher) for all	
	hours spent performing on	
	that contract in 2022.	

The applicable Executive Order minimum wage rate will be adjusted annually. If this contract is covered by one of the Executive Orders and a classification considered necessary for performance of work on the contract does not appear on this wage determination, the contractor must still submit a conformance request.

Additional information on contractor requirements and worker protections under the Executive Orders is available at <https://www.dol.gov/agencies/whd/government-contracts>.

Modification Number	Publication Date
0	01/07/2022
1	02/18/2022
2	02/25/2022

ELEV0031-002 01/01/2022

	Rates	Fringes
ELEVATOR MECHANIC.....	\$ 47.04	36.885+a+b

Footnotes:

A. 6% under 5 years based on regular hourly rate for all hours worked. 8% over 5 years based on regular hourly rate for all hours worked.

B. Holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Veterans' Day, Thanksgiving Day, the Friday after Thanksgiving Day, and Christmas Day.

 SFTX0669-001 04/01/2021

	Rates	Fringes
SPRINKLER FITTER (Fire Sprinklers).....	\$ 31.68	22.20

 SHEE0054-008 04/01/2020

	Rates	Fringes
Sheetmetal Worker (Excluding HVAC Work).....	\$ 29.70	13.85

 * SUTX2005-030 12/15/2005

	Rates	Fringes
Bricklayer.....	\$ 15.00	
Plasterer.....	\$ 16.60	
Tile setter.....	\$ 14.08 **	
Acoustical Ceiling Installer.....	\$ 12.50 **	

Carpenter (Includes Batt/Blown Insulation, Formwork & Overhead Door Installation.....)	\$ 12.06 **	1.41
Carport Structural Supports Installer.....)	\$ 11.46 **	2.61
Cement Manson/Concrete Finisher.....)	\$ 13.68 **	.75
Drywall Finishers.....)	\$ 12.00 **	
Drywall Hanger.....)	\$ 12.71 **	
Electrician(Incl. Low Voltage Wiring and Installation of Alarms).....)	\$ 17.05	6.32
Gutter and Siding Installer.....)	\$ 18.59	1.41
HVAC MECHANIC (Pipe & System Installation Only).....)	\$ 12.82 **	
Ironworker		
Ornamental.....)	\$ 16.29	
Reinforcing.....)	\$ 11.25 **	2.35
Structural.....)	\$ 17.21	
Laborers:		
Common.....)	\$ 8.88 **	1.10
Landscape and Irrigation....)	\$ 9.02 **	
Mason Tender Brick.....)	\$ 9.97 **	.68
Mason Tender Cement.....)	\$ 9.46 **	.68
Pipelayer.....)	\$ 10.06 **	

Plaster Tender.....	\$ 11.10 **	
Painter:		
Brush, Roller, and Spray....	\$ 11.41 **	
Parking Lot Striping.....	\$ 14.21 **	
Plumbers (Excluding HVAC Pipe)...	\$ 17.96	1.15
Power Equipment Operator		
Backhoe.....	\$ 13.55 **	.69
Bulldozer.....	\$ 12.67 **	.69
Forklift.....	\$ 12.54 **	
Front End Loader.....	\$ 12.00 **	.69
Grader.....	\$ 13.67 **	
Roofers.....	\$ 10.00 **	
Sheet Metal Worker (HVAC Duct Only).....	\$ 12.76 **	1.95
Soft Floor Layers, Carpet and Vinyl.....	\$ 14.50 **	
Truck drivers.....	\$ 13.43 **	

WELDERS - Receive rate prescribed for craft performing operation to which welding is incidental.

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** Workers in this classification may be entitled to a higher minimum wage under Executive Order 14026 (\$15.00) or 13658 (\$11.25). Please see the Note at the top of the wage determination for more information.

Note: Executive Order (EO) 13706, Establishing Paid Sick Leave for Federal Contractors applies to all contracts subject to the Davis-Bacon Act for which the contract is awarded (and any solicitation was issued) on or after January 1, 2017. If this contract is covered by the EO, the contractor must provide employees with 1 hour of paid sick leave for every 30 hours they work, up to 56 hours of paid sick leave each year. Employees must be permitted to use paid sick leave for their own illness, injury or other health-related needs, including preventive care; to assist a family member (or person who is like family to the employee) who is ill, injured, or has other health-related needs, including preventive care; or for reasons resulting from, or to assist a family member (or person who is like family to the employee) who is a victim of, domestic violence, sexual assault, or stalking. Additional information on contractor requirements and worker protections under the EO is available at <https://www.dol.gov/agencies/whd/government-contracts>.

Unlisted classifications needed for work not included within the scope of the classifications listed may be added after award only as provided in the labor standards contract clauses (29CFR 5.5 (a) (1) (ii)).

The body of each wage determination lists the classification and wage rates that have been found to be prevailing for the cited type(s) of construction in the area covered by the wage determination. The classifications are listed in alphabetical order of ""identifiers"" that indicate whether the particular rate is a union rate (current union negotiated rate for local),

a survey rate (weighted average rate) or a union average rate (weighted union average rate).

Union Rate Identifiers

A four letter classification abbreviation identifier enclosed in dotted lines beginning with characters other than ""SU"" or ""UAVG"" denotes that the union classification and rate were prevailing for that classification in the survey. Example: PLUM0198-005 07/01/2014. PLUM is an abbreviation identifier of the union which prevailed in the survey for this classification, which in this example would be Plumbers. 0198 indicates the local union number or district council number where applicable, i.e., Plumbers Local 0198. The next number, 005 in the example, is an internal number used in processing the wage determination. 07/01/2014 is the effective date of the most current negotiated rate, which in this example is July 1, 2014.

Union prevailing wage rates are updated to reflect all rate changes in the collective bargaining agreement (CBA) governing this classification and rate.

Survey Rate Identifiers

Classifications listed under the ""SU"" identifier indicate that no one rate prevailed for this classification in the survey and the published rate is derived by computing a weighted average rate based on all the rates reported in the survey for that classification. As this weighted average rate includes all rates reported in the survey, it may include both union and non-union rates. Example: SULA2012-007 5/13/2014. SU indicates the rates are survey rates based on a weighted average calculation of rates and are not majority rates. LA indicates the State of Louisiana. 2012 is the year of survey on which

these classifications and rates are based. The next number, 007 in the example, is an internal number used in producing the wage determination. 5/13/2014 indicates the survey completion date for the classifications and rates under that identifier.

Survey wage rates are not updated and remain in effect until a new survey is conducted.

Union Average Rate Identifiers

Classification(s) listed under the UAVG identifier indicate that no single majority rate prevailed for those classifications; however, 100% of the data reported for the classifications was union data. EXAMPLE: UAVG-OH-0010 08/29/2014. UAVG indicates that the rate is a weighted union average rate. OH indicates the state. The next number, 0010 in the example, is an internal number used in producing the wage determination. 08/29/2014 indicates the survey completion date for the classifications and rates under that identifier.

A UAVG rate will be updated once a year, usually in January of each year, to reflect a weighted average of the current negotiated/CBA rate of the union locals from which the rate is based.

WAGE DETERMINATION APPEALS PROCESS

1.) Has there been an initial decision in the matter? This can be:

* an existing published wage determination

- * a survey underlying a wage determination
- * a Wage and Hour Division letter setting forth a position on a wage determination matter
- * a conformance (additional classification and rate) ruling

On survey related matters, initial contact, including requests for summaries of surveys, should be with the Wage and Hour National Office because National Office has responsibility for the Davis-Bacon survey program. If the response from this initial contact is not satisfactory, then the process described in 2.) and 3.) should be followed.

With regard to any other matter not yet ripe for the formal process described here, initial contact should be with the Branch of Construction Wage Determinations. Write to:

Branch of Construction Wage Determinations
Wage and Hour Division
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

2.) If the answer to the question in 1.) is yes, then an interested party (those affected by the action) can request review and reconsideration from the Wage and Hour Administrator (See 29 CFR Part 1.8 and 29 CFR Part 7). Write to:

Wage and Hour Administrator
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

The request should be accompanied by a full statement of the interested party's position and by any information (wage payment data, project description, area practice material,

etc.) that the requestor considers relevant to the issue.

3.) If the decision of the Administrator is not favorable, an interested party may appeal directly to the Administrative Review Board (formerly the Wage Appeals Board). Write to:

Administrative Review Board
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

4.) All decisions by the Administrative Review Board are final.

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END OF GENERAL DECISIO"

**SUPPLEMENTARY CONDITIONS
TO THE CONSTRUCTION
CONTRACT**

U.S. Department of Housing
and Urban Development
Office of Housing

OMB Approval No. 2502-0598
(Exp. 9/30/2021)

Public Reporting Burden for this collection of information is estimated to average 0.2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number. While no assurance of confidentiality is pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information Act request.

Warning: Federal law provides that anyone who knowingly or willfully submits (or causes to submit) a document containing any false, fictitious, misleading, or fraudulent statement/certification or entry may be criminally prosecuted and may incur civil administrative liability. Penalties upon conviction can include a fine and imprisonment, as provided pursuant to applicable law, which includes, but is not limited to, 18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802, 24 C.F.R. Parts 25, 28 and 30, and 2 C.F.R. Parts 180 and 2424.

Article 1: Labor Standards

A. Applicability. The Project or program to which the construction work covered by this Contract pertains is being assisted or insured by the United States of America, and the following Federal Labor Standards Provisions are included in this Contract or related instrument pursuant to the provisions applicable to such Federal assistance or insurance. Any statute or regulation contained herein shall also include any subsequent amendment or successor statute or regulation. The terms of this Supplementary Conditions to the Construction Contract (HUD-92554M) takes precedence over all provisions of the "General Conditions of the Contract for Construction" (AIA Document A201) inconsistent with said Supplementary Conditions.

B. Minimum Wages. Pursuant to Section 212 of the National Housing Act, as amended, 12 U.S.C. 1715c, the minimum wage provisions contained in this paragraph B do not apply to those projects with Security Instruments insured under Section 221(h)(1) designed for less than 9 families and they do not apply to those projects with Security Instruments insured under either Section 220 or 233 designed for less than 12 families.

1. (i) All laborers and mechanics employed or working upon the site of the work (or under the United States Housing Act of 1937 or under the Housing Act of 1949 in the construction or development of the Project) shall be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR Part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the Contractor and such laborers and mechanics. Contributions made or costs reasonably anticipated for bona fide fringe benefits under Section 1 (b)(2) of the Davis-Bacon Act (40 U.S.C. 3141(2)(B)(ii)) on behalf of laborers or mechanics are considered wages paid to such laborers or

mechanics, subject to the provisions of 29 CFR 5.5(a)(1)(iv); also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs, which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in 29 CFR 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: *Provided*, that the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under 29 CFR 5.5(a)(1)(ii)) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the Contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers.

(ii) (a) Any class of laborers or mechanics that is not listed in the wage determination and that is to be employed under this Contract shall be classified in conformance with the wage determination. HUD shall approve an additional classification and wage rate and fringe benefits only when the following criteria have been met:

- (1) The work to be performed by the classification requested is not performed by a classification in the wage determination; and
- (2) The classification is utilized in the area by the construction industry; and
- (3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(b) If the Contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and HUD or its designee agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), a report of the action taken shall be sent by HUD or its designee to the Administrator of the Wage and Hour Division, U.S. Department of Labor, Washington, D.C. 20210 ("**Administrator**"). The Administrator, or an authorized representative, shall approve, modify, or disapprove every additional classification action within thirty (30) days of receipt and so advise HUD or its designee or shall notify HUD or its designee within the thirty (30) day period that additional time is necessary.

(c) In the event the Contractor, the laborers or mechanics to be employed in the classification or their representatives and HUD or its designee do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), HUD or its designee shall refer the questions, including the views of all interested parties and the recommendation of HUD or its designee, to the Administrator for determination. The Administrator, or an authorized representative, shall issue a determination within thirty (30) days of receipt and so advise HUD or its

designee or shall notify HUD or its designee within the thirty (30) day period that additional time is necessary.

(d) The wage rate (including fringe benefits where appropriate) determined pursuant to subparagraphs B.1.(ii)(b) or (c) of this Article, shall be paid to all workers performing work in the classification under this Contract from the first day on which work is performed in the classification.

(iii) Whenever the minimum wage rate prescribed in the Contract for a class of laborers or mechanics includes a fringe benefit that is not expressed as an hourly rate, the Contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

(iv) If the Contractor does not make payments to a trustee or other third person, the Contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, *Provided*, That the Secretary of Labor has found, upon the written request of the Contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the Contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.

2. Withholding. HUD or its designee shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld from the Contractor under this Contract or any other Federal contract with the same prime contractor, or any other Federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees and helpers, employed by the Contractor or any subcontractor the full amount of wages required by the Contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee or helper, employed or working on the site of the work (or under the United States Housing Act of 1937 or under the Housing Act of 1949 in the construction or development of the Project), all or part of the wages required by the Contract, HUD or its designee may, after written notice to the Contractor, sponsor, applicant, or Owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased. HUD or its designee may, after written notice to the Contractor, disburse such amounts withheld for and on account of the Contractor or subcontractor to the respective employees to whom they are due.

3. Payrolls, records, and certifications.

(i) Payrolls and basic records relating thereto shall be maintained by the Contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work (or under the United States Housing Act of 1937, or under the Housing Act of 1949, in the construction or development of the Project). Such records shall contain the name, address, and social security number of each such worker, his or her correct

classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in Section 1 (b)(2)(B) of the Davis-Bacon Act (40 U.S.C. 3141(2)(B)(ii))), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5(a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in Section 1 (b)(2)(B) of the Davis-Bacon Act (40 U.S.C. 3141(2)(B)(ii)), the Contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

(ii)(a) The Contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to HUD or its designee if the agency is a party to the Contract, but if the agency is not such a party, the Contractor shall submit the payrolls to the applicant, sponsor, or Owner, as the case may be, for transmission to HUD or its designee. The payrolls submitted shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on weekly transmittals. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired, whether paper (Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at <http://www.dol.gov/whd/forms/wh347.pdf> or its successor site), or electronically pursuant to Program Obligations. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to HUD or its designee if the agency is a party to the Contract, but if the agency is not such a party, the Contractor will submit the payrolls to the applicant sponsor, or Owner, as the case may be, for transmission to HUD or its designee, the Contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this subparagraph for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own records, without weekly submission to HUD or its designee.

(b) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the Contractor or subcontractor or his or her agent who pays or

supervises the payment of the persons employed under the Contract and shall certify the following:

(1) That the payroll for the payroll period contains the information required to be provided under 29 CFR 5.5(a)(3)(ii), the appropriate information is being maintained under 29 CFR 5.5(a)(3)(i), and that such information is correct and complete.

(2) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the Contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in 29 CFR Part 3;

(3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the Contract.

(c) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by subparagraph B.3.(ii)(b) of this Article.

(d) The falsification of any of the above certifications may subject the Contractor or subcontractor to civil or criminal prosecution under Section 1001 of Title 18 and Sections 3801 et seq of Title 31 of the United States Code.

(iii) The Contractor or subcontractor shall make the records required under subparagraph B.3.(i) of this Article available for inspection, copying, or transcription by authorized representatives of HUD or its designee or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the Contractor or subcontractor fails to submit the required records or to make them available, HUD or its designee may, after written notice to the Contractor, sponsor, applicant, or Owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

4. Apprentices and Trainees.

(i) **Apprentices.** Apprentices shall be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship, or with a State Apprenticeship Agency recognized by such Office, or if a person is employed in his or her first ninety (90) days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the

program, but who has been certified by the Office of Apprenticeship, or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the Contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where the Contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the Contractor's or subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Office of Apprenticeship, or a State Apprenticeship Agency recognized by such Office, withdraws approval of an apprenticeship program, the Contractor shall no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(ii) **Trainees.** Except as provided in 29 CFR 5.16, trainees shall not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman's hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any trainee performing work on

the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the Contractor shall no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(iii) **Equal employment opportunity.** The utilization of apprentices, trainees and journeymen under 29 CFR Part 5 shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR Part 30.

5. Compliance with Copeland Act Requirements. The Contractor shall comply with the requirements of 29 CFR Part 3, which are incorporated by reference in this Contract.

6. Subcontracts. The Contractor or subcontractor shall insert in any subcontracts the clauses set forth in subparagraphs 1 through 10 of this paragraph B and such other clauses as HUD or its designee may by appropriate instructions require, and a copy of the applicable prevailing wage determination, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all Contract clauses referenced in this subparagraph.

7. Contract termination and debarment. A breach of the Contract clauses in 29 CFR 5.5 may be grounds for termination of the Contract, and for debarment as a contractor or a subcontractor as provided in 29 CFR 5.12.

8. Compliance with Davis-Bacon and Related Act Requirements. All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR Parts 1, 3, and 5 are herein incorporated by reference in this Contract.

9. Disputes concerning labor standards. Disputes arising out of the labor standards provisions of this Contract shall not be subject to the general disputes clause of this Contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR Parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the Contractor (or any of its subcontractors) and HUD or its designee, the U.S. Department of Labor, or the employees or their representatives.

10. Certification of Eligibility.

(i) By entering into this Contract, the Contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the Contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of Section 3(a) of the Davis-Bacon Act (40 U.S.C. 3144(b)(2)) or 29 CFR 5.12(a)(1) or to be awarded HUD contracts or participate in HUD programs pursuant to 24 CFR Part 24.

(ii) No part of this Contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of Section 3(a) of the Davis-Bacon Act (40 U.S.C. 3144(b)(2)) or 29 CFR 5.12(a)(1) or to be awarded HUD contracts or participate in HUD programs pursuant to 24 CFR Part 24.

(iii) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001. Additionally, U.S. Criminal Code, Section 1010, Title 18, U.S.C., "Federal Housing Administration transactions", provides in part: "Whoever, for the purpose of . . . influencing in any way the action of such Department . . . makes, passes, utters or publishes any statement, knowing the same to be false . . . shall be fined under this title or imprisoned not more than two years, or both."

C. Contract Work Hours and Safety Standards Act.

1. **Applicability and Definitions.** This paragraph C of Article 1 is applicable only if a direct form of federal assistance is involved, such as Section 8, Section 202/811 Capital Advance, grants etc., and is applicable only where the prime contract is in an amount greater than \$100,000. As used in this paragraph C, the terms "laborers" and "mechanics" include watchmen and guards.

2. **Overtime requirements.** No contractor or subcontractor contracting for any part of the Contract work that may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty (40) hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty (40) hours in such workweek.

3. **Violation; liability for unpaid wages; liquidated damages.** In the event of any violation of the immediately preceding subparagraph C.2, the Contractor and any subcontractor responsible therefore shall be liable for the unpaid wages. In addition, the Contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory) for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of such subparagraph, in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty (40) hours without payment of the overtime wages required by the clause set forth in such subparagraph.

4. **Withholding for unpaid wages and liquidated damages.** HUD or its designee shall, upon its own action or upon written request of an authorized representative of the Department of Labor, withhold or cause to be withheld from any moneys payable on account of work performed by the Contractor or subcontractor under any such contract, or under any other Federal contract with the same prime contractor, or under any other Federally-assisted contract subject to the Contract Work

Hours and Safety Standards Act which is held by the same prime contractor such sums as may be determined to be necessary to satisfy any liabilities of such Contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph 3 of this paragraph C.

5. **Subcontracts.** The Contractor or subcontractor shall insert in any subcontracts the clauses set forth in subparagraphs 1 through 5 of this paragraph C and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in such subparagraphs 1 through 5.

D. Certification.

For projects with Security Instruments insured under the National Housing Act, as amended, that are subject to paragraph B of this Article 1, the Contractor is required to execute the Contractor's Prevailing Wage Certificate within HUD-92448 as a condition precedent to insurance by HUD of the Loan, or an advance thereof, made or to be made by the Lender in connection with the construction of the Project.

Article 2: Equal Employment Opportunity

A. **Applicability.** This Article 2 applies to any contract for construction work, or modification thereof, as defined in the regulations of the Secretary of Labor at 41 CFR Chapter 60, which is paid for in whole or in part with funds obtained from the Federal Government or borrowed on the credit of the Federal Government pursuant to a grant, contract, loan insurance, or guarantee, or undertaken pursuant to any Federal program involving such grant, contract, loan, insurance, or guarantee.

B. The Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, disability, or national origin. The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, disability or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training including apprenticeship. The Contractor agrees to post in conspicuous places available to employees and applicants for employment notices to be provided setting forth the provisions of this nondiscrimination clause.

C. The Contractor shall, in all solicitations or advertisements for employees placed by or on behalf of the Contractor state that all qualified applicants shall receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, disability, or national origin.

D. The Contractor shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding a

notice to be provided advising the said labor union or workers representatives of the Contractor's commitments hereunder, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

E. The Contractor shall comply with all provisions of Executive Order 11246 of September 24, 1965 and of the rules, regulations, and relevant orders of the Secretary of Labor.

F. The Contractor shall furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and shall permit access to its books, records, and accounts by the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

G. In the event of the Contractor's noncompliance with the nondiscrimination clauses of this Contract or with any of the said rules, regulations, or orders, this Contract may be canceled, terminated, or suspended in whole or in part and Contractor may be declared ineligible for further government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulations or order of the Secretary of Labor, or as otherwise provided by law.

H. The Contractor shall include the provisions of paragraphs A through H of this Article 2 in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions shall be binding upon each subcontractor or vendor. The Contractor shall take such action with respect to any subcontract or purchase order as HUD or the Secretary of Labor may direct as a means of enforcing such provisions, including sanctions for noncompliance. *Provided, however,* that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by HUD or the Secretary of Labor, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

Article 3: Equal Opportunity for Businesses and Lower Income Persons Located Within the Project Area

A. This Article 3 is applicable to projects covered by Section 3, as defined in 24 CFR Part 135.

B. The work to be performed under this Contract is on a project assisted under a program providing Federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u. Section 3 requires that to the greatest extent feasible opportunities for training and employment be given to low and very-low income residents of the unit of local government or the metropolitan area (or non-metropolitan county) as determined by HUD in which the Project is located and contracts for work in connection with the Project be awarded to business concerns which are located in, or owned in substantial part by persons residing in the same metropolitan area (or non-metropolitan county) as the Project.

Article 4: Health and Safety

A. This Article 4 is applicable only where the prime contract is in an amount greater than \$100,000.

B. No laborer or mechanic shall be required to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous to his or her health and safety as determined under construction safety and health standards promulgated by the Secretary of Labor by regulation.

C. The Contractor shall comply with all regulations issued by the Secretary of Labor pursuant to 29 CFR Part 1926, and failure to comply may result in imposition of sanctions pursuant to the Contract Work Hours and Safety Standards Act, 40 USC 3701 et seq.

D. The Contractor shall include the provisions of this Article 4 in every subcontract so that such provisions shall be binding on each subcontractor. The Contractor shall take such action with respect to any subcontract as HUD or the Secretary of Labor shall direct as a means of enforcing such provisions.

Exhibit H

COVER SHEET FOR PLANS AND SPECIFICATIONS FHA MULTIFAMILY MORTGAGE INSURANCE PROGRAMS

Instructions:

At Initial Endorsement, signatures are required on the final plans and specifications as noted in MAP Guide Section 5.8 Paragraph C.4.a. which reads:

Cover and last drawing sheets, and the first and last specification pages of all sets, are signed by representatives of the project architect, architect administering the contract, owner, contractor, lender and bonding company, if any.

In situations identified by HUD, a cover sheet will be substituted for the signatures on the plans and specifications themselves. The following page is an example of an acceptable form to use of this purpose. Permission to use this form must be allowed (or directed) in writing (an email is sufficient) from the Regional Director, Production Director, Technical Specialist Branch Chief, HUD closing attorney, or HUD Closing Coordinator.

Please note that one form is needed for each set of plans and each set of specifications (six total) and one each should be attached to each set of plans and each set of specifications.

Fill in the project name, location, FHA Number, and date of the final revision of the plans and specifications. Circle which set the signature page is for or delete the other two identifications.

Each individual must both sign and date each of the sheets.

EXHIBIT C

**Contractor's and/or Mortgagor's
Cost Breakdown**

U.S. Department of Housing and
Urban Development
Office of Housing
Federal Housing Commissioner

OMB No. 2502-0044 (exp. 12/31/2018)

Schedules of Values

Public reporting burden for this collection of information is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This information is required to obtain benefits. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB Control Number.

Section 207 of the National Housing Act (Section 126 of the Housing Act of 1954, Public Law 560, 12 U.S.C., 1715r), authorizes the collection of this information. The information is required for a general contractor when an identity of interest exists between the general contractor and the mortgagor or when the mortgagor is a non-profit entity and a cost plus contract has been used. The information is used by HUD to facilitate the advances of mortgage proceeds and their monitoring.

Privacy Act Notice. The United States Department of Housing and Urban Development, Federal Housing Administration, is authorized to solicit the information requested in this form by virtue of Title 12, United States Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. While no assurances of confidentiality is pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information request.

Date 03/01/22	Sponsor
Project No. 114-35821	Building Identification
Name of Project St. Elizabeth Place	Location 4514 Lyons Ave Houston, TX 77020

This form represents the Contractors and/or Mortgagors firm costs and services as a basis for disbursing dollar amounts when insured advances are requested. Detailed instructions for completing this form are included on the reverse side.

Line	Div.	Trade Item	Cost	Trade Description
1	3	Concrete	\$ 384,315	Slab on grade & on elevated decks/plumbing patches
2	4	Masonry	\$ 656,277	Masonry repairs/new openings/cleaning/sealing
3	5	Metals	\$ 549,688	structural & misc steel/steel erection
4	6	Rough Carpentry	\$ 297,264	Interior blocking/roof blocking/trellis joists
5	6	Finish Carpentry	\$ 242,269	Interior wood base/wood trim/shelving/solid surface window stools
6	7	Waterproofing	\$ 105,163	waterproofing and window caulking
7	7	Insulation	\$ 108,985	Insulation @ underside of roof/fire safing & fire caulking
8	7	Roofing	\$ 421,268	tear-off existing roof/new TPO roof & roof pavers @ Convent
9	7	Sheet Metal	\$ 0.00	Included with Roofing
10	8	Doors	\$ 813,114	Interior & exterior doors/frames/hardware/protect Historic Frames
11	8	Windows	\$ 1,426,758	New replacement windows with tinted film/skylight
12	8	Glass	\$ 0.00	Included with Windows
13	9	Lath and Plaster	\$ 5,000	patching @ Historic Lobby
14	9	Drywall	\$ 1,425,447	Metal stud framing/sheetrock/tape & float/sound insulation
15	9	Tile Work	\$ 381,881	Ceramic tile/Historic Corridor terrazzo patching, cleaning & polishing
16	9	Acoustical	\$ 0.00	None
17	9	Wood Flooring	\$ 0.00	None
18	9	Resilient Flooring	\$ 297,644	Carpet & LVT flooring
19	9	Painting and Decorating	\$ 266,200	Interior & exterior prep & painting
20	10	Specialties	\$ 156,896	Interior Bath & Closet specialties/signage/mailboxes/parcel/FE's
21	11	Special Equipment	\$ 8,850	BBQ Pit & Fireplace
22	11	Cabinets	\$ 315,940	Kitchen & Bath cabinets & plastic laminate countertops
23	11	Appliances	\$ 337,512	Appliances and installation
24	12	Blinds and Shades, Artwork	\$ 26,850	Horizontal Blinds
25	12	Carpets	\$ 0.00	Included with Flooring
26	13	Special Construction	\$ 131,507	Exterior metal wall panels/aluminum awnings & canopies
27	14	Elevators	\$ 410,142	Elevators and Wheelchair Lift
28	15	Plumbing and Hot Water	\$ 2,330,432	Building & site plumbing/complete fire sprinkler system
29	15	Heat and Ventilation	\$ 1,191,246	All HVAC ductwork/equipment & controls
30	15	Air Conditioning	\$ 0.00	Included with Heat & Ventilation
31	16	Electrical	\$ 1,599,065	All electrical & fire alarm with phone/CCTV & Cable rough-in
32		Subtotal (Structures)	\$ 13,889,713	
33		Accessory Structures	\$ 0.00	
34		Total (Lines 32 and 33)	\$ 13,889,713	

Line	Div.	Trade Item	Cost	Trade Description			
35	2	Earth Work	\$ 316,109	Excavation/fill/limo stabilization/haul-off spoils/SWPPP			
36	2	Site Utilities	\$ 0				
37	2	Roads and Walks	\$ 373,575	Site Paving, Site Concrete, Ramps/Curbs/Walks			
38	2	Site Improvements	\$ 141,001	Fencing/gates/bicycle racks/stripping & HC signage			
39	2	Lawns and Planting	\$ 191,795	Landscaping & Irrigation			
40	2	Unusual Site Condition	\$				
41		Total Land Improvements	\$ 1,022,480	Nonresidential and Special Exterior Land Improvement (costs included in trade item breakdown)		Offsite Costs (costs not included in trade item breakdown)	
42		Total Struct. & Land Imprvts.	\$ 14,912,193	Description	Est. Cost	Description	Est. Cost
43	1	General Requirements	\$ 737,633		\$		\$
44		Subtotal (Lines 42 and 43)	\$ 15,649,826		\$		\$
45		Builder's Overhead	\$ 312,996		\$		\$
46		Builder's Profit	\$ 689,498	Total	\$		\$
47		Subtotal (Lines 44 thru 46)	\$ 16,652,320	Other Fees		Total	\$
48					\$	Demolition (costs not included in trade item breakdown)	
49		Other Fees	\$		\$	Description	Est. Cost
50		Bond Premium	\$ 140,395		\$		\$
51		Total for All Improvements	\$ 16,792,715		\$	Demolition & Abatement	\$2,344,955
52		Builder's Profit Paid by Means Other Than Cash	\$		\$		\$
53		Total for All Improvements Less Line 52	\$ 16,792,715	Total	\$	Total	\$ 2,344,955

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Mortgagor		By	Date
St. Elizabeth Place LP			
Contractor		By	Date
Humphries Construction Corporation		Ken Humphries <i>[Signature]</i>	3/2/22
FHA (Processing Analyst)	Date	FHA (Chief, Cost Branch or Cost Analyst)	Date
FHA (Chief Underwriter)			Date

Instructions for Completing Form HUD-2328

This form is prepared by the contractor and/or mortgagor as a requirement for the issuance of a firm commitment. The firm replacement cost of the project also serves as a basis for the disbursement of dollar amounts when insured advances are requested. A detailed breakdown of trade items is provided along with spaces to enter dollar amounts and trade descriptions.

A separate form is prepared through line 32 for each structure type. A summation of these structure costs are entered on line 32 of a master form. Land improvements, General Requirements and Fees are completed through line 53 on the master 2328 only.

Date—Date form was prepared.

Sponsor—Name of sponsor or sponsoring organization.

Project No.—Eight-digit assigned project number.

Building Identification—Number(s) or Letter(s) of each building as designated on plans.

Name of Project—Sponsors designated name of project.

Location—Street address, city and state.

Division—Division numbers and trade items have been developed from the cost accounting section of the uniform system.

Accessory Structures—This item reflects structures, such as: community, storage, maintenance, mechanical, laundry and project office buildings. Also included are garages and carports or other buildings.

When the amount shown on line 33 is \$20,000.00 or 2% of line 32 whichever is the lesser, a separate form HUD-2328 will be prepared through line 32 for Accessory Structures.

Unusual Site Conditions—This trade item reflects rock excavation, high water table, excessive cut and fill, retaining walls, erosion, poor drainage and other on-site conditions considered unusual.

Cost—Enter the cost being submitted by the Contractor or bids submitted by a qualified subcontractor for each trade item. These costs will include, as a minimum, prevailing wage rates as determined by the Secretary of Labor.

Trade Description—Enter a brief description of the work included in each trade item.

Other Fees—Includable are fees to be paid by the Contractor, such as sewer tap fees not included in the plumbing contract. Fees paid or to be paid by the Mortgagor are not to be included on this form.

Total For All Improvements—This is the sum of lines 1 through 50 and is to include the total builder's profit (line 46).

EXHIBIT D
TO LOAN AGREEMENT

SCHEDULE OF DRAWINGS

#	SHEET NAME	ISSUED
GENERAL		
A0 00	COVER SHEET	02 01 20
A0 01	SHEET INDEX	02 03 20
A0 02	PROJECT SUMMARY	02 03 20
A0 03	PROJECT SUMMARY	09 25 19
A0 04	LEGEND OF ALL KEYNOTES USED	09 25 19
CODE ANALYSIS		
A0 11	CODE ANALYSIS	02 03 20
A0 12	ADDRESS PLAN / HOSPITAL	09 25 19
A0 13	ADDRESS PLAN / CONVENT	09 25 19
A0 14	FIRE HOSE PULL DIAGRAM	09 25 19
APPROVALS, MEETING NOTES, ETC.		
A0 21	APPROVALS & COMMISSIONING STATEMENT	02 03 20
ENERGY ANALYSIS		
A0 31	COMCHECK	02 03 20
DEMOLITION SITE PLAN		
D1 10	DEMOLITION SITE PLAN	09 25 19
DEMOLITION FLOOR PLANS - HISTORIC HOSPITAL		
D2 11	DEMOLITION HISTORIC HOSPITAL - FIRST FLOOR PLAN	09 25 19
D2 12	DEMOLITION HISTORIC HOSPITAL - SECOND FLOOR PLAN	09 25 19
D2 13	DEMOLITION HISTORIC HOSPITAL - THIRD FLOOR PLAN	09 25 19
D2 14	DEMOLITION HISTORIC HOSPITAL - FOURTH FLOOR PLAN	09 25 19
D2 15	DEMOLITION HISTORIC HOSPITAL - ROOF PLAN	09 25 19
DEMOLITION FLOOR PLANS - HISTORIC CONVENT		
D2 21	DEMOLITION HISTORIC CONVENT - FIRST & SECOND FLOOR PLANS	09 25 19
D2 22	DEMOLITION HISTORIC CONVENT - THIRD THROUGH FOURTH FLOOR PLANS	09 25 19
DEMOLITION ELEVATIONS & SECTIONS - HISTORIC HOSPITAL		
D3 11	DEMOLITION HISTORIC HOSPITAL - ELEVATIONS	09 25 19
D3 12	DEMOLITION HISTORIC HOSPITAL - ELEVATIONS	09 25 19
DEMOLITION ELEVATIONS & SECTIONS - HISTORIC CONVENT		
D3 21	DEMOLITION HISTORIC CONVENT - ELEVATIONS	09 25 19
DEMOLITION MECH.		
D12 01	DEMOLITION JO VIEWS	09 25 19
SURVEY		
V 1	ALTA / NPS LAND TITLE SURVEY	09 25 19
CIVIL		
C1 00	NOTES	02 03 20
C2 00	DRAINAGE SITE PLAN	02 03 20
C3 00	DRAINAGE SITE PLAN	02 03 20
C4 00	WATER AND SANITARY SEWER SITE PLAN	02 03 20
C5 00	DETAILS	02 03 20
C5 01	DETAILS	02 03 20
C6 00	SWPPP	02 03 20
C7 00	SWPPP DETAILS	02 03 20
LANDSCAPE		
L1 00	TREE PROTECTION PLAN	09 25 19
L1 01	TREE PROTECTION DETAILS	09 25 19
L2 00	LAYOUT PLAN	09 25 19

#	SHEET NAME	ISSUED
PLUMBING		
MEP 1 00	MEP SITE PLAN	02 03 20
P4 10a	HOSPITAL - PARTIAL 1ST FLOOR UNDERGROUND PLUMBING PLAN - WEST	02 03 20
P4 10b	HOSPITAL - PARTIAL 1ST FLOOR UNDERGROUND PLUMBING PLAN - EAST	02 03 20
P4 10c	HOSPITAL - PARTIAL 1ST FLOOR UNDERGROUND PLUMBING PLAN - SE & SW	02 03 20
P4 11a	HOSPITAL - PARTIAL 1st FLOOR PLUMBING PLAN - WEST	09 25 19
P4 11b	HOSPITAL - PARTIAL 1st FLOOR PLUMBING PLAN - EAST	09 25 19
P4 11c	HOSPITAL - PARTIAL 1st FLOOR PLUMBING PLAN - SE & SW	09 25 19
P4 12a	HOSPITAL - PARTIAL 2nd FLOOR PLUMBING PLAN - WEST	09 25 19
P4 12b	HOSPITAL - PARTIAL 2nd FLOOR PLUMBING PLAN - EAST	09 25 19
P4 12c	HOSPITAL - PARTIAL 2nd FLOOR PLUMBING PLAN - SE & SW	09 25 19
P4 13a	HOSPITAL - PARTIAL 3rd FLOOR PLUMBING PLAN - WEST	09 25 19
P4 13b	HOSPITAL - PARTIAL 3rd FLOOR PLUMBING PLAN - EAST	09 25 19
P4 13c	HOSPITAL - PARTIAL 3rd FLOOR PLUMBING PLAN - SE & SW	09 25 19
P4 14a	HOSPITAL - PARTIAL 4th FLOOR PLUMBING PLAN - WEST	09 25 19
P4 14b	HOSPITAL - PARTIAL 4th FLOOR PLUMBING PLAN - EAST	09 25 19
P4 14c	HOSPITAL - PARTIAL 4th FLOOR PLUMBING PLAN - SE & SW	09 25 19
P4 20	CONVENT - 1st FLOOR UNDERGROUND PLUMBING PLAN	02 03 20
P4 21	CONVENT - 1st FLOOR PLUMBING PLAN	02 03 20
P4 22	CONVENT - 2nd FLOOR PLUMBING PLAN	02 03 20
P4 23	CONVENT - 3rd FLOOR PLUMBING PLAN	09 25 19
P4 24	CONVENT - 4th FLOOR PLUMBING PLAN	02 03 20
P5 10	PLUMBING DETAILS & SCHEDULES	02 03 20
P5 11	PLUMBING DWV ISOMETRIC DIAGRAM	02 03 20
P5 12	PLUMBING DWV ISOMETRIC DIAGRAM	02 03 20
P5 13	PLUMBING DWV ISOMETRIC DIAGRAM	02 03 20
P5 14	PLUMBING DWV ISOMETRIC DIAGRAM	02 03 20
P5 15	PLUMBING ROOF DRAIN ISOMETRIC DIAGRAM	02 03 20
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A1 20	SITE PLAN DETAILS	09 25 19
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A4 13a	HOSPITAL ENLARGED PLANS - THIRD FLOOR WEST	09 25 19
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E4 14b	HOSPITAL - PARTIAL FOURTH FLOOR ELECTRICAL PLAN - EAST	09 25 19
E4 14c	HOSPITAL - PARTIAL FOURTH FLOOR ELECTRICAL PLAN - SE & SW	09 25 19
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S0 2	STRUCTURAL SCHEDULES	NIC
S0 3	SHEAR WALL DETAILS	NIC
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S1-1	FOUNDATION PLAN	NIC
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NIC *Indicate Drawing Sheet Not Included

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A6 11c	HISTORIC HOSPITAL - REFLECTED CEILING PLAN - FIRST FLOOR	01 25 14
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A6 12b	HISTORIC HOSPITAL - REFLECTED CEILING PLAN - SECOND FLOOR EAST	01 25 14
A6 12c	HISTORIC HOSPITAL - REFLECTED CEILING PLAN - SECOND FLOOR SOUTHWEST & SOUTHEAST	01 25 14
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A6 13b	HISTORIC HOSPITAL - REFLECTED CEILING PLAN - THIRD FLOOR EAST	01 25 14
A6 13c	HISTORIC HOSPITAL - REFLECTED CEILING PLAN - THIRD FLOOR SOUTHWEST & SOUTHEAST	01 25 14
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A6 14c	HISTORIC HOSPITAL - REFLECTED CEILING PLAN - FOURTH FLOOR SOUTHWEST & SOUTHEAST	01 25 14
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A6 23	CONVENT REFLECTED CEILING PLANS - THIRD FLOOR PLAN	01 25 14
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A8 20	TYPICAL DOOR DETAILS	01 25 14
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A8 30	TYPICAL WINDOW DETAILS	N/C
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A8 40	TYPICAL FLASHING DETAILS	01 25 14
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#	SHEET NAME	ISSUED
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00 35 00	Geotechnical Data	December 2018
00 50 00	Agreement	December 2018
00 71 00	General Conditions	December 2018
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DIVISION 01 - GENERAL REQUIREMENTS		
01 10 00	Summary	December 2018
01 21 00	Allowances	December 2018
01 22 00	Unit Prices	December 2018
01 23 00	Alternates	December 2018
01 25 13	Product Substitution Procedures	December 2018
01 26 00	Contract Modification Procedures	December 2018
01 29 00	Payment Procedures	December 2018
01 31 00	Project Management And Coordination	December 2018
01 32 00	Construction Progress Documentation	December 2018
01 33 00	Submittal Procedures	December 2018
01 35 91	Historic Treatment Procedures and Protection	December 2018
01 40 00	Quality Requirements	December 2018
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01 60 00	Product Requirements	December 2018
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01 73 29	Cutting And Patching	December 2018
01 74 19	Waste Management	December 2018
01 77 00	Closeout Procedures	December 2018
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07 11 13	Bituminous Dampproofing	December 2018
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07 25 00	Weather Resistive Barrier	December 2018
07 27 07	Vapor Permeable Water-resistive Barriers	December 2018
07 40 10	Metal Roof and Wall Panels	December 2018
07 54 23	Thermoplastic Polyolefin Roofing	December 2018
07 62 00	Sheet Metal Flashing And Trim	December 2018
07 76 00	Deck Pedestals	December 2018
07 84 13	Penetration Firestopping	December 2018
07 92 00	Joint Sealants	December 2018
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08 14 00	Flush Wood Doors	December 2018
08 31 00	Access Doors and Frames	December 2018
08 34 83	Elevator Door Smoke Containment System	December 2018
08 43 13	Aluminum Framed Entrances and Storefronts	December 2018
08 52 00	Aluminum Windows	December 2018
08 71 00	Finish Hardware	December 2018
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09 21 16	Gypsum Board Assemblies on Metal Framing	December 2018
09 29 00	Gypsum Board	December 2018
09 30 00	Tiling	December 2018
09 54 26	Linear wood Ceiling	NIC
09 65 13	Resilient Base and Accessories	December 2018
09 68 00	Carpeting	December 2018
09 68 13	Tile Carpeting	December 2018
09 91 13	Exterior Painting	December 2018

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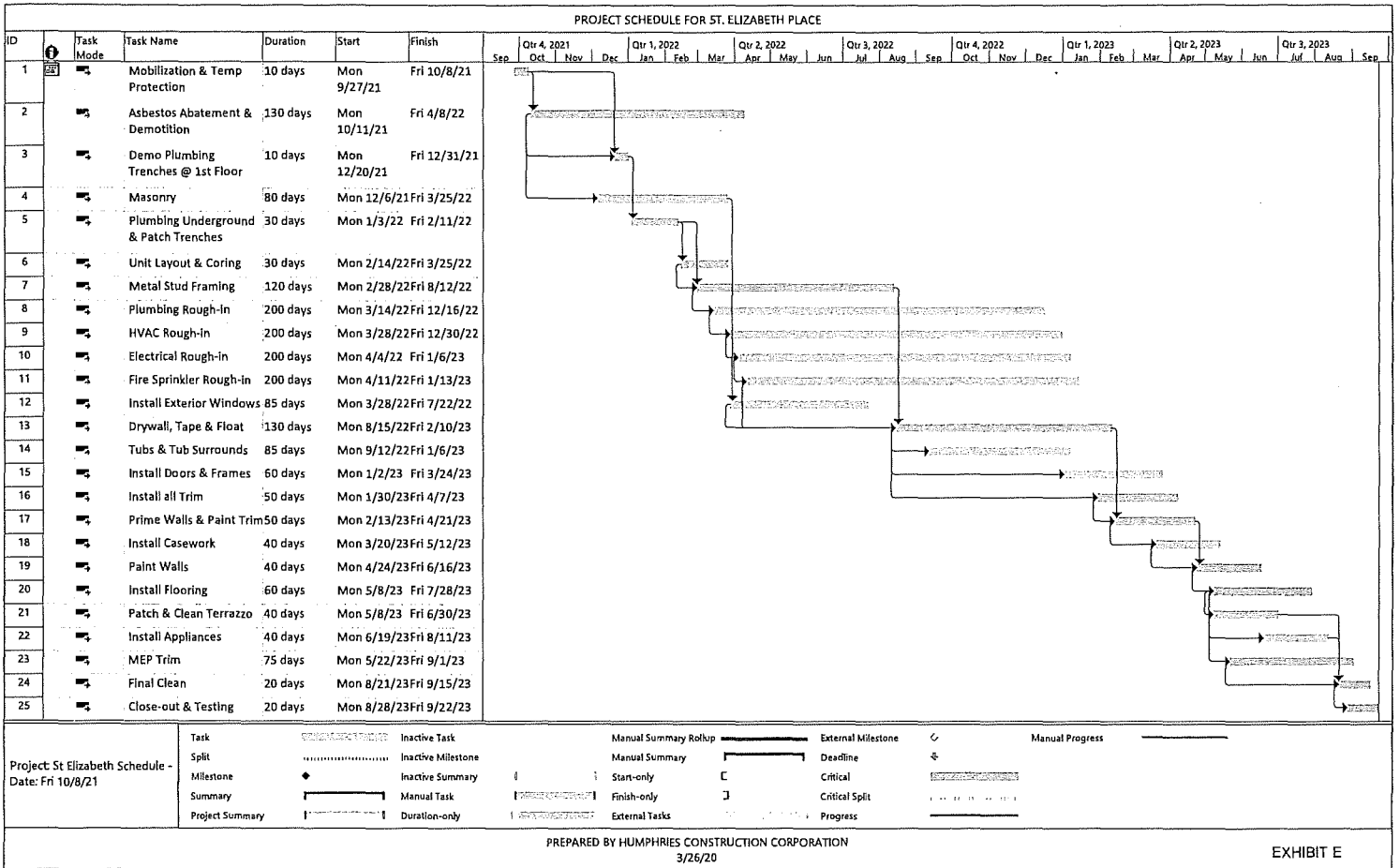
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10 28 00	Toilet, Bath and Laundry Accessories	December 2018
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10 44 16	Fire Extinguishers	December 2018
10 56 23	Storage Shelving	December 2018
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11 31 00	Residential Appliances	December 2018
DIVISION 12 – FURNISHINGS (Also Refer to Landscape Drawings)		
12 21 13	Horizontal Louver	December 2018
12 35 30	Residential Casework	December 2018
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DIVISION 14 - CONVEYING EQUIPMENT		
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DIVISION 22 - PLUMBING (Refer to Plumbing Drawings)		
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DIVISION 27 – COMMUNICATIONS (Refer to Electrical Drawings)		
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APPENDIX C FIRE RESISTANCE ASSEMBLIES		December 2018
APPENDIX D ROOF CLASS REPORT		December 2018

Indicates Specification Section Not Included NIC

EXHIBIT E



ATTACHMENTS TO LOAN AGREEMENT

- A. City's Restrictive Covenants
- B. Borrowers' Note
- C. Owner's Deed of Trust
- D. Financing Statements
- E. Collateral Note
- F. Collateral Assignment (Owner Loan)
- G. Construction Completion Guaranty
- H. Declaration of Subordination
- I. Intercreditor Agreement
- J. Assignment of Construction Project Management Agreement (if required under Agreement)
- K. Assignment of Property Management Agreement
- L. Assignment of Architect's Contract, Plans and Specifications, and Consent
- M-1. Assignment of Construction Contract
- M-2. Assignment of Construction Contract (Subcontract)
- N. Environmental Indemnity Agreement
- O. Form of the Performance Bond, Maintenance Bond, and Payment Bond
- P. Owner Loan Agreement
- Q. Subordination, Nondisturbance and Attornment Agreement
- R. Tranche 3 Note
- S. Tranche 3 Owner Note
- T. Tranche 3 Deed of Trust
- U. Tranche 3 Collateral Assignment (Owner Loan)
- V. Amended and Restate Subordination, Nondisturbance and Attornment Agreement
- W. Amendment to Restrictive Covenants

ATTACHMENTS

- X. HUD Subordination Agreement
- Y. Amendment to Declaration of Subordination
- Z. Amended and Restated Revised Subordination Agreement and Intercreditor Agreement
- AA. Tranche 3 UCC-1 and UCC-3
- BB. Amended and Restated Guaranty Agreement
- CC. Amended and Restated Owner Loan Agreement
- DD. HUD Amendment to Restrictive Covenants

ATTACHMENT A
TO LOAN AGREEMENT
RESTRICTIVE COVENANTS

RECORDED BY
AMERICAN TITLE COMPANY

GF 3070918-00057-2

RESTRICTIVE COVENANTS

THESE RESTRICTIVE COVENANTS ("Declaration") are executed this 7th day of August, 2020, by ST. ELIZABETH PLACE LP, a Texas limited partnership, ("Owner").

RECITALS

Owner has title to certain land described on EXHIBIT A attached hereto and incorporated herein by reference, together with any improvements situated thereon or to be constructed thereon, located at 4514 Lyons Avenue, Houston, Harris County, Texas 77020 (said land and improvements being hereinafter collectively referred to as the "Property" or the "Project").

Pursuant to a certain Loan Agreement ("City Loan Agreement") by and between the City of Houston ("City"), Owner and FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas non-profit corporation ("Borrower") effective as of July 23, 2020, the Owner has agreed to comply with certain occupancy and rent restrictions on the Property for the Affordability Period (as defined herein), and, in consideration of the mutual benefits to the City, Owner and Borrower set out in the City Loan Agreement, Owner has agreed to execute this Declaration to further evidence its agreement to comply with such restrictions.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 General. Capitalized terms used in this Declaration shall have, unless the context clearly requires otherwise, the meanings specified in this Article I. Certain additional terms may be defined elsewhere in this Declaration.

a. Affordability Period shall mean the period, which commences upon Project Completion, as defined in the City Loan Agreement, during which all Designated Units in the Project must remain affordable (in accordance with the provisions of Section 3.1 hereof) without regard to the term of the City Loan Agreement or transfer of ownership of the Project. The Affordability Period for the Project covered by this Declaration shall be forty (40) years from Project Completion and may be extended as provided in the City Loan Agreement.

b. City is defined in the preamble to this Declaration.

c. City Loan shall mean the loan made by the City to Borrower in the original principal amount of \$14,874,622.00, the proceeds of which were utilized by Borrower to make the Owner Loan to Owner.

d. City Loan Agreement shall mean that certain loan agreement by and between the City, Owner and Borrower, which governs the City Loan.

RP-2020-363056

e. City Loan Documents shall mean all of the documents executed by Borrower and Owner that govern, secure, and/or evidence the City Loan, including without limitation, the City Loan Agreement and this Declaration.

f. Designated Unit(s) shall mean those units in the Project which have been designated by the Owner and approved by the Director as subject to all occupancy, rent and affordability requirements contained in the City Loan Agreement and this Declaration. The Designated Units for the Project covered by this Agreement shall consist of forty-four (44) Project units, as more particularly described in Article III hereof, and which may "float" within the Project.

g. Director shall mean the Director of the City's Housing and Community Development Department or any other person that the Director may designate to monitor compliance with this Declaration.

h. Float means that the location of the Designated Units may vary within the Project. The income eligible tenants must occupy the Designated Units. If at any time during the Affordability Period the income of the tenant household increases above the threshold eligible area median income level for which the Designated Unit has been designated, then Owner must substitute said unit with the next available comparable unit and house a household whose income is consistent with the area median income for the Designated Unit in which the tenant household became over-income.

i. GLO means the General Land Office of the State of Texas.

j. HUD shall mean the United States Department of Housing and Urban Development.

k. Income and/or Family Income or any similar term, including without limitation, annual income, adjusted income, monthly income and monthly adjusted income shall have the meanings assigned to such terms in 24 CFR Part 5.

l. LMI Persons shall mean households whose annual incomes do not exceed eighty (80%) percent of the area median income, as determined by HUD with adjustments for family size.

m. Owner is defined in the preamble to this Declaration.

n. Owner Loan means the loan made by Borrower to Owner with the proceeds of the City Loan for the purposes set forth in the City Loan Agreement.

o. Owner Loan Documents shall mean all of the documents executed by Owner that govern, secure, and/or evidence the Owner Loan.

p. Project shall mean the land described in **EXHIBIT A** together with all buildings and other improvements located thereon. Project shall also include all personal property of the Owner located on, incorporated into, or used in connection with the land and improvements, including without limitation, all appliances, air conditioning, heating, ventilation, plumbing and electrical fixtures and equipment.

q. Regulations mean all federal regulations applicable to the Project, including, without limitation, any federal or state regulations related to any loans or grants made pursuant to or in connection with the HUD Community Development Block Grant Disaster Recovery program, as amended from time to time as administered by the GLO.

Section 1.2 Generic Terms. Unless the context clearly indicates otherwise, where appropriate the singular shall include the plural, and the masculine shall include the feminine or neuter and vice versa, to the extent necessary to give the terms defined in this Article I and/or the terms otherwise used in this Declaration their proper meanings.

ARTICLE II

USE AND OCCUPANCY OF THE PROPERTY

Section 2.1 Use and Occupancy of the Property. During the Affordability Period, Owner will maintain the Designated Units located at the Property as multi-family rental housing for qualified LMI Persons and will rent or hold available for rental forty-four (44) Designated Units on a continuous basis.

a. During the Affordability Period, Owner will make continuously available for occupancy each and every Designated Unit in the Project as provided in Section 3.1 below.

b. The determination of whether the income of a family or individual occupying or seeking to occupy a Designated Unit exceeds the applicable income limit shall be made prior to admission of such family or individual to occupancy in a Designated Unit. Thereafter, such determinations shall be made at least annually on the basis of an examination or reexamination of the current income of the family or individual.

ARTICLE III

RENT

Section 3.1 Designated Units; Compliance With Affordability Requirements.

a. The Director has determined that the number of Designated Units for the Project covered by this Agreement shall consist of forty-four (44) units, being at least fifty-one percent (51%) of the 85 total residential units in the Project, the location of which may float during the Affordability Period.

b. With respect to the Designated Units, Owner shall comply with the following affordability requirements:

- (1) Each of the Designated Units shall be rented or be available for rent only to the City's LMI Persons, being those households whose gross income does not exceed eighty percent (80%) of the Area Median Income ("AMI"), as determined by HUD.
- (2) Designated Units shall be rent restricted based upon the following criteria:
 - a. ten percent (10%) or 5 of the Designated Units shall be restricted to households at rents that do not exceed thirty percent (30%) of AMI.

- b. twenty percent (20%) or 9 of the Designated Units shall be restricted to households at rents that do not exceed fifty percent (50%) of AMI.
- c. forty percent (40%) or 18 of the Designated Units shall be restricted to households at rents that do not exceed sixty percent (60%) of AMI.
- d. thirty percent (30%) or 12 of the Designated Units shall be restricted to households at rents that do not exceed eighty percent (80%) of AMI.

(3) The rental amount for each Designated Unit shall not exceed the applicable maximum rental limitations published annually by HUD for the low-income housing tax credit program, adjusted for unit size and applicable to the City, as such rental limitation is further described at 26 U.S.C. §§ 42(g)(2)(A) and (B).

(4) The location of the Designated Units shall "float" within the Project. No later than ninety (90) days prior to the initiation of rental activities at the Project, Owner shall contact the Director to establish a procedure for identifying the initial Designated Units to be occupied by qualified tenants and a procedure for identifying the floating Designated Units on a periodic basis thereafter.

c. The Owner will not refuse to lease a Designated Unit to a recipient of federal housing assistance or to the holder of a document evidencing participation in a tenant-based assistance program because of the status of the prospective tenant as a holder of such certificate of participation, rental voucher, or comparable tenant-based assistance document (unless such rental is in conflict with other applicable federal or state requirements).

ARTICLE IV

ADMINISTRATION

Section 4.1 Tenant Lease Requirements. The Owner shall enter into a lease agreement (in the form approved by the Director) with each new or renewal tenant ("Tenant") of the Project's Designated Units. The term of each lease shall not be less than one (1) year unless the Owner and the Tenant mutually agree otherwise. No lease of any Designated Unit may contain any of the following provisions:

- a. An agreement by the Tenant to be sued, to admit guilt or to a judgment in favor of the Owner in a lawsuit brought in connection with the lease;
- b. ~~An agreement by the Tenant that the Owner may take, hold, or sell personal property of household members without notice to the Tenant and a court decision on the rights of the parties. This provision does not apply to an agreement by the Tenant concerning disposition of personal property remaining in a housing unit in the Project after the Tenant has moved out of a unit. The Owner may dispose of this personal property in accordance with applicable state law;~~

- c. An agreement by the Tenant not to hold the Owner or the Owner's agents legally responsible for any action or failure to act, whether intentional or negligent;
- d. An agreement of the Tenant that the Owner may institute a lawsuit without notice to the Tenant;
- e. An agreement by Tenant that the Owner may evict the Tenant or household members without instituting a civil court proceeding in which the Tenant has the opportunity to present a defense, or prior to a court decision regarding the rights of the parties;
- f. An agreement by the Tenant to waive any right to a trial by jury;
- g. An agreement by the Tenant to waive the Tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease; or
- h. An agreement by the Tenant to pay attorney's fees or other legal costs even if the Tenant wins in a court proceeding by the Owner against the Tenant. The Tenant, however, may be obligated to pay costs if the Tenant loses.

Section 4.2 Limitations on Termination of Leases. Owner shall not terminate any tenancy or refuse to renew the lease of any Tenant in the Project except for one of the following reasons: (a) violation of the terms and conditions of the lease; (b) violation of applicable federal, state or local law; (c) if the Project is a transitional housing facility, for completion of the transitional housing tenancy period established by mutual agreement of the Owner and the City; or (d) other good cause. Any termination or refusal to renew must be preceded by the Owner providing the affected Tenant with not less than thirty (30) days prior written notice specifying the grounds for such termination or refusal to renew.

Section 4.3 [reserved]

Section 4.4 Annual Reevaluation of Rents. For purposes of monitoring compliance with the affordability requirements of Section 3.1 above, Owner shall, prior to the occupancy of any Tenant in a Designated Unit and thereafter annually, submit to the City for approval, the rents proposed by the Owner for the coming year as well as the monthly allowances proposed by the Owner for the coming year for utilities and services to be paid by the Tenant. In connection with the Owner's annual submittal of proposed rents, the Owner shall re-examine the income of each Tenant household living in a Designated Unit. The maximum monthly rent must be recalculated by the Owner in accordance with the requirements of Section 3.1 above and reviewed and approved by the City. Any increase in rents for Designated Units is subject to the provisions of the leases in any event, and the Owner must provide Tenants not less than thirty (30) days prior written notice before implementing any increase in rents.

Section 4.5 Maintenance of Project. Owner must maintain the Project in compliance with (i) the City's Minimum Property Standards as defined in the City Loan Agreement and (ii) all applicable, local codes, rehabilitation standards, ordinances and zoning ordinances (including without limitation, the City's Building, Housing and Fire Codes).

Section 4.6 Maintenance of Documents. All tenant lists, applications, leases, waiting lists, income examinations and reexaminations relating to the Property shall at all times be kept separate and identifiable from any other business of Owner which is unrelated to the Property,

and shall be maintained in a reasonable condition for proper audit and subject to examination and photocopying during business hours by representatives of the City, GLO or other federal agency.

Section 4.7 Compliance Review. The City or its designee will monitor Owner's compliance with the requirements of this Declaration. In conducting its compliance review the City will rely primarily on information obtained from Owner's records and reports, findings from on-site monitoring and audit reports.

Section 4.8 Releases. Upon the expiration of the Affordability Period as provided in Section 1.1(a) hereof, Owner shall request that the City execute such documents as may be required to evidence release of the Property from the covenants and restrictions set forth in this Declaration.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF OWNER

Section 5.1 Representations and Warranties. Owner represents and warrants to the City that:

a. Valid Execution. Owner has validly executed this Declaration and the same constitutes the binding obligation of Owner. Owner has full power, authority and capacity:

- (i) to enter into this Declaration;
- (ii) to carry out Owner's obligations as described in this Declaration; and
- (iii) to assume responsibility for compliance with all applicable local, state and federal rules and regulations, including, without limitation, the Regulations.

b. No Conflict or Contractual Violation. To the best of Owner's knowledge, the making of this Declaration and Owner's obligations hereunder:

- (i) will not violate any contractual covenants or restrictions (A) between Owner and any third party or (B) affecting the Property;
- (ii) will not conflict with any of the instruments that create or establish Owner's authority;
- (iii) will not conflict with any applicable public or private restrictions;
- (iv) do not require any consent or approval of any individual or entity which has not already been obtained; and
- (v) are not threatened with invalidity or unenforceability by any action, proceeding or investigation pending or threatened, by or against (A) Owner without regard to capacity, (B) any person with whom Owner may be jointly or severally liable, or (C) the Property or any part thereof.

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c. No Litigation. No litigation or proceedings are pending or, to the best of Owner's knowledge, threatened against Owner which if adversely determined could individually or in the aggregate have an adverse effect on title to or the use and enjoyment or value of the Property, or any portion thereof, or which could in any way interfere with the consummation of this Declaration.

d. No Bankruptcy. There is not pending or, to Owner's best knowledge, threatened against Owner any case or proceeding or other action in bankruptcy, whether voluntary or otherwise, any assignment for the benefit of creditors, or any petition seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for Owner under any federal, state or other statute, law or regulation relating to bankruptcy, insolvency or relief for debtors.

Section 5.2 INDEMNIFICATION. OWNER AGREES TO INDEMNIFY AND HOLD HARMLESS THE CITY, GLO AND HUD FROM AND AGAINST ALL LIABILITIES, LOSSES, CLAIMS, DAMAGES, JUDGMENTS, COSTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES) INCURRED BY THE CITY, GLO OR HUD AS A RESULT OF ANY MATERIAL INACCURACY IN ANY OF THE REPRESENTATIONS AND WARRANTIES CONTAINED IN SECTION 5.1.

ARTICLE VI

ENFORCEMENT AND REMEDIES

Section 6.1 Remedies of the City.

a. A default under this Declaration or the City Loan Agreement, shall constitute a default under the City Loan and the Owner Loan and shall entitle the City to exercise all of its rights and remedies under the City Loan Documents and the Owner Loan Documents which were collaterally assigned to the City. The City may pursue collection on the Owner Loan as part of the collateral for the City Loan. The rights set forth in this Section 6.1 are in addition to any rights the City may have under the City Loan Documents, at law or in equity. In the event of a default hereunder, Owner shall have the cure rights provided it under Section 10.1.2 of the Loan Agreement.

b. This Declaration shall be enforceable by actions at law or in equity including, without limitation, actions for specific performance by the City of Houston, its successors and assigns and/or one or more third-party beneficiaries. For the purpose of this Restrictive Covenant, a third-party beneficiary shall be any member of a Low-Income Family meeting the eligibility requirements for a Designated Unit under Section 3.1 of this Declaration.

c. Each right, power and remedy of the City provided for in this Declaration now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Declaration or now or hereafter existing at law or in equity or by statute or otherwise and the exercise or beginning of the exercise by the City of any one or more of the rights, powers or remedies provided for in this Declaration or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by the City of any or all such other rights, powers or remedies.

d. Owner shall be fully and personally liable and subject to legal action to the full extent of the losses of the City caused by (a) misappropriation of insurance proceeds; (b)

misappropriation of proceeds from condemnation or a conveyance in lieu of condemnation; (c) misappropriation of tenant security deposits or other refundable deposits of tenants; (d) misappropriation of rents and other payments received from leases after an Event of Default; (e) waste or damage to the Project as a result of the intentional misconduct or gross negligence of Owner; (f) for all obligations and indemnities of Owner and Borrower under the City Loan Documents relating to hazardous or toxic substances or compliance with environmental laws; (g) for all obligations of Owner under the Owner Loan and the documents evidencing same which have been collaterally assigned to the City; and (h) for fraud or material intentional misrepresentation by Owner.

ARTICLE VII

MISCELLANEOUS

Section 7.1 Amendments. This Declaration may not be amended, modified or rescinded except pursuant to written instrument executed by Owner and approved by the City.

Section 7.2 Notices. All notices required or permitted to be given under this Declaration must be in writing and will be deemed to have been duly given if delivered personally or three (3) days after mailed postage prepaid, by registered or certified United States mail, return receipt requested, addressed to the parties at the following addresses:

If mailed or delivered
to the City:

CITY OF HOUSTON
Housing & Community
Development Department
2100 Travis Street, 9th Floor
Houston, TX 77002
Attention: Director

If mailed or delivered
to Owner:

ST. ELIZABETH PLACE LP
4300 Lyons Avenue, Suite 300
Houston, TX 77020

Any party may change its address for notice purposes by giving notice to the other parties in accordance with this Section 7.2.

Section 7.3 Governing Law and Venue. This Declaration shall be construed and interpreted in accordance with the laws of the City, the State of Texas, the laws of the federal government of the United States, and all rules and regulations of any regulatory body or officer having jurisdiction. Venue shall be proper for any dispute with respect to this Declaration in the United States District Court for the Southern District of Texas or the state circuit court sitting in Harris County, Texas.

Section 7.4 Severability. This Declaration is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations. If any provision of this Declaration or the application thereof to any person or circumstance shall be held invalid or unenforceable, the remainder of this Declaration and the application of such

provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

Section 7.5 Binding Effect; Covenants Running with the Land. During the Affordability Period, this Declaration and the covenants, reservations and restrictions contained herein shall be deemed covenants running with the land for the benefit of the City and its successors and shall pass to and be binding upon Owner's assigns and successors in title to the Property, or if the Property shall not include title to land, but shall include a leasehold interest in land, this Declaration and the covenants, reservations, et al., shall bind the leasehold interest as well as the Property and shall pass to and be binding upon all heirs, assigns and successors to such interest; provided, however, that upon expiration of the Affordability Period this Declaration and said covenants, reservations and restrictions shall expire. During the Affordability Period, each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument. If a portion or portions of the Property are conveyed, all of such covenants, reservations and restrictions shall run to each portion of the Property. Owner, at its cost and expense, shall cause this Declaration to be duly recorded or filed and re-recorded or refiled in such places, and shall pay or cause to be paid all recording, filing or other taxes, fees and charges, and shall comply with all such statutes and regulations as may be required by law, in the opinion of qualified counsel, in order to establish, preserve and protect the ability of the City to enforce this Declaration.

Section 7.6 Counterparts. This Declaration and any amendments hereto may be executed in several counterparts, each of which shall be deemed to be an original copy.

Section 7.7 Section Titles. Section titles and the table of contents are for descriptive purposes only and shall not control or limit the meaning of this Declaration as set forth in the text.

[Signatures on next page]

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**SIGNATURE PAGE
RESTRICTIVE COVENANTS**

IN WITNESS WHEREOF, the undersigned have executed this Declaration to be effective as of the 7th day of ~~July~~ 2020, AUGUST

OWNER:

ST. ELIZABETH PLACE LP,
a Texas limited partnership

By: **St. Elizabeth Place GP LLC,**
a Texas limited liability company,
its general partner

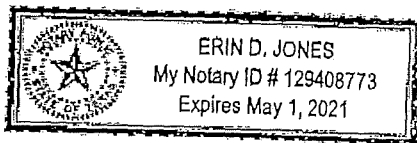
By: St. Elizabeth 2020 Investments, LLC, a
Texas limited liability company, its
Manager

By: 
Kathy Flanagan Payton, Manager

STATE OF TEXAS
COUNTY OF HARRIS

Commission Expires

This instrument was acknowledged before me on the 15th day of July 2020, by Kathy Flanagan Payton, manager of St. Elizabeth 2020 Investments, LLC, a Texas limited liability company and manager of **ST. ELIZABETH PLACE GP LLC**, a Texas limited liability company and general partner of **ST. ELIZABETH PLACE LP**, a Texas limited partnership, on behalf of such limited liability companies and limited partnership.




Notary Public, State of Texas

Erin Jones
Printed Name of Notary
My commission expires 5/1/2021

ATTACHMENTS:

EXHIBIT "A" Property Description

EXHIBIT A

Property Description

TRACT 1:

A TRACT OR PARCEL OF LAND CONTAINING 0.3884 ACRES, (16,917 SQUARE FEET), BEING OUT OF AND A PART OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS; (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

COMMENCING at a ½ " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29" Street), with the west right-of-way line Yates Street, (60 Foot Right-of-Way, Formerly known as House Street), same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner of that certain called 2.2455 acre tract of land being the remainder of said 2.634 Acre Tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said 2.2455 Acre Tract, a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southeast corner of said 2.2455 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said Block 121, a distance of 67.67 feet to a capped, (Landtech), iron rod found for the intersection of the west right-of-way line of Yates Street with the north right-of-way line of Chisum Street, (50 Foot Right-of-Way, Formerly known as Division Avenue), same being the southeast corner of said Block 121, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, along the north right-of-way line of Chisum Street, same being the south line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to a capped, (Landtech), iron rod found for the intersection of the east right-of-way line of St. Elizabeth Street with the north right-of-way line of Chisum Street, same being the southwest corner of said Block 121, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 01" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 67.67 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southwest corner of said 2.2455 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89 degrees, 56' 01" E, across said Block 121, along the common line of said 2.2455 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 0.3884 acres or 16,917 square feet of land, more or less.

TRACT 2:

A TRACT OR PARCEL OF LAND CONTAINING 2.2455 ACRES, (97,813 SQUARE FEET), BEING LOTS 1 THROUGH 10, INCLUSIVE, BLOCK 117, AUGUSTA ADDITION, A SUBDIVISION IN HARRIS COUNTY, TEXAS ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 56, PAGE 139, OF THE HARRIS COUNTY DEED RECORDS, .ALONG WITH AND IN ADDITION TO A PORTION OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS

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AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, ALONG WITH AND IN ADDITION TO THAT CERTAIN TRACT OF LAND FORMERLY KNOWN AS FARMER AVENUE LOCATED BETWEEN SAID BLOCKS 117 AND 121 AND BEING BOUNDED BY THE EAST LINE OF ST. ELIZABETH STREET (30.00 FOOT RIGHT-OF-WAY, ALSO KNOWN AS DAN STREET) AND THE WEST LINE OF YATES STREET, (60.00 FOOT RIGHT-OF-WAY, FORMERLY KNOWN AS HOUSE STREET), AS DESCRIBED BY INSTRUMENT RECORDED IN VOLUME 1396, PAGE 161, OF THE HARRIS COUNTY DEED RECORDS, SAID 2.2455 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

BEGINNING at a 1/2 " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 foot Right-of-Way, Formerly known as 29th Street), with the west right-of-way line Yates Street, same being the northeast corner of said Block 117, same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00 sec W, along with the west right-of-way line of Yates Street, same being he common line of said .2.634 Acre Tract, pass at a distance of 200.00 feet a calculated point for the southeast corner of said Block 117, same being the northeast corner of said Farmer Avenue Tract, pass at a distance of 260.00 feet a calculated point for the southeast corner of said Farmer Avenue Tract, same being the northeast corner of said Block 121, and continuing for a total distance of 391.25 feet to a capped, (Precision Surveyors); iron rod set on the common line of said Block 121 for the northeast corner of that certain called 0.3884 acre tract of land out of said 2.634 Acre Tract, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, across said Block 121, along the common line of said 0.3884 Acre Tract, a distance of 250.00 feet to a capped, (Precision Surveyors), iron rod set on the east right-of-way line of St. Elizabeth Street, same being the common line of said Block 121, for the northwest corner of said 0.3884 Acre Tract, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 00" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, pass at a distance of 131.25 feet a calculated point for the northwest corner of said Block 121, same being the southwest corner of said Farmer Avenue Tract, pass at a distance of 191.25 feet a calculated point for the northwest corner of said Farmer Avenue Tract, same being the southwest corner of said Block 117, and continuing for a total distance of 391.25 feet to a capped, (Precision Surveyors), iron found for the intersection of the east right-of-way line of St. Elizabeth Street with the south right-of-way line of Lyons Avenue, for the northwest corner of said Block 117, same being the northwest corner of said 2.634 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89° 56' 01" E, along the south right-of-way line of Lyons Avenue, same being the common line of said Block 117, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 2.2455 acres or 97,813 square feet of land, more or less

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Pages 13
08/10/2020 02:28 PM
e-Filed & e-Recorded in the
Official Public Records of
HARRIS COUNTY
CHRIS HOLLINS
COUNTY CLERK
Fees \$62.00

RECORDERS MEMORANDUM
This instrument was received and recorded electronically
and any blackouts, additions or changes were present
at the time the instrument was filed and recorded.

Any provision herein which restricts the sale, rental, or
use of the described real property because of color or
race is invalid and unenforceable under federal law.
THE STATE OF TEXAS
COUNTY OF HARRIS
I hereby certify that this instrument was FILED in
File Number Sequence on the date and at the time stamped
hereon by me; and was duly RECORDED in the Official
Public Records of Real Property of Harris County, Texas.




COUNTY CLERK
HARRIS COUNTY, TEXAS

ATTACHMENT B
TO LOAN AGREEMENT

NOTE

NOTE

\$14,874,622.00

August 7, 2020

I. PROMISE TO REPAY.

FOR VALUE RECEIVED, FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas non-profit corporation ("Maker"), hereby agrees and promises to pay to the order of THE CITY OF HOUSTON, TEXAS, a home-rule city organized under the laws of the State of Texas ("Payee"), at City Hall Annex, 900 Bagby, City of Houston, Harris County, Texas 77002 or at any other place as the holder hereof may from time to time in writing designate, on the Maturity Date, in coin or currency, which at the time of payment shall constitute legal tender of the United States of America, the principal sum of FOURTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$14,874,622.00), or so much thereof as may be advanced, together with interest on the principal balance from time to time remaining unpaid at the rates set forth below.

The loan ("Loan") evidenced by this Note is subject to the terms and conditions of that one certain Loan Agreement ("Loan Agreement") between Maker, Payee and ST. ELIZABETH PLACE LP, a Texas limited partnership ("Owner") of even date herewith. All capitalized terms used herein that are not defined herein shall have the same meaning as given in the Loan Agreement.

The proceeds of the Loan will be used to fund a loan from Maker to Owner ("Owner Loan") for the costs for the acquisition, construction, repair, renovation and/or rehabilitation of certain improvements located on the property located at 4514 Lyons Avenue, Houston, Harris County, Texas 77020 ("Project") which houses or is to house low- or moderate-income persons. Funding for the City Loan is being provided to the City pursuant to a 2002 and 2017 Community Development Block Grant Disaster Recovery program funds awarded by the United States Department of Housing and Urban Development through the Texas General Land Office ("GLO") and is subject to the terms and conditions of a contract between GLO and the City. The Loan is a community development activity undertaken by the City and authorized under Chapter 373 or Chapter 374 of the Texas Local Government Code.

The Loan will be advanced in two tranches. The first tranche ("Tranche 1") in the amount of FOUR MILLION SEVEN HUNDRED THOUSAND AND NO/100 DOLLARS (\$4,700,000.00) will be advanced for acquisition and soft costs for the Project and the second tranche ("Tranche 2") in the amount of TEN MILLION ONE HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$10,174,622.00) will be advanced for costs associated with the renovation and rehabilitation of the Project and both Tranche 1 and Tranche 2 shall be advanced in accordance with and subject to the requirements set forth in the Loan Agreement.

II. TERM.

The term of the Loan shall commence on the date on which Loan Documents (as defined in the Loan Agreement) are executed (the "Closing Date") and shall mature upon the last day of the Affordability Period (as defined in the Loan Agreement) (the "Maturity Date"). This Note is secured by and entitled to the benefits of a Collateral Assignment of Note and Liens of even date herewith executed by Maker to the City covering the Owner Loan and the Owner Loan Documents, including the Deed of Trust executed by Owner to Tom McCasland, Trustee, covering fee ownership interest in the Project, together with the buildings and other improvements now or hereafter erected thereon and the personal property attached to or used in connection therewith.

III. PAYMENTS.

No payment of principal or interest shall accrue or be payable under this Note during the Approved Construction Period except in the event of a Default (as hereinafter defined) during the Term of this Note.

Upon the expiration of the Affordability Period (as defined in the Loan Agreement), if no Default has occurred which remains uncured, the amount of the deferred principal and interest shall be deemed paid. The Maturity Date is the date of expiration of the Affordability Period. Upon the maturity of this Note, if no Default has occurred which remains uncured, the amount of any remaining deferred principal (hall be deemed paid upon the Maturity Date. Upon the event of a Default, the outstanding deferred principal balance together with accrued interest thereon shall be immediately due and payable, without notice or opportunity to cure.

Notwithstanding the forgoing, after the expiration of the Approved Construction Period until the Maturity Date, Maker shall pay an annual installment equal to the lesser of (i) one percent (1%) annually on the outstanding balance of the loan plus accrued unpaid interest, if any, or (ii) fifty percent (50%) of net cash flow. The annual interest payment or non-payment of such interest shall be accompanied by evidence acceptable to the Director documenting cash flow or lack of sufficient cash flow. The first installment of interest shall be due on _____, 2023 and subsequent installments of interest shall be due on the same day of each year thereafter. Upon the expiration of the Affordability Period (as defined in the Loan Agreement), if no Default has occurred which remains uncured, the amount of the deferred principal and interest shall be deemed paid. The Maturity Date is the date of expiration of the Affordability Period.

For purposes of this provision, available cash flow shall mean net cash flow as defined as follows:

Net Cash Flow shall mean all income and revenues actually received by Owner from the lease of the Project Units and other improvements, and all other income and revenues actually received by Owner in connection with the Project, excluding and deducting therefrom all (1) Operating Expenses; (2) security, pet or cleaning deposits, if any; (3) payments from the Replacement Reserve or from Operating Reserves; (4) payments or reimbursements from insurers or other third parties and used or to be used for restoration, repair or remodeling of any of the Project Units or other improvements; (5) capital contributions, grants, proceeds of any permitted sale, transfer, exchange, refinancing or other disposition or encumbrance of all or a portion of the Project; (6) condemnation proceeds and awards in place of them; (7) tax reduction or abatement proceeds; (8) loan proceeds; (9) deposits made to operating reserves and to the replacement operating reserves; and (10) payments of the deferred developer fee.

For purposes of this Note, the Approved Construction Period shall mean twenty-four months from the Second Tranche Closing (as defined in the Loan Agreement) which shall be no later than July 31, 2020.

IV. DEFAULT; ACCELERATION.

If a Default exists, the entire debt represented by this Note, consisting of the outstanding principal balance and all accrued interest thereon, shall, at the option of the holder hereof, become immediately due and payable, and except as provided in the Loan Agreement, without notice, presentment for payment, demand, notice of nonpayment, notice of intention to accelerate, acceleration, or other notices of any type which are specifically waived, time being of the essence hereof. Payee's rights under this paragraph shall be in addition to any other rights or remedies it may have under any of the Loan Documents, at law or in equity, to enforce Maker's obligations under the Loan Documents. During the continuance of any Default, interest shall accrue on the outstanding balance of this Note at a rate equal to the lower of the highest rate permitted by applicable law or ten percent (10%) per annum ("Default Rate"). This Note shall be recourse to the Maker. For purposes of this Note, the term "Default" shall mean a default in payment of the Note or a default under the terms of this Note, the Deed of Trust, the Loan Agreement, or any of the other Loan Documents that continues beyond the expiration of all applicable notice and cure periods.

V. PREPAYMENT/MODIFICATION.

THIS NOTE MAY NOT BE PREPAID OR MODIFIED WITHOUT THE PRIOR WRITTEN CONSENT OF THE PAYEE, WHICH CONSENT MAY BE WITHHELD OR GRANTED IN THE SOLE DISCRETION OF THE PAYEE.

VI. APPLICATION OF PAYMENTS.

Each payment made on this Note shall be credited first to accrued, unpaid interest and the remainder to principal.

VII. WAIVER.

Maker hereby waives presentment for payment, protest and demand, notice of protest, demand and dishonor, and non-payment of this Note, and except as otherwise specified in the Loan Agreement between the parties, waives notice of default, notice of acceleration, and notice of intent to accelerate, and hereby consents that the holder hereof may extend the time of payment or otherwise modify the terms of payment of any part or the whole of the debt evidenced by this Note, at the request of any other person liable hereon, and such consent shall not alter nor diminish the liability of any person. The failure to exercise any remedy available to Payee shall not be deemed to be a waiver of any rights or remedies of Payee under this Note or under any of the other Loan Documents, or at law or in equity. No extension of the time for the payment of this Note or any installment due hereunder, made by agreement with any person now or hereafter liable for the payment of this Note, shall operate to release, discharge, modify, change or affect the original liability of Maker under this Note, either in whole or in part, unless Payee specifically, unequivocally and expressly agrees otherwise in writing. This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change or modification is sought.

VIII. COSTS OF COLLECTION; ATTORNEYS' FEES.

Maker agrees to pay all costs of collection, including reasonable attorneys' fees, if the principal of this Note or any payment on the principal or interest hereon is not paid at the respective maturity and to pay all reasonable costs including, attorneys' fees and court costs, if it becomes necessary to protect the security hereof, whether suit be brought or not, after default hereunder by Maker.

IX. USURY LIMITATIONS.

No provision of the Loan Agreement, this Note, or any instrument securing payment of or relating to the indebtedness, shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law ("Maximum Rate"). If any excess of interest in such respect is herein or in any other instrument provided for, or shall be adjudicated to be so provided for herein or in any other instrument, the provisions of this paragraph shall govern and neither Maker nor any guarantor or endorser of this Note nor their respective heirs, personal representatives, successors, or assigns shall be obligated to pay such interest to the extent it is in excess of the Maximum Rate. Any fees or other sums that under applicable law are deemed to constitute interest shall be or other sums so deemed interest shall be amortized, prorated, allocated and spread in equal parts over the full stated term of the loan evidenced hereby.

If the maturity of this Note is accelerated for any reason before the due date stated, or in the event of any prepayment by Maker, or in any other event, earned interest may never exceed the Maximum Rate, computed from the date of disbursement of the loan evidenced hereby until payment, and any unearned interest otherwise payable hereunder that is in excess of the Maximum Rate shall be cancelled automatically as of the date of the acceleration, prepayment, or other event, and if previously paid, shall at the option of the holder of this Note be either refunded to Maker or credited on the principal of this Note, provided that, if the holder elects to credit the unearned interest on the principal of this Note, and such unearned interest exceeds the principal balance, the excess shall be refunded to Maker. Any interest computation under this Note and the Loan Agreement shall be at not more than the Maximum Rate upon the portion of the face amount hereof representing principal that remains unpaid from time to time, it being the intention of the parties hereto to conform strictly to the laws applicable to the loan evidenced by this Note and the Loan Agreement, and should it be held that interest payable under this Note and the Loan

Agreement is in excess of the Maximum Rate, the interest chargeable hereunder shall be reduced to the maximum amount permitted by law.

X. LATE PAYMENTS

If a payment is not received within ten (10) days of the due date, a late payment fee of five percent (5.0%) of the payment amount will be charged.

XI. GOVERNING LAW AND VENUE

This Note is made in the State of Texas and shall be governed by and construed in accordance with the internal laws of the State of Texas, without regard to conflicts of laws principles. Venue for any disputes relating in any way to this Note shall lie exclusively in Harris County, Texas.

XII. SUCCESSORS

This Note shall be binding upon the parties hereto and their respective successors and assigns.

XIII. JURY WAIVER

MAKER AND PAYEE ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED, EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THEIR MUTUAL BENEFIT, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS NOTE OR THE INDEBTEDNESS.

XIV. ENTIRE AGREEMENT

THIS WRITTEN LOAN AGREEMENT (AS DEFINED BY SECTION 26.02 OF THE TEXAS BUSINESS AND COMMERCE CODE) AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

XV. RECOURSE

This Note shall be recourse to its Maker.

If at any time any payment received by Payee hereunder shall be deemed by a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under any Debtor Relief Law (as defined below), then the obligation to make such payment shall survive any cancellation or satisfaction of this Note or return thereof to Payee and shall not be discharged or satisfied with any prior payment thereof or cancellation of this Note, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof, and such payment shall be immediately due and payable upon demand. For purposes of this Note, "Debtor Relief Law" shall mean Title 11 of the United States Code, as now or hereafter in effect, or any other applicable law, domestic or foreign, as now or hereafter in effect, relating to bankruptcy, insolvency, liquidation, receivership, reorganization, arrangement or composition, extension or adjustment of debts or similar laws affecting the rights of creditors.

[EXECUTED ON THE FOLLOWING PAGE]

**Signature Page to
Promissory Note**

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

MAKER:

**FIFTH WARD COMMUNITY
REDEVELOPMENT CORPORATION,**
a Texas non-profit corporation

By: 

Charles Turner
Its: Chairman

ATTACHMENT C
TO LOAN AGREEMENT

DEED OF TRUST, SECURITY AGREEMENT AND FINANCING STATEMENT

GP 3070918.00057.2

When recorded, return to:

THE CITY OF HOUSTON

P. O. Box 1562
Houston, TX 77251-1562
Attention: Director, Housing and Community Development Department

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

DEED OF TRUST, SECURITY AGREEMENT AND FINANCING STATEMENT

From

ST. ELIZABETH PLACE LP
a Texas limited partnership,

as Grantor

to

TOM MCCASLAND,
as Trustee

for the benefit of

FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION
as Beneficiary

RP-2020-363057

DEED OF TRUST, SECURITY AGREEMENT
AND FINANCING STATEMENT

THE STATE OF TEXAS §
COUNTY OF HARRIS §

That in consideration of certain indebtedness hereinafter described, justly owing by ST. ELIZABETH PLACE LP, a Texas limited partnership ("Grantor"), to FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas nonprofit corporation ("Beneficiary") and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other valuable consideration paid to the Grantor, the receipt and sufficiency of which are hereby acknowledged, Grantor has GRANTED, ASSIGNED, TRANSFERRED and CONVEYED, and does hereby GRANT, ASSIGN, TRANSFER and CONVEY unto TOM MCCASLAND, as trustee ("Trustee"), all of the following described property is collectively referred to herein as the "Property":

A. All of Grantor's right, title and interest, whether now or hereafter arising, in and to the real property situated in Harris County, Texas, described in EXHIBIT A hereto, together with all right, title and interest now and/or hereafter owned by Grantor, its successors and assigns, in the whole or any part of the above described real property and/or any street or road adjacent and/or contiguous to the above described real property ("Land").

B. All of Grantor's right, title and interest, whether now or hereafter arising, in and to all buildings and other improvements now or hereafter placed on the Land, as well as all appurtenances, betterments and additions thereto ("Improvements"); all and singular the rights, privileges, hereditaments and appurtenances in anywise incident or appurtenant to the Land and Improvements; and the rents, revenue, profits and income from the Land and Improvements.

C. All of Grantor's right, title and interest, whether now or hereafter arising, in and to any and all plumbing, electrical, heating, cooling and other equipment and all building materials and other goods of every type, kind and character that are now or hereafter situated upon the Land and which (i) are intended to be incorporated into the Improvements or (ii) are now, or hereafter become, fixtures attached to the Land or the Improvements; any and all other goods of every type, kind and character, including without limitation, all appliances, furniture, fixtures, inventory and equipment now owned or hereafter acquired by Grantor that are now or hereafter situated upon the Land (whether or not situated within or attached to the Improvements) and that facilitate the use and occupancy of the Improvements for the purpose for which they were or are to be constructed; all plans and specifications for the Improvements, all rights of Grantor under all existing and future leases, construction, maintenance and other contracts covering or relating to the Land or the Improvements, all tenants deposits made pursuant to or in connection with such leases, all rights of ingress and egress, easements, water and wastewater rights, and to the extent assignable, all licenses, permits, franchises, certificates, accounts, instruments, chattel paper, documents, agreements, contracts, including without limitation any agreements with the United States Department of Housing and Urban Development (to the extent assignable), and general intangibles, and all rights of Grantor in and to any development rights relating to the Land or the Improvements (including, without limitation, trade names and symbols used in connection therewith and any deposits with utility companies) and all other rights and privileges obtained in connection with, relating to or associated with the Land or the Improvements (collectively, the "Personalty") and all proceeds of the Personalty.

D. To the extent the assignment thereof is enforceable under applicable law, all of Grantor's right, title and interest, whether now or hereafter arising, in and to any tax refunds, including interest thereon, tax rebates, ad valorem tax credits, and tax abatements, and the right to receive the same, which may be payable or available with respect to the Property but excluding any Historic Tax Credits available pursuant to Federal law or any Historic Tax Credits available pursuant to the laws of Texas, each as amended.

RP-2020-363057

E. All of Grantor's right, title and interest in the proceeds (including conversion to cash or liquidation claims) of (A) insurance relating to the Property and (B) all awards made for the taking by eminent domain (or by any proceeding or purchase in lieu thereof) of the Property, including awards resulting from a change of any streets (whether as to grade, access, or otherwise) and for severance damages.

F. All of Grantor's right, title and interest, if any, in and to all substances in, on, or under the Land which are now, or may become in the future, intrinsically valuable, that is, valuable in themselves, and which now or may be in the future enjoyed through extraction or removal from the property, including without limitation, oil, gas, and all other hydrocarbons, coal, lignite, carbon dioxide and all other nonhydrocarbon gases, uranium and all other radioactive substances, and gold, silver, copper, iron and all other metallic substances or ores (collectively, "Minerals").

G. All funds of Grantor that may be deposited with Beneficiary at any time and from time to time for any purpose, which funds shall be deemed to be part of the Personality for purposes hereof. In the event of a conflict between the terms and conditions of this instrument and the instrument under which Beneficiary holds any funds of Grantor, the terms and conditions of the latter instrument shall prevail.

TO HAVE AND TO HOLD the Property unto the Trustee and the assigns of the Trustee, and Grantor does hereby bind Grantor and the successors and assigns of Grantor, to WARRANT AND FOREVER DEFEND all and singular the Property and title thereto unto the Trustee and unto the assigns of the Trustee, against every person or party whomsoever claiming or to claim the same, or any part thereof, subject, however, to the permitted encumbrances set forth on EXHIBIT B attached hereto (the "Permitted Encumbrances") and the liens securing the Senior Note (as described below).

I.

SECURITY FOR PERFORMANCE OF OBLIGATIONS

This conveyance is made in trust, however, to secure the performance of all covenants and agreements contained in this Deed of Trust, Security Agreement and Financing Statement ("Deed of Trust") and that one certain Loan Agreement (the "Loan Agreement") executed or to be executed between Grantor and Beneficiary (which incorporates the terms of a certain other Loan Agreement between Grantor, Beneficiary and the City of Houston ("City Loan Agreement") relating to the Property) and the full and prompt payment when due (by lapse of time or otherwise), of the following indebtedness (the "Indebtedness"):

A. Loan. All sums, including principal, interest and attorneys' fees, called for in that certain promissory note (the "Note") executed by Grantor payable to the order of Beneficiary, in the principal amount of FOURTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$14,874,622.00), which Note evidences that certain loan from Beneficiary to Grantor of the amount set forth in the Note (the "Loan"), and which Note bears interest at the rates therein stated and provides for acceleration of maturity should a Default (as defined in the Loan Agreement) occur.

B. Other Sums. All other sums owing by Grantor to Beneficiary or other holder(s) of any part of the Indebtedness or becoming due under the Loan Agreement or under the City Loan Agreement. (This Deed of Trust and all other instruments now or hereafter evidencing, governing or securing any part of the Indebtedness are hereinafter collectively referred to as the "Loan Documents").

C. Other Obligations. This Deed of Trust also secures Grantor's performance under certain Restrictive Covenants with respect to the Property executed by Grantor in connection with the City Loan Agreement.

PAYMENT OF THE INDEBTEDNESS;
DEFAULT; ENFORCEMENT OF TRUST

A. Payments. If the indebtedness is fully paid and if all of Grantor's covenants and agreements herein and in the Loan Agreement (including the incorporated provisions of the City Loan Agreement and the other Loan Documents are fully kept and performed, and if no Default then exists, then this conveyance shall thereupon become of no further force and effect and shall be released by Beneficiary or other holder(s) of the Indebtedness upon the written request and at the expense of Grantor.

B. Enforcement. But if any Default (as defined in the Loan Agreement) exists, the whole of the Indebtedness shall at the option of Beneficiary, without notice to Grantor or any other person, which notice is hereby waived, become immediately due and payable and thereupon, or at any time thereafter that the Indebtedness or any part thereof remains unpaid, it shall be the duty of the Trustee, or the Substitute Trustee, as hereinafter defined, at the request of Beneficiary, or the holder(s) of the Indebtedness, which request shall be presumed, to enforce this Trust and to sell as an entirety, or in parcels, by one sale or by several sales, held at one time or at different times, as the Trustee acting may elect (all rights to a marshaling of Grantor's assets, including Property, or to a sale in inverse order of alienation, being hereby expressly waived by Grantor), the Property in the county in which the Property, or a part of the Property to be sold, is situated (the "County") at such area at the courthouse designated by the Commissioner's Court of the County as the area where sales are to take place, or if no area is designated, at the door of the County Courthouse, each sale to be made on the first Tuesday of a calendar month between the hours of 10:00 A.M. and 4:00 P.M. to the highest bidder for cash at public auction, after both posting or causing to be posted written or printed notice of the time (including the earliest time at which the sale will occur), place, and term of sale at the door of the Courthouse of the County and filing or causing to be filed a copy of the notice in the Office of the County Clerk of the County, for at least twenty-one (21) days preceding the day of sale, and to execute and to deliver to the purchaser(s) at each such sale proper conveyance(s) of the property interest sold, with general warranty of title binding upon Grantor and the successors and assigns of Grantor; or Beneficiary or other holder(s) of the Indebtedness may foreclose or cause to be foreclosed the Lien of this Deed of Trust, in whole or in part, through judicial foreclosure or in any manner as may at any time be authorized under the statutes of the State of Texas. In addition, the holder(s) of the Indebtedness to which the power is related shall, at least twenty-one (21) days preceding the date of sale, serve written notice of the proposed sale by certified mail on each person obligated to pay the Indebtedness according to the records of the holder(s). Service of the notice shall be completed upon deposit of the notice, enclosed in a postpaid wrapper, properly addressed to each debtor at the most recent address as shown by the records of the holder(s) of the Indebtedness, in a post office or official depository under the care and custody of the United States Postal Service. The Affidavit of any person having knowledge of the facts to the effect that service was completed shall be prima facie evidence of the fact of service. No notice of the sale or sales other than that herein provided for need be given to Grantor or any other person or party, and any other notice is hereby waived. Beneficiary or other holder(s) of the Indebtedness shall have the right to become the purchaser at any sale to the same extent as any other party, being the highest bidder, and in lieu of paying cash may credit the amount of the bid upon the Indebtedness up to the full amount of the Indebtedness then unpaid.

C. Proceeds. The Trustee acting shall apply the proceeds arising from each sale, first, to pay all reasonable expenses of the sale actually incurred, second, to reimburse Beneficiary for any expenses incurred by Beneficiary in protecting, administering or operating the Property after the occurrence of the applicable Default and prior to the foreclosure sale and third, to the payment of the Indebtedness (including all principal, interest and attorneys' fees owing as part of the Indebtedness). The proceeds of each sale paid to Beneficiary may be applied by Beneficiary on the Indebtedness in any order and manner as Beneficiary may elect. Any surplus funds from the foreclosure sale or sales hereunder shall be paid to Grantor or the person(s) lawfully entitled thereto.

III.

UNMATURED INDEBTEDNESS

If any Default exists, Beneficiary or other holder(s) thereof shall, in addition to any remedies available to Beneficiary at law or in equity, have the option to proceed with foreclosure in satisfaction of such item or items, either through the courts or by directing the Trustee, or the Substitute Trustee, as hereinafter provided for, to proceed as if under a foreclosure, conducting the sale as herein provided and without declaring the whole debt due, and if a sale is made because of such Default, the sale may be made subject to the unmatured part of the Indebtedness, but as to the unmatured part of the Indebtedness, this Deed of Trust shall remain in full force and effect just as though no sale had been made under the provisions of this paragraph. Several sales may be made hereunder without exhausting the right of sale for any unmatured part of the Indebtedness, it being the purpose hereof to provide for a foreclosure and sale of the Property, in whole or in part, for any matured portion of the Indebtedness without exhausting the power of foreclosure and the power to sell the Property, in whole or in part, for any other part of the Indebtedness subsequently maturing.

IV.

SUBSTITUTE TRUSTEE

In case of the resignation of the Trustee, or the inability (through death or otherwise), refusal or failure of the Trustee to act, or at the option of Beneficiary or the holder(s) of the Indebtedness for any other reason (which reason need not be stated), a substitute trustee ("Substitute Trustee") may be named, constituted and appointed by Beneficiary or the holder(s) of the Indebtedness, without other formality than an appointment and designation in writing; the appointment and designation shall be full evidence of the right and authority to make the same and of all facts therein recited; and this conveyance shall vest in the Substitute Trustee the title, power and duties herein conferred on the Trustee originally named herein and the conveyance of the Substitute Trustee to the purchaser(s) at any sale shall be equally valid and effective. The right to appoint a Substitute Trustee shall exist as often and whenever from any of said causes, the Trustee, original or Substitute, resigns, or cannot, will not, or does not act, or Beneficiary or the holder(s) of a majority of the Indebtedness desire to appoint a new Trustee. No bond shall ever be required of the Trustee, original or Substitute. The recitals in any conveyance made by the Trustee, original or Substitute, shall be accepted and construed in court and elsewhere as prima facie evidence and proof of the facts recited and no other proof shall be required as to the request by Beneficiary or the holder(s) of a majority of the Indebtedness to the Trustee to enforce this Trust, or as to the notice of or holding of the sale, or as to any particulars thereof, or as to the resignation of the Trustee, original or Substitute, or as to the inability, refusal or failure of the Trustee, original or Substitute, to act or as to the election of Beneficiary or the holder(s) of a majority of the Indebtedness to appoint a new Trustee, or as to appointment of a Substitute Trustee, and all prerequisites of the sale shall be presumed to have been performed; and each sale made under the powers herein granted shall be a perpetual bar against Grantor and the successors and assigns of Grantor.

V.

REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF GRANTOR

For the purpose of better securing to Beneficiary the payment of the Indebtedness, Grantor represents, warrants and covenants to Beneficiary as follows:

A. Title, Authority, and Performance under Leases. At the time of the execution and delivery of this Deed of Trust, Grantor is the sole and lawful owner of the Land in fee simple, and Grantor has the authority to execute this Deed of Trust. The Property is free from all encumbrances and charges whatsoever except for the liens securing the Senior Note and the Permitted Encumbrances. No assignments or pledges are currently in effect with respect to any leases of or rentals or income from the

Property except for assignments and/or pledges to Beneficiary and those expressly stated in EXHIBIT B and those securing the Senior Note, and until the Indebtedness is fully paid, at which time this Deed of Trust will be released. Grantor shall not make any additional assignment or pledge thereof without Beneficiary's prior written consent.

B. Tax and Insurance Escrow. Unless Grantor is already required to maintain an escrow account with the Senior Lender upon written request by Beneficiary, Grantor agrees to deposit with Beneficiary on a monthly basis, or at other intervals as specified, a sum that shall be sufficient to pay taxes, assessments, charges, and insurance premiums as they become due, all as reasonably estimated by Beneficiary, which sum shall be held by Beneficiary (or by a banking institution selected by Beneficiary whose funds are insured by a federal agency or instrumentality) in trust to pay taxes, assessments, charges and premiums, but which shall not bear interest and may be commingled with other funds. If at any time the funds so held by (or on behalf of) Beneficiary are insufficient to pay any tax, assessment, charge or insurance premium, Grantor shall, upon receipt of notice, deposit with Beneficiary (or such banking institution), all additional funds as are necessary to remove the deficiency. If the indebtedness is for any reason declared immediately due and payable, funds held by (or on behalf of) Beneficiary for payment of taxes, assessments, charges or premiums as herein provided may, at Beneficiary's election, be applied on the Indebtedness in any manner as Beneficiary so elects. In the event that Grantor is escrowing with Senior Lender (as defined below) a sum for payment of taxes, assessments, charges and insurance premiums and such amount is sufficient to fully discharge such taxes, assessments, charges and insurance premiums, Beneficiary agrees not to require an additional escrow deposit under this paragraph. In the event that Beneficiary does not require the escrow deposits described in the paragraph, Grantor shall provide Beneficiary with written evidence that (i) all applicable taxes and assessments have been paid at least thirty (30) days prior to delinquency and (ii) all insurance premiums have been paid thirty (30) days before the renewal date of the applicable policies. Grantor shall duly pay and discharge, or cause to be paid and discharged, all taxes, assessments, charges, and insurance premiums before they become past due.

C. Insurance. Grantor shall, prior to or concurrently with the execution of this Deed of Trust, deliver to Beneficiary all of the following insurance policies together with evidence of such other insurance coverage as required pursuant to the Loan Agreement, accompanied by paid premium receipts evidencing payment in full of the required premiums for at least the first full year of coverage:

- (i) fire insurance with extended coverage and standard Beneficiary and replacement cost endorsement for the full insurable value of the insurable portion of the Property, but in no event for an amount less than the amount of the Note (90% shall be acceptable co-insurance rates for fire insurance); and
- (ii) public liability insurance in the amount of \$1,000,000.00 per occurrence and \$2,000,000.00 in the aggregate for a twelve (12) month policy period. Each renewal policy shall be delivered to Beneficiary not less than thirty (30) days before the termination of the prior policy and with each policy there shall be delivered to Beneficiary a receipt showing payment of the premium therefor.

Upon request, Grantor shall also carry additional insurance or additional reasonable amounts of insurance covering Grantor or the Property as Beneficiary shall reasonably require, insuring against such other insurable hazards which at the time are commonly insured against for property similar to the Property located in the region where the Property is located.

If the Property or any part thereof has been or at any time during the term of this Deed of Trust or any extension or renewal thereof is designated as a flood-prone or flood-risk area pursuant to the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, as each have been or may be amended, or any successor law, Grantor shall obtain flood insurance in such total amounts as Beneficiary may from time to time require and shall otherwise comply with the requirements of the National Flood Insurance Program as set forth in the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, or any successor law.

All insurance required under this Deed of Trust and the Loan Agreement shall be fully paid for, non-assessable, and such policies shall contain such provisions, endorsements, and expiration dates as Beneficiary shall reasonably require. Such policies shall be issued by insurance companies authorized and licensed to transact business in the State of Texas with ratings acceptable to Beneficiary in its sole and absolute discretion and shall name Beneficiary as an additional insured.

D. Operations. Grantor will abstain from and not permit the commission of waste in or about the Property, will maintain the Property in good operating condition and repair at all times, ordinary wear and tear and insured casualty excepted, will not remove or demolish the buildings or other improvements now or hereafter constituting a part of the Property, or alter the design or structural character of any buildings or improvements unless Beneficiary shall first consent thereto in writing, which consent shall be granted or denied in Beneficiary's reasonable discretion, and will comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property or the use thereof, which consent shall not be unreasonably withheld, delayed or conditioned. Grantor will not seek or acquiesce in a zoning reclassification of all or any portion of the Property or grant or consent to any easement, dedication, plat, or restriction (or allow any easement to become enforceable by prescription), or any amendment or modification thereof, covering all or any portion of the Property, without Beneficiary's prior written consent. Grantor will not, without the prior written consent of Beneficiary, permit any drilling or exploration for or extraction, removal, or production of, any Minerals from the surface or subsurface of the Land regardless of the depth thereof or the method of mining or extraction thereof.

E. Obligations Under Other Loan Documents. Grantor hereby agrees to comply with and perform all of its obligations under the other Loan Documents and agrees to be bound by the representations, warranties and covenants made by Grantor contained in the Loan Documents. All of representations, warranties and covenants contained in the other Loan Documents are hereby fully incorporated herein.

F. Casualty and Condemnation Proceeds. Subject to the terms of the Loan Agreement and the Intercreditor Agreement (as defined below), in the event of any fire or other casualty to the Property or eminent domain proceedings resulting in condemnation of the Property or any part thereof, Grantor shall have the right to rebuild the Property, and to use all available insurance or condemnation proceeds therefor, provided that (a) such proceeds are sufficient to keep the Indebtedness in balance and rebuild the affected portion of the Property in a manner that provides adequate security to Beneficiary for repayment of the Indebtedness or if such proceeds are insufficient then Grantor shall have funded any deficiency, (b) Beneficiary shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no Default then exists under the Loan Documents that will not be cured by rebuilding the affected portion of the Property. If the casualty or condemnation affects only part of the Property and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Indebtedness in a manner that provides adequate security to Beneficiary for repayment of the remaining balance of the Indebtedness.

G. Failure to Pay. All taxes and any assessments that are due and payable affecting the Property shall be paid and discharged in full prior to execution and delivery of this Deed of Trust, or as they subsequently become due and payable and prior to delinquency. If Grantor fails to pay any tax, assessment, charge or insurance premium affecting the Property in accordance with the terms of this Deed of Trust, Beneficiary may, at its option, pay the same, or if Grantor fails to perform any of Grantor's covenants or agreements set forth in this Deed of Trust in accordance with the terms hereof, Beneficiary may, at its option, correct or cause to be corrected the same and pay any sums in connection therewith as Beneficiary shall determine to be necessary or advisable, and all taxes, assessments, charges, insurance premiums and sums paid by Beneficiary in connection with such matters (collectively, whether one or more, an "Assessment") shall be immediately repayable by Grantor to Beneficiary, together with interest on each amount at the default rate provided in the Note from the date the sum is paid by Beneficiary, until the same is refunded to Beneficiary and all such amounts and interest thereon, shall be secured hereby as part of the Indebtedness. Notwithstanding the foregoing, Grantor shall have the right to object and protest to ad valorem taxes on the Property in good faith and with due diligence provided that (i) no Default exists under

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this Deed of Trust or any of the other Loan Documents, (ii) Grantor gives Beneficiary prior written notice of its intent to contest an Assessment; (iii) Grantor demonstrates to Beneficiary's reasonable satisfaction that (A) the Property will not be sold to satisfy the Assessment prior to the final determination of the legal proceedings, (B) Grantor has taken such actions as are required or permitted to accomplish a stay of any such sale, and (C) Grantor has either (1) furnished a bond or surety (satisfactory to Beneficiary in form and amount) sufficient to prevent a sale of the Property or (2) at Beneficiary's option, deposited one hundred fifty percent (150%) of the full amount necessary to pay any unpaid portion of any Assessment with Beneficiary; and (iv) such proceeding shall be permitted under any other instrument to which Grantor or the Property is subject (whether superior or inferior to this Instrument).

H. Title Litigation. Subject to title insurance coverage, in case of any litigation involving the title to any part of the Property, or the validity of this Deed of Trust, Beneficiary may be represented in the litigation through attorneys of its own selection and Grantor shall, upon demand, promptly reimburse Beneficiary for all court costs and reasonable attorneys' fees incurred by Beneficiary in defending and/or protecting its rights in any litigation.

I. Default. Subject to applicable notice provisions and the other terms of this Deed of Trust and the other Loan Documents, if a Default (as defined in the Loan Agreement) occurs, the whole of the Indebtedness, at the option of Beneficiary, shall become immediately due and payable, without further notice or demand.

J. Tenancy at Sufferance. Following any sale of the Property, or any part thereof, under the provisions of this Deed of Trust, and to the extent permissible under applicable law, Grantor shall be obligated to immediately vacate the premises and prior to such vacation shall be a tenant at sufferance of the purchaser of the Property sold and shall be subject to eviction in an action of forcible detainer; provided, the provisions of this Subparagraph J shall be subject to any agreements made in writing by Beneficiary with reference to any existing and/or future leases; provided, further, to the extent permitted under applicable law, the purchaser at any foreclosure sale shall have the option to affirm any then existing leases or tenancies or otherwise to succeed to the rights of Grantor thereunder.

K. Subrogation. To the extent that any of the Indebtedness represents funds utilized to satisfy any outstanding Indebtedness or obligations secured by liens, rights, or claims against the Property or any part thereof, Beneficiary shall be subrogated to any and all liens, rights, superior titles and equities owned or claimed by the holder of any outstanding indebtedness or obligation so satisfied, however remote, regardless of whether the liens, rights, superior titles and equities are assigned to Beneficiary or released by the holder(s) thereof.

L. Homestead Disclaimer. Grantor represents and covenants that the Property forms no part of any property owned, used, or claimed by Grantor as a business or residential homestead, or as exempt from forced sale under the laws of the State of Texas and disclaims and renounces all and every such claim thereto.

M. Additional Transfers and Encumbrances. Beneficiary shall have the right to declare the Indebtedness secured hereby immediately due and payable in the event the Grantor sells, transfers, assigns, or conveys its interest, whether voluntarily or involuntarily, in the Property, or any part thereof, without the prior written consent of Beneficiary, such consent not to be unreasonably withheld, delayed or conditioned or in the event any junior or subordinate mortgage, lien, deed of trust, or other encumbrance is placed upon the Property without the prior written consent of Beneficiary, provided the foregoing shall not prohibit the removal of worn or obsolete Personalty that is replaced with new items of the same or similar quality. If Beneficiary consents to the sale, transfer, assignment, or conveyance of Grantor's interest in the Property, or any part thereof, and waives in writing its right to accelerate the Indebtedness secured hereby as provided in this Subparagraph M, Beneficiary may require that the transferee assume all the obligations of Grantor under this Deed of Trust, the Loan Agreement and the Note in a form reasonably acceptable to Beneficiary and its legal counsel. For purposes of this Subparagraph M, "transfer" of the Property includes any direct or indirect transfer of any beneficial ownership in Grantor (except as allowed by the City Loan Agreement) or the general partner or managing member of Grantor except to the extent that such transfer

is permitted under the Loan Agreement (including the incorporated provisions of the City Loan Agreement) after satisfaction of all requirements for such transfer including the consent of the City of Houston (the "City"), if required for such transfer.

Notwithstanding anything to the contrary contained in this Deed of Trust or the other Loan Documents, the removal and/or replacement of Grantor's general partner for cause in accordance with Grantor's partnership agreement shall not require the consent of the Beneficiary or the Trustee, shall not constitute a default or Default under this Deed of Trust or the Loan Documents or accelerate or give the Beneficiary the right to accelerate the maturity of the Loan. The consent of the Beneficiary and the City shall be required for the appointment of a new general partner, but if the Grantor's Tax Credit Investor (as defined in the Loan Agreement) exercises its right to remove the Grantor's general partner for cause, Beneficiary will not unreasonably withhold its consent to the substitute general partner; provided however, the consent of neither the Trustee nor the Beneficiary shall be required if the substitute general partner is an affiliate of such limited partner. The substitute general partner shall assume all of the rights and obligations of the removed general partner of Grantor hereunder.

N. No Reliance on Beneficiary. Grantor is experienced in the ownership and operation of properties similar to the Property, and Beneficiary is relying solely upon Grantor's expertise and business plan in connection with the construction of the Improvements and ownership and operation of the Property. Grantor is not relying on Beneficiary's expertise or business acumen in connection with the Property or in connection with the construction of the Improvements.

O. No Litigation. Except as disclosed in writing to Beneficiary, there are no (i) actions, suits, or proceedings, at law or in equity, before any Governmental Authority (as defined in the Loan Agreement) or arbitrator pending or threatened against or affecting Grantor, any guarantor, or involving the Property, (ii) outstanding or unpaid judgments against the Grantor or the Property, or (iii) defaults by Grantor with respect to any order, writ, injunction, decree, or demand of any Governmental Authority or arbitrator.

P. Payment for Labor and Materials. Grantor will timely pay all bills for labor, materials, and specifically fabricated materials incurred in connection with the Property (which shall be deemed an Assessment on the Property) and never permit to exist in respect of the Property or any part thereof any unbonded lien or security interest, even though inferior to the liens and security interests hereof, for any such bill, and in any event never permit to be created or exist in respect of the Property or any part thereof any other or additional lien or security interest on a parity with, superior, or inferior to any of the liens or security interests hereof, except for the Permitted Encumbrances and the liens securing the Senior Note. In the event that Grantor becomes aware that such lien has been recorded against the Property, Grantor shall have such lien released within thirty (30) days. If Grantor fails to pay or bond around any bills for labor, materials, and specifically fabricated materials incurred in connection with the Property, Beneficiary shall have the rights set forth in Section V.G for Grantor's failure to pay any Assessment, as well as the other rights and remedies provided under this Deed of Trust.

Q. Tax on Deed of Trust. At any time any law shall be enacted imposing or authorizing the imposition of any tax upon this Deed of Trust, or upon any rights, titles, liens, or security interests created hereby, or upon the Indebtedness or any part thereof, Grantor will pay when due all such taxes, provided that if such law as enacted makes it unlawful for Grantor to pay such tax, Grantor shall not pay nor be obligated to pay such tax. Nevertheless, if a law is enacted making it unlawful for Grantor to pay such taxes, then Grantor must prepay the Indebtedness in full within sixty (60) days after demand therefor by Beneficiary.

R. ERISA. If and to the extent that Grantor is obligated under any plan governed by or subject to the Employee Retirement Income Security Act, as amended ("ERISA"), Grantor shall fully discharge and satisfy all of its obligations and funding requirements under such plan, ERISA and the Internal Revenue Code, as amended ("IRC"). Furthermore, Grantor shall comply in all material respects with any and all applicable provisions of ERISA and the IRC and will not incur or permit to exist any unfunded liabilities to the Pension Benefit Guaranty Corporation or to such plan under ERISA or the IRC.

S. Disclosures. If at any time Grantor shall become aware of the existence or occurrence of any financial or economic conditions or natural disasters which are likely to have a material adverse effect on the Property or Grantor's financial condition, Grantor shall promptly notify Beneficiary of the existence or occurrence thereof and of Grantor's opinion as to what effect such may have on the Property or Grantor. Grantor shall also give prompt notice to Beneficiary of (i) the serious illness or death of any principal or key employee of Grantor, (ii) any litigation or dispute, threatened or pending against or affecting Grantor, the Property or any guarantor which could have a material adverse effect on the Property or the financial condition or business of any of the aforementioned parties, (iii) any Default, (iv) any default by Grantor or any acceleration of any indebtedness owed by Grantor under any contract to which Grantor is a party, and (v) any change in the character of Grantor's business as it existed on the date hereof.

VI.

CAPTIONS

The captions contained in this Deed of Trust are for convenience only and shall not be taken into account in determining the meaning of any provision of this Deed of Trust.

VII.

ASSIGNMENT OF LEASES

As further security for the payment of the Indebtedness, and subject to the rights of senior lienholders, Grantor hereby assigns to Beneficiary, its successors and assigns, all leases, whether now in existence or hereafter created, covering all or any portion of the Property together with all rents to become due under each such lease, subject, however, to any prior assignment in connection with senior indebtedness and including, without limitation, that one certain Master Lease between Grantor as landlord and St. Elizabeth Place Master Tenant LLC covering the Property. For so long as no Default exists, Grantor may collect the rents, but not more than one (1) month in advance, in the ordinary course of business, unless otherwise provided by the express terms of the leases and approved by Beneficiary. In the event of any Default and at any and all times during the continuance thereof, in addition to all other rights and remedies of Beneficiary, Beneficiary shall have the exclusive right and power (but not the obligation) to enter upon and take possession of the Property or any part thereof, to rent or re-rent the same, either in the name of Beneficiary or Grantor, to receive all rents, revenues, profits, or other income from the Property and to apply all amounts received first, to the costs and expenses incurred by Beneficiary in protecting and operating the Property and next, to the payment of the Indebtedness in any manner and in any order of priority as Beneficiary shall determine. This action by Beneficiary shall not operate as a waiver of the Default, or as an affirmation of any lease or of the rights of any tenant of title to that part of the Property covered by the lease or held by the tenant, should the Property, or any part thereof, be acquired by Beneficiary or other purchaser at a foreclosure sale. The right of Beneficiary to receive all rents, revenues, profits, or other income from the Property during the continuance of any Default shall be applicable whether Beneficiary has entered upon or taken possession of the Property, or has otherwise attempted to exercise its rights hereunder and if any rents, revenues, profits, or other income are paid to or received by Grantor, Grantor shall immediately pay the same to Beneficiary, without the necessity of any request or demand therefor. Grantor agrees at any time and from time to time until the Indebtedness is paid in full to execute and to deliver any additional assignments of leases and/or rents, security agreements and other instruments as Beneficiary shall from time to time reasonably require. The substance, form, execution and delivery of additional assignments of leases and/or rents, security agreements and other instruments shall be reasonably satisfactory to Beneficiary.

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VIII.

PERSONALTY

This Deed of Trust covers and includes, without limitation, Grantor's interest in the Personalty hereinabove described.

IX.

USE OF PERSONALTY

Grantor represents that all Personalty is property for business use and is not consumer goods. Grantor further covenants that there are and shall be no conditional sales contracts that cover any of the Personalty.

X.

SECURITY INTEREST IN PERSONALTY

Without limiting any of the provisions of this instrument, Grantor, as referred to in this paragraph as "Debtor," expressly does the following:

A. Grant. Debtor hereby grants unto Beneficiary and its successors and assigns, described herein as Secured Party, and referred to in this paragraph as "Secured Party", a security interest in Debtor's interest in the Personalty (subject to the Permitted Encumbrances and the security interests and rights granted to Senior Lender).

B. UCC Remedies. Debtor agrees, in addition to any other remedies granted in this instrument to Secured Party or the Trustee, that Secured Party may, during the existence of any Default, proceed under Chapter 9 of the Texas Uniform Commercial Code (the "UCC") as to all or any part of the Personalty and shall have and may exercise with respect to the Personalty all the rights, remedies and powers of a Secured Party under the UCC, including, without limitation, the right and power to sell at public or private sale or sales, or otherwise to dispose of, to lease, or to utilize the Personalty and any part or parts thereof, in any manner authorized or permitted under the UCC after default by a debtor and to apply the proceeds thereof toward payment of any costs, expenses and attorneys' fees and legal expenses thereby incurred by Secured Party and toward the payment of Debtor's obligations, including the Note and all other indebtedness described in this instrument in any order or manner as Secured Party may elect. Among the rights of Secured Party during the existence of a Default, and without limitation, Secured Party shall have the right to take possession of the Personalty and to enter upon any premises where same may be situated for this purpose without being deemed guilty of trespass and without liability for damages thereby occasioned and to take any action deemed necessary or appropriate or desirable by Secured Party, at its option and in its discretion, to repair, refurbish or otherwise prepare the Personalty for sale, lease, or other use or disposition as herein authorized. Debtor agrees that if any notice of sale required under the UCC is mailed, postage prepaid, to Debtor at the address shown herein at least ten (10) days before the time of the sale or disposition, the notice shall be deemed reasonable and shall fully satisfy any requirement for giving of the notice.

If a Default exists, and to the extent it may lawfully do so and without limiting any rights and/or privileges herein granted to Secured Party, Debtor agrees that Secured Party and/or the above Trustee and any Substitute Trustee, may dispose of any or all of the Personalty at the same time and place and after giving the same notice provided for in this Deed of Trust in connection with a nonjudicial foreclosure sale under the terms and conditions set forth in this Deed of Trust. In this connection, Debtor agrees that the sale may be conducted by the Trustee or the Substitute Trustee; that the sale of the Land and Improvements described in this Deed of Trust and the Personalty or any part thereof, may be sold separately and/or together; and that if the Land and Improvements described herein and the Personalty or

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any part thereof, are sold together, the Secured Party will not be obligated to allocate the consideration received as between the Land and Improvements and the Personality.

C. Possession. Debtor hereby grants to Secured Party the right, at its option upon a Default to transfer at any time to itself or to its nominee the Personality, or any part thereof and to receive the monies, income, proceeds or benefits attributable or accruing thereto and to hold the same as security for Debtor's obligations or to apply it on the principal and interest or other amounts owing on any of Debtor's obligations, whether or not then due, in any order or manner as Secured Party may elect. All rights with respect to marshalling of assets of Debtor, including with respect to the Personality, or to a sale in inverse order of alienation, are hereby waived.

D. Authority. Debtor hereby covenants, stipulates and agrees that all recitals in any instrument of assignment or any other instrument executed by Secured Party incident to the sale, transfer, assignment, lease or other disposition or utilization of the Personality or any part thereof hereunder shall be prima facie evidence of the matters stated therein and all prerequisites of the sale or other action taken by Secured Party or of any fact, condition or thing incident thereto shall be rebuttably presumed to have been performed or to have occurred.

E. Assembly and Expenses. Debtor hereby covenants and agrees that Secured Party, during a Default, may require Debtor to assemble the Personality and to make it available to Secured Party at a place to be designated by Secured Party that is reasonably convenient to both parties. All expenses of retaking, holding, preparing for sale, lease, or other use or disposition, selling, leasing or otherwise using or disposing of the Personality and the like that are incurred or paid by Secured Party as authorized or permitted hereunder, including also all attorneys' fees, legal expenses and costs, shall be added to the Indebtedness and Debtor shall be liable therefor.

F. Financing Statement. A carbon, photographic, or other reproduction of this Deed of Trust may be filed as a Financing Statement under the UCC between Debtor and Secured Party whose addresses are set forth below. Except for the security interest granted hereby in the Personality, the security interests and rights in the Personality granted to Senior Lender, or otherwise expressly stated in EXHIBIT B hereto, Debtor is owner and holder of the Personality free of any adverse claim, security interest or encumbrance, and Debtor will defend the Personality against all claims and demands of any person at any time claiming the same or any interest therein. Debtor has not heretofore signed any financing statement and no financing statement signed by Debtor is now on file in any public office except those statements, true and correct copies of which have been delivered to the Secured Party or in connection with the Senior Note (as defined below). So long as any amount remains unpaid on any Indebtedness described in this Deed of Trust, Debtor will not execute and there will not be filed in any public office any financing statement or statements affecting the Personality other than financing statements in favor of the Senior Lender or Secured Party hereunder, unless the prior written specific consent and approval of Secured Party shall have first been obtained. Debtor authorizes Secured Party to file, in jurisdiction where this authorization will be given effect, a financing statement signed only by Secured Party covering the Personality and at the request of Secured Party, Debtor will join Secured Party in executing one or more financing statements; pursuant to the UCC in form satisfactory to Secured Party and will pay the cost of filing the same or filing or recording this instrument as a financing statement, in all public offices at any time and from time to time whenever filing or recording of any financing statement or of this instrument is deemed by Secured Party to be necessary or desirable.

ADDRESSES

The addresses of Grantor and Beneficiary, are as follows:

Grantor: St. Elizabeth Place LP
4300 Lyons Avenue
Suite 300
Houston, Texas 77020
Attention: Kathy Flanagan Payton, Manager

Beneficiary: Fifth Ward Community Redevelopment Corporation
4300 Lyons Avenue, Suite 300
Houston, Texas 77020
Attention: Board Chairman

Trustee: The City of Houston
P. O. Box 1562
Houston, TX 77251-1562
Attention: Director, Housing and Community Development
Department

Each party shall have the right to designate from time to time another address within the continental United States for purposes of this Deed of Trust by written notice to the other party. Notwithstanding the foregoing agreement to provide courtesy copies, such copies shall be a courtesy only and failure to provide such copies shall have no effect on the validity of a notice properly given to Grantor.

Notices under this Deed of Trust shall be effective in the case of utilization of the U.S. Mail Service, upon the earlier of (i) three days after deposit of such notice in the mail, return receipt requested or (ii) delivery. Notices sent by overnight courier services shall be effective one day after deposit with such service. All other notices shall be effective upon delivery. Notwithstanding the foregoing, any foreclosure notices shall be effective upon deposit with the U.S. Mail Service.

XII.

RESTRICTIVE COVENANTS

Grantor has executed and filed of record or will execute and file of record a certain Restrictive Covenants dated of even date hereof (the "Restrictive Covenants") covering the Property. The Restrictive Covenants shall remain in full force and effect until expiration or termination in accordance with the provisions thereof and no invalidity, release or termination of this Deed of Trust shall operate to invalidate, release or terminate the Restrictive Covenants. The Restrictive Covenants shall not be deemed a "Loan Document" as such term is used herein or in any of the other Loan Documents.

XIII.

ENVIRONMENTAL MATTERS

A. Compliance with Laws. Grantor hereby represents, warrants, covenants and agrees to and with Beneficiary that:

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- (i) Grantor will not and will not permit any tenant or occupant of the Property to, generate, store, handle or otherwise deal with hazardous or toxic substances in, on, about or under the Property; and
- (ii) Grantor has not at any time engaged in or permitted, nor, to the best of Grantor's knowledge after reasonable and prudent inquiry, which has consisted of the Phase I report previously delivered to Beneficiary, has any current or former tenant, occupant or owner of the Property, or any portion thereof, engaged in or permitted any generation, storage, handling, dumping, discharge, disposal, spillage or leakage of any hazardous or toxic substances, at, on, or about the Property, or any portion thereof, except as disclosed on the Phase I report previously delivered to Beneficiary.

Notwithstanding the foregoing, Grantor shall be permitted to have such chemicals, materials and supplies on the Property which are normally used in connection with the prudent operation, use, maintenance and ownership of a multi-family unit apartment complex and which are used in compliance with environmental laws.

B. Indemnification. GRANTOR HEREBY AGREES TO INDEMNIFY, PROTECT, DEFEND (WITH COUNSEL REASONABLY APPROVED BY BENEFICIARY) AND TO HOLD BENEFICIARY, ITS AGENTS, MEMBERS, OFFICERS, REPRESENTATIVES AND ITS EMPLOYEES FREE AND HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, ACTIONS, ADMINISTRATIVE PROCEEDINGS, JUDGMENTS, DAMAGES, PUNITIVE DAMAGES, PENALTIES, FINES, COSTS, LIABILITIES (INCLUDING SUMS PAID IN SETTLEMENT OF CLAIMS), INTEREST OR LOSSES, INCLUDING REASONABLE ATTORNEYS', CONSULTANTS' AND EXPERTS' FEES AND EXPENSES, OF ANY KIND OR NATURE (COLLECTIVELY, THE "COSTS") THAT ARISE DIRECTLY OR INDIRECTLY, FROM OR IN CONNECTION WITH THE PRESENCE, SUSPECTED PRESENCE, RELEASE OR SUSPECTED RELEASE (A "RELEASE") OF ANY HAZARDOUS OR TOXIC SUBSTANCE, FROM, ON, ABOUT, UNDER OR WITHIN THE PROPERTY, OR ANY PORTION THEREOF WHICH OCCURS DURING OR PRIOR TO SUCH TIME AS GRANTOR OWNS THE PROPERTY. NOTWITHSTANDING THE FOREGOING TO THE CONTRARY, GRANTOR'S LIABILITY HEREUNDER, SUBJECT TO THE DE MINIMIS PROVISIONS OF ARTICLE XIII(A)(ii) ABOVE, SHALL NOT INCLUDE ANY LOSS ARISING OUT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF BENEFICIARY OR ANY EMPLOYEE, AGENT OR REPRESENTATIVE OF BENEFICIARY OR RELEASE OF HAZARDOUS OR TOXIC SUBSTANCES BY BENEFICIARY OR ANY EMPLOYEE, AGENT OR REPRESENTATIVE OF BENEFICIARY AFTER BENEFICIARY HAS TAKEN POSSESSION OF THE PROPERTY.

C. Remediation. If any investigation or monitoring of site conditions, or any cleanup, containment, restoration, removal or other remedial work (collectively, the "remedial work") is required under any applicable federal, state or local law or regulation, by any judicial order, or by any governmental entity, or in order to comply with any agreements affecting the Property because of, or in connection with any release of hazardous or toxic substances, Grantor shall perform, or cause to be performed, the remedial work in compliance with such law, regulation, order or agreement. All remedial work shall be performed by one or more contractors selected by Grantor and approved in advance, in writing, by Beneficiary and under the supervision of a consulting engineer selected by Grantor and approved in advance, in writing, by Beneficiary. All costs of any remedial work shall be paid by Grantor, including, without limitation, the reasonable charges of contractor(s) and/or the consulting engineer and Beneficiary's reasonable attorneys' fees and costs incurred in connection with the monitoring or review of any remedial work. If Grantor shall fail to timely commence or cause to be timely commenced, or fail to diligently prosecute to completion, any remedial work, then Beneficiary may, but shall not be required to, cause such remedial work to be performed and all costs and expenses thereof, or incurred in connection therewith, shall be "Costs" within the meaning of Subparagraph B above. All costs shall be due and payable upon demand therefor by Beneficiary, together with interest thereon at the Default Rate provided in the Note from the date such costs are paid by

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Beneficiary, until the same are refunded to Beneficiary and all such costs and the interest thereon shall be secured hereby.

D. Survival. Notwithstanding anything to the contrary contained herein, or in the Note or Loan Agreement, the obligations of Grantor under this Paragraph XIII shall survive any assumption of the Indebtedness by a successor to Grantor (whether or not the assumption has been approved or disapproved, or whether or not Grantor was released from liability on the Indebtedness), foreclosure of this Deed of Trust (or transfer of the Property in lieu of foreclosure) and release or termination of this Deed of Trust.

XIV.

MISCELLANEOUS

A. No Waiver. No delay by Beneficiary in exercising any right, option or remedy hereunder, or otherwise afforded by law, shall operate as a waiver thereof or preclude the exercise thereof during the continuance of any Default.

B. Cumulative Remedy. All rights and remedies of Beneficiary under this Deed of Trust and any and all other instruments evidencing or securing the Indebtedness, are cumulative and concurrent and may be exercised singularly, successively, or concurrently.

C. No Release. The granting to Grantor or to any other person or party of any extension(s) of time for payment of all or any part of the Indebtedness or the performance of any covenant or agreement contained herein, or the taking of other or additional security for the payment of the whole or any part of the Indebtedness, or the releasing of any part of the security at any time held in connection with the Indebtedness, shall not in any way release Grantor or any other person or party obligated for the payment of the Indebtedness, or release or impair this Deed of Trust or any other security held in connection with the Indebtedness, except to the extent of the person, party or property expressly released in writing by Beneficiary.

D. Severability. If any provision in this Deed of Trust is invalid or unenforceable in whole or in part, this instrument shall in all other respects remain in full force and effect.

E. Successors and Assigns. All of the provisions hereof shall apply to, inure to the benefit of, and be binding upon Grantor and the successors and assigns (provided the foregoing shall not be construed as consent to any transfer by Grantor of the Property).

F. Further Assurances and Corrections. From time to time, at the request of Beneficiary, Grantor will (i) promptly correct any defect, error, or omission which may be discovered in the contents of this Deed of Trust or in any other Loan Document or in the execution or acknowledgment thereof; (ii) execute, acknowledge, deliver, record and/or file such further instruments (including, without limitation, further deeds of trust, security agreements, financing statements, continuation statements and assignments of rents or leases) and perform such further acts and provide such further assurances as may be necessary, desirable, or proper, in Beneficiary's reasonable opinion, to carry out more effectively the purposes of this Deed of Trust and the Loan Documents and to subject to the liens and security interests hereof and thereof any property intended by the terms hereof or thereof to be covered hereby or thereby, including without limitation, any renewals, additions, substitutions, replacements, or appurtenances to the Property; (iii) execute, acknowledge, deliver, procure, file, and/or record any document or instrument (including without limitation, any financing statement) deemed advisable by Beneficiary to protect the liens and the security interests herein granted against the rights or interests of third persons; and (iv) pay all costs connected with any of the foregoing.

G. Choice of Law. This Deed of Trust shall be performable and enforced in Harris County, Texas, and shall be construed in accordance with the laws of the State of Texas from time to time in effect

except to the extent preempted by the United States federal law. Venue shall be appropriate in Harris County, as applicable.

H. Usury. In no event shall any provision of this Deed of Trust, the Note, the Loan Agreement or any other instrument evidencing or securing the Indebtedness ever obligate Grantor to pay interest on the Note secured hereby at a rate greater than that permitted by law, or obligate Grantor to pay any taxes, assessments, charges, insurance premiums, or other amounts to the extent that the payments constitute interest under applicable law and when added to the interest payable on the Note secured hereby, would be held to constitute the payment by Grantor of interest at a rate greater than that permitted by law; and this provision shall control over any provision to the contrary.

It is expressly stipulated and agreed to be the intent of Grantor and Beneficiary at all times to comply strictly with the applicable Texas law governing the maximum rate or amount of interest payable on the Note or the Indebtedness or applicable United States federal law to the extent that it permits Beneficiary to contract for, charge, take, reserve or receive a greater amount of interest than under Texas law ("Highest Lawful Rate"). If the applicable law is ever judicially interpreted so as to render usurious any amount (i) contracted for, charged, taken, reserved or received pursuant to the Note, any of the other Loan Documents or any other communication or writing by or between Grantor and Beneficiary related to the transaction or transactions that are the subject matter of the Loan Documents, (ii) contracted for, charged or received by reason of Beneficiary's exercise of the option to accelerate the maturity of the Note and/or the Indebtedness, or (iii) Grantor will have paid or Beneficiary will have received by reason of any voluntary prepayment by Grantor of the Note and/or the Indebtedness, then it is Grantor's and Beneficiary's express intent that all amounts charged in excess of the Highest Lawful Rate shall be automatically cancelled, ab initio, and all amounts in excess of the Highest Lawful Rate theretofore collected by Beneficiary shall be credited on the principal balance of the Note and/or the Indebtedness (or, if the Note and all Indebtedness have been or would thereby be paid in full, refunded to Grantor), and the provisions of the Note and the other Loan Documents immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder and thereunder. Grantor hereby agrees that as a condition precedent to any claim seeking usury penalties against Beneficiary, Grantor will provide written notice to Beneficiary, advising Beneficiary in reasonable detail of the nature and amount of the violation, and Beneficiary shall have sixty (60) days after receipt of such notice in which to correct such usury violation, if any, by either refunding such excess interest to Grantor, or crediting such excess interest against the Note and/or the Indebtedness then owing by Grantor to Beneficiary. All sums contracted for, charged or received by Beneficiary for the use, forbearance or detention of any debt evidenced by the Note and/or the Indebtedness shall, to the extent permitted by applicable law, be amortized or spread, using the actuarial method, throughout the stated term of the Note and/or the Indebtedness (including any and all renewal and extension periods) until payment in full so that the rate or amount of interest on account of the Note and/or the Indebtedness does not exceed the Highest Lawful Rate from time to time in effect and applicable to the Note and/or the Indebtedness for so long as debt is outstanding. In no event shall the provisions of Chapter 346 of the Texas Finance Code (which regulates certain revolving credit loan accounts and revolving triparty accounts) apply to the Note and/or the Indebtedness. Notwithstanding anything to the contrary contained herein or in any of the other Loan Documents, it is not the intention of Beneficiary to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration.

I. Covenants Run with the Land. All obligations contained in this Deed of Trust and the other Loan Documents are intended by Grantor, Beneficiary and Trustee to be, and shall be construed as, covenants running with the Property until the lien of this Deed of Trust has been fully released by Beneficiary.

J. JURY WAIVER. GRANTOR AND BENEFICIARY ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED, EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THEIR MUTUAL BENEFIT, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE

RP-2020-363057

OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS NOTE, THE INDEBTEDNESS OR THIS DEED OF TRUST.

K. Entire Agreement. THIS DEED OF TRUST, TOGETHER WITH THE NOTE AND LOAN AGREEMENT, THE OTHER LOAN DOCUMENTS, AND THE RESTRICTIVE COVENANTS CONSTITUTE A WRITTEN LOAN AGREEMENT AS DEFINED IN SECTION 26.02 OF THE TEXAS BUSINESS AND COMMERCE CODE. THIS WRITTEN LOAN AGREEMENT CONSTITUTES THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

L. Reserved.

M. Extended Low Income Housing Commitment. Pursuant to the terms of that Collateral Assignment of Note and Liens dated of even date herewith executed by Beneficiary for the benefit of the City (the "Collateral Assignment"), the City agreed that the liens securing the City Loan and evidence by this Deed of Trust and collaterally assigned to the City pursuant to the Collateral Assignment shall be subordinate to any extended low income housing commitment (as such term is defined in Section 42(h)(6)(B) of the Internal Revenue Code) (the "Extended Use Agreement") recorded against the Land; provided that such Extended Use Agreement, by terms, must terminate upon foreclosure under this Deed of Trust or upon a transfer of the Land by instrument in lieu of foreclosure, in accordance with Section 42(h)(6)(E) of the Internal Revenue Code. The City's Restrictive Covenants shall not be subordinate to any extended low income housing commitment as such term is defined in the Extended Use Agreement.

[Signatures on following page]

Signature Page
Deed of Trust, Security Agreement and Financing Statement

IN WITNESS WHEREOF, Grantor has executed this Deed of Trust, Security Agreement and Financing Statement on the date set forth in the acknowledgments below but to be effective as of July 7, 2020. AUGUST

GRANTOR:

OWNER:

ST. ELIZABETH PLACE LP,
a Texas limited partnership

By: St. Elizabeth Place GP LLC
a Texas limited liability company,
its general partner

By: St. Elizabeth 2020 Investments,
LLC, a Texas limited liability
company, its manager

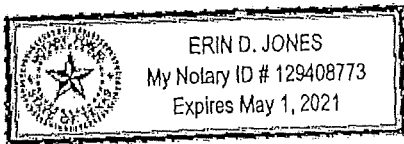
By: 
Kathy Flanagan Payton,
Manager

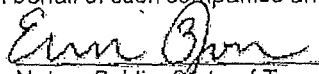
ATTACHMENTS:
EXHIBIT "A" Land
EXHIBIT "B" Permitted Encumbrances

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on the 7th day of July, 2020 by Kathy Flanagan Payton, Manager of ST. ELIZABETH 2020 INVESTMENTS, LLC, a Texas limited liability company, and the manager of ST. ELIZABETH PLACE GP LLC, a Texas limited liability company and general partner of ST. ELIZABETH PLACE LP, a Texas limited partnership, on behalf of such companies and limited partnership.




Notary Public, State of Texas
Erin Jones
Printed Name of Notary
My commission expires: 5/1/2021

RP-2020-363057

ST ELIZABETH PLACE

EXHIBIT A
PROPERTY DESCRIPTION

TRACT 1:

A TRACT OR PARCEL OF LAND CONTAINING 0.3884 ACRES, (16,917 SQUARE FEET), BEING OUT OF AND A PART OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4614 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

COMMENCING at a ½ " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29" Street), with the west right-of-way line Yates Street, (60 Foot Right-of-Way, Formerly known as House Street), same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner of that certain called 2.2455 acre tract of land being the remainder of said 2.634 Acre Tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said 2.2455 Acre Tract, a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southeast corner of said 2.2455 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said Block 121, a distance of 67.67 feet to a capped, (Landtech), iron rod found for the intersection of the west right-of-way line of Yates Street with the north right-of-way line of Chisum Street, (50 Foot Right-of-Way, Formerly known as Division Avenue), same being the southeast corner of said Block 121, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, along the north right-of-way line of Chisum Street, same being the south line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to a capped, (Landtech), iron rod found for the intersection of the east right-of-way line of St. Elizabeth Street with the north right-of-way line of Chisum Street, same being the southwest corner of said Block 121, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 01" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 67.67 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southwest corner of said 2.2455 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89 degrees, 56' 01" E, across said Block 121, along the common line of said 2.2455 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 0.3884 acres or 16,917 square feet of land, more or less.

TRACT 2:

A TRACT OR PARCEL OF LAND CONTAINING 2.2455 ACRES, (97,813 SQUARE FEET), BEING LOTS 1 THROUGH 10, INCLUSIVE, BLOCK 117, AUGUSTA ADDITION, A SUBDIVISION IN HARRIS COUNTY, TEXAS ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 56, PAGE 139, OF THE HARRIS COUNTY DEED RECORDS, ALONG WITH AND IN ADDITION TO A PORTION OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, ALONG WITH AND IN

ADDITION TO THAT CERTAIN TRACT OF LAND FORMERLY KNOWN AS FARMER AVENUE LOCATED BETWEEN SAID BLOCKS 117 AND 121 AND BEING BOUNDED BY THE EAST LINE OF ST. ELIZABETH STREET (30.00 FOOT RIGHT -OF WAY, ALSO KNOWN AS DAN STREET) AND THE WEST LINE OF YATES STREET, (60.00 FOOT RIGHT-OF-WAY, FORMERLY KNOWN AS HOUSE STREET), AS DESCRIBED BY INSTRUMENT RECORDED IN VOLUME 1396, PAGE 161, OF THE HARRIS COUNTY DEED RECORDS, SAID 2.2455 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

BEGINNING at a 1/2 " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 foot Right-of-Way, Formerly known as 29th Street), with the west right-of-way line Yates Street, same being the northeast corner of said Block 117, same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00 sec W, along with the west right-of-way line of Yates Street, same being the common line of said .2.634 Acre Tract, pass at a distance of 200.00 feet a calculated point for the southeast corner of said Block 117, same being the northeast corner of said Farmer Avenue Tract, pass at a distance of 260.00 feet a calculated point for the southeast corner of said Farmer Avenue Tract, same being the northeast corner of said Block 121, and continuing for a total distance of 391.25 feet to a capped, (Precision Surveyors); iron rod set on the common line of said Block 121 for the northeast corner of that certain called 0.3884 acre tract of land out of said 2.634 Acre Tract, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, across said Block 121, along the common line of said 0.3884 Acre Tract, a distance of 250.00 feet to a capped, (Precision Surveyors), iron rod set on the east right-of-way line of St. Elizabeth Street, same being the common line of said Block 121, for the northwest corner of said 0.3884 Acre Tract, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 00" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, pass at a distance of 131.25 feet a calculated point for the northwest corner of said Block 121, same being the southwest corner of said Farmer Avenue Tract, pass at a distance of 191.25 feet a calculated point for the northwest corner of said Farmer Avenue Tract, same being the southwest corner of said Block 117, and continuing for a total distance of 391.25 feet to a capped, (Precision Surveyors), iron rod found for the intersection of the east right-of-way line of St. Elizabeth Street with the south right-of-way line of Lyons Avenue, for the northwest corner of said Block 117, same being the northwest corner of said 2.634 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89° 56' 01" E, along the south right-of-way line of Lyons Avenue, same being the common line of said Block 117, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 2.2455 acres or 97,813 square feet of land, more or less

RP-2020-363057

EXHIBIT B
PERMITTED ENCUMBRANCES

1. All leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges, and immunities relating thereto, appearing in the Public Records.
2. Subject property is located within the City of Houston or within its extra territorial jurisdiction (within 5 miles of the city limits but outside another municipality) and is subject to the terms, conditions and provisions of City of Houston Ordinance No. 85-1878 and 99-262, pertaining to, among other things, the platting and re-platting of real property and to the establishment of building lines. A certified copy of said ordinance was filed of record on August 1, 1991, under Harris County Clerk's File No. N253886.
3. Any and all unrecorded leases and/or rental agreements, with right of tenants in possession.
4. Subject to the following item(s) as shown per survey prepared by James Moseley, R.P. L. S. No. 5912, dated February 14, 2018 and last revised on September 25, 2018:
 - a. Manholes located in the southwest and easterly portions in two separate locations of the subject property without benefit of recorded easements;
 - b. Sanitary sewer manholes located in the most westerly and northwesterly portions of the subject property in two separate locations without benefit of recorded easements.
5. Terms, conditions, provisions and restrictions contained in city of Houston, Resolution No. 2016-0051 designating the Saint Elizabeth Hospital located at 4514 Lyons Avenue, within the City of Houston as a Landmark, as set forth by Notice of Action by the City of Houston, Texas Affecting Real Property filed for record on October 20, 2019 under Harris County Clerk's File No. RP-2019-481074.
6. All real property taxes and assessments for the year 2020 and thereafter.
7. Restrictive Covenants executed by Grantor against the Property of approximate even date herewith and recorded in the Harris County Real Property Records.

RP-2020-363057

RP-2020-363057
Pages 22
08/10/2020 02:28 PM
e-Filed & e-Recorded in the
Official Public Records of
HARRIS COUNTY
CHRIS HOLLINS
COUNTY CLERK
Fees \$98.00

RECORDERS MEMORANDUM

This instrument was received and recorded electronically and any blackouts, additions or changes were present at the time the instrument was filed and recorded.

Any provision herein which restricts the sale, rental, or use of the described real property because of color or race is invalid and unenforceable under federal law.

THE STATE OF TEXAS
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me; and was duly RECORDED in the Official Public Records of Real Property of Harris County, Texas.



COUNTY CLERK
HARRIS COUNTY, TEXAS

RP-2020-363057

ATTACHMENT D
TO LOAN AGREEMENT

UCC1 AND UCC3

UCC FINANCING STATEMENT
FOLLOW INSTRUCTIONS



20-0042302790

08/11/2020 05:00 PM

FILED
TEXAS
SECRETARY OF STATE
SOS

989165330002

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. E-MAIL CONTACT AT FILER (optional)

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

Nancy F. Martin
Shannon, Marlin, Finkelstein, Alvarado & Dunne, P.C.
1001 McKinney, Suite 1100
Houston, TX 77002

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the Individual Debtor Information in Item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME
St. Elizabeth Place LP, a Texas limited partnership

OR

1b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
4300 Lyons Avenue, Suite 300 Houston TX 77020 USA

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the Individual Debtor Information in Item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE or ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME
Fifth Ward Community Redevelopment Corporation, a Texas non-profit corporation

OR

3b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
4300 Lyons Avenue, Suite 300 Houston TX 77020 USA

4. COLLATERAL: This financing statement covers the following collateral:

(1) All of Debtor's right, title and interest, whether now or hereafter arising, in and to any and all plumbing, electrical, heating, cooling and other equipment and all building materials and other goods of every type, kind and character that are now or hereafter situated upon the Land (as herein after defined); and which (a) are intended to be incorporated into any Improvements on the Land ("Improvements") or (b) are now, or hereafter become, fixtures related to the Land or the Improvements; any and all other goods of every type, kind and character, including without limitation, all appliances, furniture, fixtures, inventory and equipment now owned or hereafter acquired by Debtor that are now or hereafter situated upon the Land (whether or not situated within or attached to the Improvements) and that facilitate the use and occupancy of the Improvements for the purpose for which they were or are to be constructed; all plans and specifications for the Improvements, all rights of Debtor under all existing and future leases, construction, maintenance and other contracts covering or relating to the Land or the Improvements, all tenants' deposits made pursuant to or in connection with such leases, all rights of ingress and egress, easements, water and wastewater rights, and to the extent assignable, all licenses, permits, franchises, certificates, accounts, instruments, chattel paper, documents, agreements, contracts,

5. Check only if applicable and check only one box: Collateral is held in a Trust (see UCC1Ad, Item 17 and Instructions) being administered by a Debtor's Personal Representative

6a. Check only if applicable and check only one box: Public Finance Transaction Manufactured Home Transaction A Debtor is a Transmitting Utility Agricultural Use Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): Lessor/Lessor Consignor/Consignor Buyer/Buyer Bailor/Bailor Licensee/Licensee

8. OPTIONAL FILER REFERENCE DATA:
16710031 - St. Elizabeth Place

ATTACHMENT D

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here:

9a. ORGANIZATION'S NAME St. Elizabeth Place LP	
OR	
9b. INDIVIDUAL'S SURNAME	
FIRST PERSONAL NAME	
ADDITIONAL NAME(S) INITIAL(S)	SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME				
OR				
10b. INDIVIDUAL'S SURNAME				
INDIVIDUAL'S FIRST PERSONAL NAME				
INDIVIDUAL'S ADDITIONAL NAME(S) INITIAL(S)				SUFFIX
10c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

11. ADDITIONAL SECURED PARTY'S NAME or ASSIGNOR-SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME				
OR				
11b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME		SUFFIX
ADDITIONAL NAME(S) INITIAL(S)				SUFFIX
11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral); and general intangibles, and all rights of Debtor in and to any development rights relating to the Land or the Improvements (including, without limitation, trade names and symbols used in connection therewith and any deposits with utility companies) and all other rights and privileges obtained in connection with, relating to or associated with the Land or the Improvements (collectively, the "Personalty") and all proceeds of the Personalty.
(II) All tax refunds, including interest thereon, tax rebates, and tax abatements, and the right to receive the same, which may be payable or available with respect to the Land, Improvements and Personalty (collectively, "Property").

13. <input type="checkbox"/> THIS FINANCING STATEMENT IS TO BE FILED (for record) (or recorded) IN THE REAL ESTATE RECORDS (if applicable)	14. THIS FINANCING STATEMENT: <input type="checkbox"/> covers timber to be cut <input type="checkbox"/> covers as-extracted collection! <input type="checkbox"/> is filed as a fixture filing
15. Name and address of a RECORD OWNER of real estate described in item 10 (if Debtor does not have a record interest):	16. Description of real estate: Tract 1: a tract containing 0.3884 acres out of and a part of Blk 121, Augusta Addition, an unrecorded subdivision situated in the Harris & Wilson Survey, Abstract #32, Harris County, TX, more fully described by metes and bounds; Tract 2: a tract of 2.2455 acres being Lots 1 through 10, inclusive, Blk 117, Augusta Addition, a subdivision in Harris County, TX, according to the map or plat thereof recorded in Vol. 56, Pg 139 of the Harris City Deed Records, more fully described by metes and bounds.

17. MISCELLANEOUS:
1671.0031 - St. Elizabeth Place

ATTACHMENT D

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b of Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here:

9a. ORGANIZATION'S NAME St. Elizabeth Place LP	
OR	
9b. INDIVIDUAL'S SURNAME	
FIRST PERSONAL NAME	
ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name of Debtor (name) that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME					
OR					
10b. INDIVIDUAL'S SURNAME					
INDIVIDUAL'S FIRST PERSONAL NAME					
INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)				SUFFIX	
10c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY

11. ADDITIONAL SECURED PARTY'S NAME or ASSIGNOR'S SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME				
OR				
11b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

(iii) All of Debtor's right, title and interest in the proceeds (including conversion to cash or liquidation claims) of (A) insurance relating to the Property and (B) all awards made for the taking by eminent domain (or by any proceeding or purchase in lieu thereof) of the Property, including awards resulting from a change of any streets (whether as to grade, access, or otherwise) and for severance damages;
 (iv) All of Debtor's right, title and interest in and to all substances in, on, or under the Land which are now, or may become in the future, intrinsically valuable, that is, valuable in themselves, and which now or may be in the future enjoyed through extraction or removal from the

13. THIS FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS: (if applicable)

14. THIS FINANCING STATEMENT:

covers timber to be cut covers as-extracted collateral is filed as a fixture filing

15. Name and address of a RECORD OWNER of real estate described in item 1b (if Debtor does not have a record interest):

16. Description of real estate:

17. MISCELLANEOUS:
1671.0031 - St. Elizabeth Place

ATTACHMENT D

International Association of Commercial Administrators (IACA)

FILING OFFICE COPY: — UCC FINANCING STATEMENT ADDENDUM (Form UCC1Ad) (Rev. 04/20/11)

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here:

9a. ORGANIZATION'S NAME St. Elizabeth Place LP	
OR	
9b. INDIVIDUAL'S SURNAME	
FIRST PERSONAL NAME	
ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE-USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME				
OR				
10b. INDIVIDUAL'S SURNAME				
INDIVIDUAL'S FIRST PERSONAL NAME				
INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)				SUFFIX
10c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
COUNTRY				

11. ADDITIONAL SECURED PARTY'S NAME *or* ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME				
OR				
11b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
11c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
COUNTRY				

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

property, including without limitation, oil, gas, and all other hydrocarbons, coal, lignite, carbon dioxide and all other nonhydrocarbon gases, uranium and all other radioactive substances, and gold, silver, copper, iron and all other metallic substances or ores (collectively, "Minerals").

(v) All funds of Debtor that may be deposited with Secured Party at any time and from time to time for any purpose, which funds shall be deemed to be part of the Personalty for purposes hereof;

(vi) all proceeds of any of the foregoing. Terms not otherwise defined herein shall have the meaning specified in Article 9 of the Texas Business and Commerce Code (if applicable).

13. <input type="checkbox"/> THIS FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS (if applicable)	14. THIS FINANCING STATEMENT: <input type="checkbox"/> covers timber to be cut <input type="checkbox"/> covers ea-extracted collateral <input type="checkbox"/> is filed as a fixture filing
16. Name and address of a RECORD OWNER of real estate described in Item 10 (if Debtor does not have a record interest):	18. Description of real estate:

17. MISCELLANEOUS:
1671.0031 - St. Elizabeth Place

ATTACHMENT D

FILING OFFICE COPY - UCC FINANCING STATEMENT ADDENDUM (Form UCC1Ad) (Rev. 04/2011) International Association of Commercial Administrators (IACA)

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

20-00462784

09/02/2020 05:00 PM

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. E-MAIL CONTACT AT FILER (optional)

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

Nancy F. Martin
Shannon, Martin, Finkelstein, Alvarado & Dunne, P.C.
1001 McKinney, Suite 1100
Houston, Texas 77002



FILED

TEXAS SECRETARY OF STATE

SOS



994063720002

2

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER

20-0042302790

1b. This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. **File:** attach Amendment Addendum (Form UCC3A) and provide Debtor's name in Item 13

2. **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing the Termination Statement

3. **ASSIGNMENT (All or partial):** Provide name of Assignee in Item 7a or 7b, and address of Assignee in Item 7c and name of Assignor in Item 9. For partial assignment, complete Items 7 and 9 and also indicate affected collateral in Item 8

4. **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing the Continuation Statement is continued for the additional period provided by applicable law

5. **PARTY INFORMATION CHANGE:**

Check one of these two boxes:

AND Check one of these three boxes to:

This Change affects Debtor or Secured Party of record

CHANGE name and/or address: Complete Item 8a or 8b and Item 7a or 7b and Item 7c

ADD name: Complete Item 7a or 7b, and Item 7c

DELETE name: Give record name to be deleted in Item 8a or 8b.

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change: provide only one name (8a or 8b)

8a. ORGANIZATION'S NAME

OR 8b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S) INITIAL(S)

SUFFIX

7. **CHANGED OR ADDED INFORMATION:** Complete for Assignor of Party Information Change: provide only one name (7a or 7b) (use exact, full name; do not use, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

City of Houston, Director of Housing and Community Development

OR 7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S) INITIAL(S)

SUFFIX

7c. MAILING ADDRESS

2100 Travis Street, 9th Floor

CITY

Houston

STATE

TX

POSTAL CODE

77002

COUNTRY

USA

8. **COLLATERAL CHANGE:** Also check one of these four boxes: ADD collateral DELETE collateral RESTATE covered collateral ASSIGN collateral

Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT:** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment). If this is an Amendment authorized by a DEBTOR, check here and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME

Fifth Ward Community Redevelopment Corporation, a Texas non-profit corporation

OR 9b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S) INITIAL(S)

SUFFIX

10. **OPTIONAL FILER REFERENCE DATA:**

1671.0031 - St. Elizabeth Place

ATTACHMENT D

FILING OFFICE COPY — UCC FINANCING STATEMENT AMENDMENT (Form UCC3) (Rev. 04/20/11)

In (optional) Association of Commercial Administrators (ACA)

ATTACHMENT E
TO LOAN AGREEMENT

COLLATERAL NOTE

NOTE

\$14,874,622.00

August 7, 2020

I. PROMISE TO REPAY.

FOR VALUE RECEIVED, ST. ELIZABETH PLACE LP, a Texas limited partnership ("Maker"), hereby agrees and promises to pay to the order of FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas non-profit corporation ("Payee"), at 4300 Lyons Avenue Suite 300, Houston, Texas 77020 or at any other place as the holder hereof may from time to time in writing designate, on the times hereinafter provided, in coin or currency, which at the time of payment shall constitute legal tender of the United States of America, the principal sum of FOURTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$14,874,622.00) or so much thereof as may be advanced, together with interest thereon as further delineated below.

The loan ("Loan") evidenced by this Note is subject to the terms and conditions of that one certain Loan Agreement (Borrower/Owner) ("Owner Loan Agreement") between Maker and Payee of even date herewith which incorporates the terms and conditions of a Loan Agreement between the City of Houston ("City"), Maker and Payee dated July 23, 2020 ("City Loan Agreement"). All capitalized terms used but not defined in this Note have the same meanings as assigned to such terms in the Owner Loan Agreement.

The Loan will be advanced in two tranches. The first tranche ("Tranche 1") in the amount of FOUR MILLION SEVEN HUNDRED THOUSAND AND NO/100 DOLLARS (\$4,700,000.00) will be advanced for acquisition and soft costs for the Project and the second tranche ("Tranche 2") in the amount of TEN MILLION ONE HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$10,174,622.00) will be advanced for costs associated with the renovation and rehabilitation of the Project and both Tranche 1 and Tranche 2 shall be advanced in accordance with and subject to the requirements set forth in the City Loan Agreement.

II. TERM.

The term of the Loan shall commence on the date of this Note ("Closing Date") and shall mature upon the date which is forty (40) years after Project Completion as defined in the City Loan Agreement (the "Maturity Date"). This Note is secured by and entitled to the benefits of a Deed of Trust, Security Agreement and Financing Statement of even date herewith ("Deed of Trust") executed by Maker to Tom McCasland, Trustee, covering fee ownership interest in the Property (as defined in the Deed of Trust).

III. PAYMENTS.

No payment of principal or interest shall accrue or be payable under this Note during the Approved Construction Period except in the event of a Default (as hereinafter defined) during the Term of this Note. The unpaid principal balance of the Note together with accrued interest thereon shall be due and payable on the Maturity Date. Upon the event of a Default, the Payee may declare the outstanding deferred principal balance together with accrued interest thereon to be immediately due and payable, without notice or opportunity to cure subject to the requirements stated in the Loan Documents or other legal requirements.

Following the expiration of the Approved Construction Period until the Maturity Date, Maker shall pay an annual installment equal to the lesser of (i) one percent (1%) annually on the outstanding balance of the loan, plus accrued unpaid interest, if any, or (ii) fifty percent (50%) of Net Cash Flow. The annual interest payment or non-payment of such interest shall be accompanied by evidence acceptable to the Director documenting available cash flow or lack of available cash flow. The first payment of accrued interest shall be due and payable on _____, 2023 and subsequent annual payments of interest shall be due

on the same day of each year thereafter during the Term hereof. Any accrued interest not paid will be added to principal.

For purposes of this provision Net Cash Flow as defined as follows:

Net Cash Flow shall mean all income and revenues actually received by Owner from the lease of the Project Units and other improvements, and all other income and revenues actually received by Owner in connection with the Project, excluding and deducting therefrom all (1) Operating Expenses; (2) security, pet or cleaning deposits, if any; (3) payments from the Replacement Reserve or from Operating Reserves; (4) payments or reimbursements from insurers or other third parties and used or to be used for restoration, repair or remodeling of any of the Project Units or other improvements; (5) capital contributions, grants, proceeds of any permitted sale, transfer, exchange, refinancing or other disposition or encumbrance of all or a portion of the Project; (6) condemnation proceeds and awards in place of them; (7) tax reduction or abatement proceeds; (8) loan proceeds; (9) deposits made to operating reserves and to the replacement operating reserves; and (10) payments of the deferred developer fee.

For purposes of this Note, the Approved Construction Period shall mean twenty-four months from the Second Tranche Closing (as defined in the Loan Agreement) which shall be no later than July 31, 2020.

IV. DEFAULT; ACCELERATION.

If a Default exists the entire debt represented by this Note, consisting of the outstanding principal balance and all accrued interest thereon, shall, at the option of the holder hereof, become immediately due and payable, and except as otherwise provided herein or in any of the other Loan Documents, without notice, presentment for payment, demand, notice of nonpayment, notice of intention to accelerate, acceleration, or other notices of any type which are specifically waived. Time being of the essence hereof. Payee's rights under this paragraph shall be in addition to any other rights or remedies it may have under the Owner Loan Agreement and any other loan documents executed in connection therewith ("Loan Documents"), at law or in equity, to enforce Maker's obligations under the Loan Documents. At Payee's option during the continuance of any Default, interest shall accrue on the outstanding balance of this Note at a rate equal to the lower of ten percent (10%) per annum or the highest annual rate permitted by applicable law ("Default Rate"). For purposes of this Note, the term "Default" shall mean a default in payment of the Note or under the terms of this Note, the Deed of Trust, the Owner Loan Agreement, the City Loan Agreement or any other Loan Document securing or executed in connection with the Note that continues past the expiration of all applicable notice and cure periods. Should the terms of this paragraph IV conflict with the Intercreditor Agreement, the Intercreditor Agreement shall control in all respects.

V. PREPAYMENT/MODIFICATION.

THIS NOTE MAY NOT BE PREPAID OR MODIFIED WITHOUT THE PRIOR WRITTEN CONSENT OF THE PAYEE, WHICH CONSENT MAY BE WITHHELD OR GRANTED IN THE SOLE DISCRETION OF THE PAYEE.

VI. APPLICATION OF PAYMENTS.

Each payment made on this Note shall be credited first to accrued, unpaid interest and the remainder to principal.

VII. WAIVER.

Maker hereby waives presentment for payment, protest and demand, notice of protest, demand and dishonor, and non-payment of this Note, and except as otherwise specified in the Loan Agreement between the parties, waives notice of default, notice of acceleration, and notice of intent to accelerate, and hereby consents that the holder hereof may extend the time of payment or otherwise modify the terms of payment of any part or the whole of the debt evidenced by this Note, at the request of any other person liable hereon, and such consent shall not alter nor diminish the liability of any person. The failure to exercise any remedy available to Payee shall not be deemed to be a waiver of any rights or remedies of Payee under this Note or under any of the other Loan Documents, or at law or in equity. No extension of the time for the payment of this Note or any installment due hereunder, made by agreement with any person now or hereafter liable for the payment of this Note, shall operate to release, discharge, modify, change or affect the original liability of Maker under this Note, either in whole or in part, unless Payee specifically, unequivocally and expressly agrees otherwise in writing. This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change or modification is sought.

VIII. COSTS OF COLLECTION; ATTORNEYS' FEES.

Maker agrees to pay all costs of collection, including reasonable attorneys' fees, if the principal of this Note or any payment on the principal or interest hereon is not paid at the respective maturity and to pay all reasonable costs including, attorneys' fees and court costs, if it becomes necessary to protect the security hereof, whether suit be brought or not, after default hereunder by Maker.

IX. USURY LIMITATIONS.

No provision of the Owner Loan Agreement, this Note, or any instrument securing payment of or relating to the indebtedness, shall require the payment or permit the collection of interest in excess of the Default Rate. If any excess of interest in such respect is herein or in any other instrument provided for, or shall be adjudicated to be so provided for herein or in any other instrument, the provisions of this paragraph shall govern and neither Maker nor any guarantor or endorser of this Note nor their respective heirs, personal representatives, successors, or assigns shall be obligated to pay such interest to the extent it is in excess of the Default Rate. Any fees or other sums that under applicable law are deemed to constitute interest shall be or other sums so deemed interest shall be amortized, prorated, allocated and spread in equal parts over the full stated term of the loan evidenced hereby.

If the maturity of this Note is accelerated for any reason before the due date stated, or in the event of any prepayment by Maker, or in any other event, earned interest may never exceed the Default Rate, computed from the date of disbursement of the loan evidenced hereby until payment, and any unearned interest otherwise payable hereunder that is in excess of the Default Rate shall be cancelled automatically as of the date of the acceleration, prepayment, or other event, and if previously paid, shall at the option of the holder of this Note be either refunded to Maker or credited on the principal of this Note, provided that, if the holder elects to credit the unearned interest on the principal of this Note, and such unearned interest exceeds the principal balance, the excess shall be refunded to Maker. Any interest computation under this Note and the Owner Loan Agreement shall be at not more than the Default Rate upon the portion of the face amount hereof representing principal that remains unpaid from time to time, it being the intention of the parties hereto to conform strictly to the laws applicable to the loan evidenced by this Note and the Owner Loan Agreement, and should it be held that interest payable under this Note and the Owner Loan Agreement is in excess of the Default Rate, the interest chargeable hereunder shall be reduced to the maximum amount permitted by law.

X. RESERVED

XI. GOVERNING LAW

This Note is made in the State of Texas and shall be governed by and construed in accordance with the internal laws of the State of Texas, without regard to conflicts of laws principles.

XII. SUCCESSORS

This Note shall be binding upon the parties hereto and their respective successors and assigns.

XIII. JURY WAIVER

MAKER AND PAYEE ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED, EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THEIR MUTUAL BENEFIT, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS NOTE OR THE INDEBTEDNESS.

XIV. ENTIRE AGREEMENT

THIS WRITTEN LOAN AGREEMENT (AS DEFINED BY SECTION 26.02 OF THE TEXAS BUSINESS AND COMMERCE CODE) AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

XV. BANKRUPTCY PREFERENCES

If at any time any payment received by Payee hereunder shall be deemed by a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under any Debtor Relief Law (as defined below), then the obligation to make such payment shall survive any cancellation or satisfaction of this Note or return thereof to Payee and shall not be discharged or satisfied with any prior payment thereof or cancellation of this Note, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof, and such payment shall be immediately due and payable upon demand. For purposes of this Note, "Debtor Relief Law" shall mean Title 11 of the United States Code, as now or hereafter in effect, or any other applicable law, domestic or foreign, as now or hereafter in effect, relating to bankruptcy, insolvency, liquidation, receivership, reorganization, arrangement or composition, extension or adjustment of debts or similar laws affecting the rights of creditors.

XVI. LIMITS ON PERSONAL LIABILITY

(a) Notwithstanding anything to the contrary set forth herein, or in the City Loan Agreement, or in any other documents executed in connection with the City Loan, upon the commencement of the Affordability Period, Maker and its Partners, except Guarantor during the effective period of the Guaranty Agreement (if Guarantor is a partner), shall have no personal liability under this Note, the Deed of Trust or the Loan Agreement for the repayment of the indebtedness or for the performance of any other obligations of Maker under the Loan Documents except as set forth below, and Payee's only recourse for the satisfaction of the indebtedness payable under the Loan Documents and the performance of such obligations shall be Payee's exercise of its rights and remedies with respect to the Project, Property and any other collateral held by Payee as security for the indebtedness except as set forth below. This limitation on Maker's liability shall not limit or impair Payee's enforcement of its rights against the Maker for any indebtedness or obligations of Maker under Section XVI(b) of below.

(b) Maker shall be personally liable to Payee for the repayment of a portion of the indebtedness payable under the Loan Documents equal to any loss or damage suffered by Payee as a result of:

(i) failure of Maker to pay to Payee upon demand after a Default, all rents, revenues and profits from the operation of the Project to which Payee is entitled under the Deed of Trust and the amount of all security deposits collected by Maker from tenants then in residence, subject to the rights of any senior lender with a first lien deed of trust on the Project;

(ii) failure of Maker to apply all insurance proceeds and condemnation proceeds as required by the Loan Documents, subject to the rights of any senior lender with a first lien deed of trust on the Project;

(iii) failure of Maker to comply with the requirements in the Deed of Trust relating to the delivery of books and records, statements, schedules and reports;

(iv) fraud or any written material misrepresentation by Maker or any officer, agent, director, partner, member or employee of Maker in connection with the application for the Loan, the Loan Documents, or any request by Payee;

(v) failure to apply rents, revenues and profits, first, to the payment of reasonable operating expenses (other than property management fees that are not currently payable) and then to debt service amounts due, except that Maker will not be personally liable (i) to the extent that Maker lacks the legal right to direct the disbursement of such sums because of a senior loan deed of trust encumbering the Project, or bankruptcy, receivership or similar judicial proceedings, or (ii) with respect to surplus cash distributed in any calendar year if Maker has paid all operating expenses and debt service amounts due for that calendar year, provided that such distribution does not violate the terms of the City Loan Agreement;

(vi) failure of Maker to pay all deductibles required under any of the insurance policies required to be maintained under the Loan Agreement;

(vii) the failure of the Maker to complete the construction of the Project by the date required under the Loan Agreement;

(viii) the failure of the Maker to qualify the Project as a "qualified low-income housing project" under Section 42(g) of the Code; or

(ix) Failure of Maker to comply with the Restrictive Covenants executed in connection with the City Loan Agreement.

If at any time any payment received by Payee hereunder shall be deemed by a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under any Debtor Relief Law (as defined below), then the obligation to make such payment shall survive any cancellation or satisfaction of this Note or return thereof to Payee and shall not be discharged or satisfied with any prior payment thereof or cancellation of this Note, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof, and such payment shall be immediately due and payable upon demand. For purposes of this Note, "Debtor Relief Law" shall mean Title 11 of the United States Code, as now or hereafter in effect, or any other applicable law, domestic or foreign, as now or hereafter in effect, relating to bankruptcy, insolvency, liquidation, receivership, reorganization, arrangement or composition, extension or adjustment of debts or similar laws affecting the rights of creditors.

**SIGNATURE PAGE
COLLATERAL NOTE**

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

MAKER:

ST. ELIZABETH PLACE LP,
a Texas limited partnership

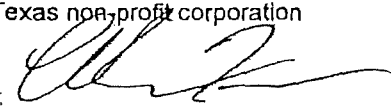
By: St. Elizabeth Place GP LLC,
a Texas limited liability company,
its general partner

By: St. Elizabeth 2020 Investments, LLC, a
Texas limited liability company, its
manager

By: 
Kathy Flanagan Payton, Manager

FOR VALUE RECEIVED, PAY TO THE ORDER OF THE CITY OF HOUSTON, as collateral in accordance with the Collateral Assignment of Notes and Liens dated _____, 2020, between Payee and the City of Houston.

**FIFTH WARD COMMUNITY
REDEVELOPMENT CORPORATION,**
a Texas non-profit corporation

By: 
Charles Turner
Its: Chairman

ATTACHMENT F
TO LOAN AGREEMENT

COLLATERAL ASSIGNMENT OF NOTES AND LIENS

CP 3070918.000572

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PROPERTY RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

COLLATERAL ASSIGNMENT OF NOTE AND LIENS

THE STATE OF TEXAS
COUNTY OF HARRIS

§
§
§

KNOW ALL MEN BY THESE PRESENTS:

THAT FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas non-profit corporation ("Assignor"), has collaterally TRANSFERRED AND ASSIGNED and by these presents does hereby collaterally TRANSFER AND ASSIGN unto CITY OF HOUSTON ("Assignee") a security interest (the "Security Interest") in all right, title and interest of Assignor in and to (a) the Promissory Note listed on Exhibit A attached hereto (the "Collateral Note"), (b) that Deed of Trust, Security Agreement and Financing Statement dated of even date herewith executed by ST. ELIZABETH PLACE LP, a Texas limited partnership ("Owner"), for the benefit of Assignor (the "Deed of Trust", and all documents and instruments securing, governing or evidencing the loan evidenced by the Collateral Note (collectively, the "Collateral Loan Documents"), and (c) all of the liens and security interests granted to Assignor in the Collateral Loan Documents or otherwise securing the Collateral Note including without limitation, the Deed of Trust, the Vendor's Lien reserved and assigned to Assignor in the General Warranty Deed With Vendor's Lien from 4514 Lyons LLC to Owner covering the property described in Exhibit A and the Collateral Assignment of Property Management Agreement (collectively, the "Collateral Liens"); and, further, Assignor hereby collaterally TRANSFERS AND ASSIGNS unto Assignee a security interest in all of the rights, privileges, securities, equities, powers, benefits, claims, priorities, demands, titles, or interests now owned or held by Assignor in and to the Collateral Note, the Collateral Loan Documents, and the Collateral Liens.

This Collateral Assignment is made to secure performance of Assignor's obligations under and pursuant to that certain Loan Agreement (the "Loan Agreement") dated July 23, 2020 between Assignor, Assignee and Owner, including, without limitation, all renewals, replacements, rearrangements, substitutions, restatements, and extensions now or hereafter executed in connection therewith.

Assignor represents and warrants to Assignee that (A) Assignor is the sole legal and equitable owner and holder of the Collateral Note and the indebtedness evidenced thereby, (B) Assignor has not assigned, mortgaged, pledged, hypothecated or otherwise transferred its right, title or interest in and to the Collateral Note, any indebtedness evidenced thereby, the Collateral Loan Documents or any of the Collateral Liens to any party other than Assignee, (C) the Collateral Note is in all respects current and in good standing and is not overdue or subject to any credits or offsets, (D) neither the maker of the Collateral Note, nor any surety or guarantor of the Collateral Note, has raised any counterclaim, defense, allowance, adjustments, dispute, objection, or complaint regarding their respective liability on any of the Collateral Note or under any Collateral Loan Document, (E) the Collateral Note and the Collateral Loan Documents have not been amended, altered, or modified since the date of the execution thereof, (F) no default, or event which with notice, lapse of time, or both would constitute a default, under the Collateral Note or the Collateral Loan Documents has occurred, and (G) Assignor has the full right and authority to sell, assign, pledge, mortgage, hypothecate, transfer and grant a security interest in the Collateral Note, the Collateral Loan Documents, and the Collateral Liens.

When a Default exists under and as defined in the Loan Agreement, Assignee shall, in addition to the rights and remedies provided for (i) in the Loan Agreement, (ii) in the Loan Documents (as defined in

RP-2020-363058

the Loan Agreement), (iii) in the Collateral Note, (iv) any of the Collateral Loan Documents, and (v) at law or in equity, have the right to sell the Collateral Note in any manner afforded to Assignee under the laws of the State of Texas including the exercise of all rights of a secured creditor under the UCC as defined below. The proceeds of the sale shall be applied toward the payment of all sums due and unpaid pursuant to the Loan Agreement.

The requirement of notice to Assignor of the time and place of any public sale of the Collateral Note, or of the time after which any private sale or any other intended disposition thereof is to be made, shall be met if such notice is mailed, postage prepaid, to Assignor at the following address:

If mailed/delivered: Fifth Ward Community Redevelopment Corporation
4300 Lyons Avenue, Suite 300
Houston, TX 77020
Attn: Board Chair

or such other address provided to Assignee by Assignor in writing, at least thirty (30) days before the date of any public sale or at least thirty (30) days before the time after which any private sale or disposition is to be made, unless a longer period of time is required pursuant to the Uniform Commercial Code as adopted in the State of Texas (the "UCC"), in which case, applicable provisions of the UCC shall control.

Assignor authorizes Assignee to give notice to the maker of the Collateral Note of the existence of this Collateral Assignment and to instruct such maker, when a Default exists under the Loan Agreement, or under this Collateral Assignment, to direct all payments due and payable under the Collateral Note to Assignee.

Assignor retains the right to collect and receive any and all sums becoming due upon the Collateral Note, unless and until a Default exists under the Loan Agreement. Assignor shall not agree to amend, alter, or modify the Collateral Note or the Collateral Loan Documents or accept prepayment of the Collateral Note without the prior written consent of the Assignee, which may be granted or denied in Assignee's sole discretion.

This Collateral Assignment shall in no manner impair or affect any of the other liens granted by Assignor to Assignee, and no security hereafter taken therefor shall in any manner impair or affect the security hereby given, it being agreed that all such present and future security shall be cumulative security and that Assignee may foreclose under any of such security, as Assignee may elect, without waiving the other.

This Collateral Assignment shall expire and be of no further effect once the Affordability Period (as defined in the Loan Agreement) requirements of the Loan Agreement have expired in the event Assignee has not previously executed a written release of this Collateral Assignment.

THIS COLLATERAL ASSIGNMENT CONSTITUTES THE ENTIRE AGREEMENT WITH RESPECT TO THE SUBJECT HEREOF AND SHALL SUPERSEDE ANY PRIOR AGREEMENT BETWEEN THE PARTIES, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT HEREOF. FURTHERMORE, IN THIS REGARD, THIS AGREEMENT AND THE OTHER WRITTEN LOAN DOCUMENTS REPRESENT, COLLECTIVELY, THE FINAL AGREEMENT AMONG THE PARTIES THERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENT OF SUCH PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

SIGNATURE PAGE
COLLATERAL ASSIGNMENT OF NOTE AND LIEN

EXECUTED to be effective as of the 7th day of ~~July~~
AUGUST 2020.

FIFTH WARD COMMUNITY
REDEVELOPMENT CORPORATION,
a Texas non-profit corporation

By: [Signature]
Charles Turner
Its: Chairman

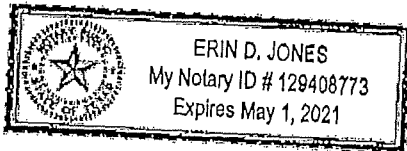
STATE OF TEXAS

COUNTY OF HARRIS

§
§
§

The foregoing instrument was acknowledged before me on the 15th day of July, 2020 by Charles Turner, the Chairman of FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas non-profit corporation, on behalf of such corporation..

[Signature]
Notary Public, State of Texas
Erin Jones
Printed Name of Notary
My commission expires: 5/1/2021



RP-2020-363058

EXHIBIT A

Promissory Note dated as of August 7, 2020, executed by ST. ELIZABETH PLACE LP, a Texas limited partnership ("Borrower"), payable to the order of FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas nonprofit corporation ("Lender"), in the original principal amount of \$14,874,622.00 which is secured by, among other things, a Deed of Trust, Security Agreement and Financing Statement, executed by Borrower to Tom McCasland, Trustee, for the benefit of Lender covering the real property more particularly described in the following legal description.

TRACT 1:

A TRACT OR PARCEL OF LAND CONTAINING 0.3884 ACRES, (16,917 SQUARE FEET), BEING OUT OF AND A PART OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS; (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

COMMENCING at a 1/2" iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29" Street), with the west right-of-way line Yates Street, (60 Foot Right-of-Way, Formerly known as House Street), same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner of that certain called 2.2455 acre tract of land being the remainder of said 2.634 Acre Tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said 2.2455 Acre Tract, a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southeast corner of said 2.2455 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said Block 121, a distance of 67.67 feet to a capped, (Landtech), iron rod found for the intersection of the west right-of-way line of Yates Street with the north right-of-way line of Chisum Street, (50 Foot Right-of-Way, Formerly known as Division Avenue), same being the southeast corner of said Block 121, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, along the north right-of-way line of Chisum Street, same being the south line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to a capped, (Landtech), iron rod found for the intersection of the east right-of-way line of St. Elizabeth Street with the north right-of-way line of Chisum Street, same being the southwest corner of said Block 121, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 01" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 67.67 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southwest corner of said 2.2455 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89 degrees, 56' 01" E, across said Block 121, along the common line of said 2.2455 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 0.3884 acres or 16,917 square feet of

land, more or less.

TRACT 2:

A TRACT OR PARCEL OF LAND CONTAINING 2.2455 ACRES, (97,813 SQUARE FEET), BEING LOTS 1 THROUGH 10, INCLUSIVE, BLOCK 117, AUGUSTA ADDITION, A SUBDIVISION IN HARRIS COUNTY, TEXAS ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 56, PAGE 139, OF THE HARRIS COUNTY DEED RECORDS, ALONG WITH AND IN ADDITION TO A PORTION OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, ALONG WITH AND IN ADDITION TO THAT CERTAIN TRACT OF LAND FORMERLY KNOWN AS FARMER AVENUE LOCATED BETWEEN SAID BLOCKS 117 AND 121 AND BEING BOUNDED BY THE EAST LINE OF ST. ELIZABETH STREET (30.00 FOOT RIGHT-OF-WAY, ALSO KNOWN AS DAN STREET) AND THE WEST LINE OF YATES STREET, (60.00 FOOT RIGHT-OF-WAY, FORMERLY KNOWN AS HOUSE STREET), AS DESCRIBED BY INSTRUMENT RECORDED IN VOLUME 1396, PAGE 161, OF THE HARRIS COUNTY DEED RECORDS, SAID 2.2455 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

BEGINNING at a 1/2 " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 foot Right-of-Way, Formerly known as 29th Street), with the west right-of-way line Yates Street, same being the northeast corner of said Block 117, same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00 sec W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, pass at a distance of 200.00 feet a calculated point for the southeast corner of said Block 117, same being the northeast corner of said Farmer Avenue Tract, pass at a distance of 260.00 feet a calculated point for the southeast corner of said Farmer Avenue Tract, same being the northeast corner of said Block 121, and continuing for a total distance of 391.25 feet to a capped, (Precision Surveyors); iron rod set on the common line of said Block 121 for the northeast corner of that certain called 0.3884 acre tract of land out of said 2.634 Acre Tract, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, across said Block 121, along the common line of said 0.3884 Acre Tract, a distance of 250.00 feet to a capped, (Precision Surveyors), iron rod set on the east right-of-way line of St. Elizabeth Street, same being the common line of said Block 121, for the northwest corner of said 0.3884 Acre Tract, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 00" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, pass at a distance of 131.25 feet a calculated point for the northwest corner of said Block 121, same being the southwest corner of said Farmer Avenue Tract, pass at a distance of 191.25 feet a calculated point for the northwest corner of said Farmer Avenue Tract, same being the southwest corner of said Block 117, and continuing for a total distance of 391.25 feet to a capped, (Precision Surveyors), iron found for the intersection of the east right-of-way line of St. Elizabeth Street with the south right-of-way line of Lyons Avenue, for the northwest corner of said Block 117, same being the northwest corner of said 2.634 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89° 56' 01" E, along the south right-of-way line of Lyons Avenue, same being the common line of said Block 117, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 2.2455 acres or 97,813 square feet of land, more or less.

RP-2020-363058
Pages 6
08/10/2020 02:28 PM
e-Filed & e-Recorded in the
Official Public Records of
HARRIS COUNTY
CHRIS HOLLINS
COUNTY CLERK
Fees \$34.00

RECORDERS MEMORANDUM

This instrument was received and recorded electronically and any blackouts, additions or changes were present at the time the instrument was filed and recorded.

Any provision herein which restricts the sale, rental, or use of the described real property because of color or race is invalid and unenforceable under federal law.

THE STATE OF TEXAS
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me; and was duly RECORDED in the Official Public Records of Real Property of Harris County, Texas.



COUNTY CLERK
HARRIS COUNTY, TEXAS

RP-2020-363058

ATTACHMENT G
TO LOAN AGREEMENT

GUARANTY

CONSTRUCTION COMPLETION GUARANTY

This Construction Completion Guaranty ("**Guaranty**") is made by the undersigned, **FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION and CANTWELL-ANDERSON, INC.** (whether one or more, collectively, jointly and severally, hereinafter referred to as "**Guarantor**"), in favor of **THE CITY OF HOUSTON, TEXAS**, a home-rule city organized under the laws of the State of Texas ("**City**"), and is a guarantee of certain obligations of **FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION**, a Texas non-profit corporation ("**Borrower**"), and **ST. ELIZABETH PLACE LP**, a Texas limited partnership ("**Owner**"), (Borrower and Owner sometimes herein collectively referred to as "**Third Parties**").

RECITALS:

WHEREAS, Third Parties have requested that the City enter into a certain Loan Agreement ("**Agreement**") of substantially even date herewith, by and between Borrower, Owner and the City, pursuant to which the City is being requested to lend to Borrower an amount not to FOURTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$14,874,622.00) ("**Loan**") to pay for eligible costs in connection with the acquisition, rehabilitation and new construction of a 179 unit apartment complex (collectively, the "**Improvements**") upon certain real property owned by Owner and located in Harris County, Texas ("**Premises**") (the Premises and the Improvements are hereinafter referred collectively to from time to time as, the "**Project**");

WHEREAS, Borrower's obligations to the City are evidenced by a certain Note executed by Borrower ("**Note**") of even date herewith and are secured, in part, by a certain Collateral Assignment of Note and Liens executed by Borrower assigning Borrower's right, title and interest in and to a loan made by Borrower to Owner in the maximum principal amount of the Loan, together with a Deed of Trust, Security Agreement and Financing Statement ("**Deed of Trust**") covering the Project, certain other security documents, and all of the documents evidencing, securing, guaranteeing or governing the Loan, are sometimes referred to collectively as the "**Loan Documents**"; and

WHEREAS, the City is unwilling to enter into the Agreement and to make the Loan unless Guarantor delivers this Guaranty to the City.

NOW, THEREFORE, in consideration of the foregoing and in order to induce the City to enter into the Agreement and to make the Loan to Borrower subject to the terms and conditions of the Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and further acknowledging that the City intends to rely on the guaranty of Guarantor hereunder, Guarantor hereby agrees as follows:

1. **DEFINITIONS AND INTERPRETATIONS**. As used herein, the following capitalized terms shall have the following meanings:

"**Borrower**" shall mean Borrower and its successors and assigns.

"**Completion Date**" shall mean the date on which the Director sends written notice to Borrower that the Project Completion (as defined in the Agreement) has occurred in accordance with the Loan Documents and to the satisfaction of the Director and that the Guaranteed Obligations have been satisfied in full.

"**Guarantor**" shall mean and refer to each and all of the undersigned parties signing this Guaranty as Guarantor; and the liability of said parties for the performance of the covenants, duties and obligations of Guarantor hereunder shall be joint and several.

"**Owner**" shall mean Owner and its successors and assigns.

"**Third Parties**" shall mean Third Parties and their respective successors and assigns.

Capitalized words and phrases that are used herein and not defined herein shall have the meaning ascribed to them in the Loan Documents. Any defined term used in the plural shall refer to all members of the relevant

class, and any defined term used in the singular shall refer to any of the members of the relevant class. Any defined term used herein that is a document, instrument, drawing, survey, map, plan, technical description or other writing, and any other reference herein to a writing, shall include the original of such writing and any and all amendments, supplements, modifications, renewals, extensions, restatements, reinstatements, rearrangements, enlargements, or replacements of or to the same from time to time.

2. **OBLIGATIONS GUARANTEED.** In consideration of the City entering into the Agreement and agreeing to make the Loan, and upon the terms and provisions hereof, Guarantor hereby irrevocably, jointly and severally, absolutely and unconditionally warrants and guarantees to the City the payment and performance of the following (the "**Guaranteed Obligations**"), when due, whether by their terms, by acceleration, or otherwise: (a) that Third Parties shall cause construction of the Project to be completed on or before the Completion Date, which shall be twenty-four (24) months after the Second Tranche Closing of the Loan (as defined in the Agreement) or (ii) the expiration date of the GLO Contract (as defined in the Agreement and construction shall be commenced within two (2) months after the Second Tranche Closing, with time being of the essence for both deadlines; (b) that Third Parties shall cause the Project to be constructed and completed in accordance with the Loan Documents and all requirements of any governmental authority without deviation unless approved by the City, in writing, or specifically permitted by applicable provisions of the Agreement; (c) that Third Parties shall cause the Project to be constructed and completed free and clear of all liens other than those in favor of the Borrower (as collaterally assigned to City), any Senior Lender, or as otherwise specifically permitted under the terms of the Deed of Trust; (d) that Owner shall strictly comply with the environmental covenants, representations and warranties contained in the Deed of Trust and (e) that Third Parties shall cause all costs of constructing the Project, including, but not limited to, all debt service and all operating deficits, to be paid when due, including without limitation, all costs in excess of those set forth in the Preliminary Project Budget (as defined in the Agreement) whether resulting from: (i) change orders; (ii) delays in obtaining any approvals from any governmental authority that are required for the construction, use, or occupancy of the Project (collectively, the "**Approvals**"); or (iii) otherwise. Guarantor further guarantees the payment and performance of the Guaranteed Obligations whether or not the same arise during or after the time that Owner is the owner of the Premises, whether subsequent owners of the Premises acquire the Premises by voluntary or involuntary means, by foreclosure or deed in lieu of foreclosure, or otherwise and notwithstanding that other persons or entities may be the subsequent owners of the Premises.

3. **CONSIDERATION.** Guarantor acknowledges that Guarantor has made this Guaranty to induce the City to make advances to Borrower of the Loan and that the City is making such advances to Borrower in reliance upon this Guaranty and would not make such advances without the appropriate execution and delivery of this Guaranty.

Guarantor represents and warrants to the City that Guarantor has a financial interest in one or both of the Third Parties and will receive substantial economic benefit by reason of the City extending the Loan to Borrower, provided, however, that Guarantor's liability hereunder shall not be affected or impaired by such Guarantor's disposition or loss of its financial interest in Third Parties or by reason of the City's refusal in accordance with the terms of the Loan Documents to make Loan advances to Borrower.

4. **OBLIGATIONS OF GUARANTOR UPON DEFAULT.** If a Default exists that is a failure by any party to pay or to perform any part of the Guaranteed Obligations when due, Guarantor shall, within ten (10) business days after written demand of the City to Guarantor (a) cure such failure to pay and/or commence to perform diligently, continuously and in good faith the applicable part of the Guaranteed Obligations and complete same in the time frames required under the Loan Documents; (b) diligently procure completion of the Project at Guarantor's sole cost and expense and in the time frames required under the Loan Documents; (c) fully pay and discharge all claims, including for labor performed and material and services furnished in connection with the construction of the Project, subject to the provisions of the Loan Documents, including the right thereunder to contest such claims; and (d) pay the City (x) all reasonable attorneys' fees and other costs the City incurs in enforcing the performance or the payment of the

Guaranteed Obligations, with interest at the Default Rate (as defined in the Note), and/or (y) any and all sums the City has advanced to satisfy portions of the Guaranteed Obligations pursuant to the Agreement. The City agrees that: (i) in the event that and so long as Guarantor is not in default of the terms, conditions, provisions, and obligations hereunder beyond applicable grace periods; (ii) in the event that and so long as Guarantor is timely paying or performing the Guaranteed Obligations as required herein based on the written request of the City and without the requirement of any legal proceeding to enforce the same; and (iii) after Guarantor commences and diligently and continuously continues, in good faith, to pay or perform a portion of the Guaranteed Obligations after written request of the City and Guarantor has provided the City with evidence satisfactory to the City that such Guaranteed Obligations are being timely performed, lien-free (or bonded around) and in strict accordance with the Loan Documents, there is no further Default by Third Parties under the Agreement or the other Loan Documents or failure by Guarantor in payment or performance of the Guaranteed Obligations hereunder, the City shall continue to advance any Loan funds then available pursuant to the provisions of the Agreement as if no Default had occurred and shall not institute foreclosure proceedings under the Deed of Trust or charge interest at the rate under the Note during the period after which Guarantor first pays or performs a portion of the Guaranteed Obligations (which portion is sufficient to the City to evidence that the Guaranteed Obligations will be timely completed in strict accordance with the Loan Documents) after written request of the City and prior to the date that one of the conditions described in items (i), (ii), and (iii) is no longer met. It is expressly understood and agreed that the City may institute such foreclosure proceedings and/or charge interest at the Default Rate under the Note, notwithstanding Guarantor's compliance and timely performance hereunder, should any Default exist that is not cured promptly after: (a) receipt by Guarantor of notice thereof, or (b) a demand by the City to Guarantor pursuant to this Section 4. **ANYTHING IN THIS GUARANTY TO THE CONTRARY NOTWITHSTANDING, GUARANTOR FURTHER AGREES TO INDEMNIFY AND HOLD HARMLESS THE CITY AGAINST ANY LOSS, DAMAGE, COST OR EXPENSE (INCLUDING WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES AND COSTS) THAT THE CITY MAY SUFFER OR INCUR BY REASON OF THE BREACH OR FAILURE OF GUARANTOR'S UNDERTAKINGS AND AGREEMENTS PURSUANT TO THIS GUARANTY.**

5. **TERMINATION.** The obligations of Guarantor hereunder shall terminate on the Completion Date as defined herein.

6. **CONTINUING GUARANTY.** This is a continuing Guaranty, and shall apply to and cover all of the Guaranteed Obligations and all renewals and extensions thereof until the termination date of Guarantor's obligations hereunder as established pursuant to Section 5 hereof

7. **INDEPENDENT OBLIGATION; BANKRUPTCY OF BORROWER OR OWNER.** The obligations of Guarantor hereunder are independent of the obligations of Third Parties, or any other person; and the City may enforce any of the City's rights hereunder independently of any other right or remedy that the City may at any time hold with respect to the Guaranteed Obligations or any security or other guaranty therefor. Without limiting the generality of the foregoing, the City may bring a separate action against Guarantor without first proceeding against Third Parties, any other guarantor or any other person, or any security held by the City, and regardless of whether Third Parties or any other guarantor or any other Person is joined in any such action. The City's rights hereunder shall not be exhausted by any action taken by the City until all Guaranteed Obligations have been fully paid and performed or until the obligations of Guarantor hereunder terminate pursuant to Section 5 hereof.

The liability of Guarantor hereunder shall be reinstated and revived, and the rights of the City shall continue, with respect to any amount at any time paid on account of the Guaranteed

Obligations that shall thereafter be required to be restored or returned by the City upon the bankruptcy, insolvency, or reorganization of Third Parties, any other guarantor or any other person liable for the Guaranteed Obligations, or otherwise, all as though such amount had not been paid. In any bankruptcy or other proceeding in which the filing of claims is required by law, Guarantor shall file all claims which Guarantor may have against Borrower and/or Owner relating to any indebtedness of Borrower and/or Owner to Guarantor and shall assign to the City all rights of Guarantor thereunder. If Guarantor does not file any such claim, the City, as attorney-in-fact for Guarantor, is hereby authorized to do so in the name of Guarantor or, in the City's sole discretion, to assign the claim to a nominee and to cause proof of claim to be filed in the name of the City's nominee. The foregoing power of attorney is coupled with an interest and cannot be revoked. The City or its nominee shall have the right, in its reasonable discretion, to accept or reject any plan proposed in such proceeding and to take any other action which a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to the City the amount payable on such claim and, to the full extent necessary for that purpose, Guarantor hereby assigns to the City all of Guarantor's rights to any such payments or distributions; provided, however, Guarantor's obligations hereunder shall not be satisfied except to the extent that the City receives cash by reason of any such payment or distribution. If the City receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty. If all or any portion of the obligations guaranteed hereunder are paid or performed, the obligations of Guarantor hereunder shall continue and shall remain in full force and effect in the event that all or any part of such payment or performance is avoided or recovered directly or indirectly from the City as a preference, fraudulent transfer or otherwise under the Bankruptcy Code or other similar laws, irrespective of (a) any notice of revocation given by Guarantor prior to such avoidance or recovery, or (b) full payment and performance of all of the indebtedness and obligations evidenced and secured by the Loan Documents.

8. **WAIVER.** Guarantor hereby waives: (a) any defense based upon any legal disability or other defense of Borrower, any other guarantor or other person, or by reason of the cessation or limitation of the liability of Borrower or Owner from any cause other than full payment and performance of those obligations of Borrower or Owner which are guaranteed hereunder; (b) any defense based upon any lack of authority of the officers, directors, partners, managers, members or agents acting or purporting to act on behalf of Borrower, Owner or any principal of Borrower or Owner or any defect in the formation of Borrower or Owner or any principal of Borrower or Owner; (c) any defense based upon the application by Borrower of the proceeds of the Loan for purposes other than the purposes represented by Borrower to the City or intended or understood by the City or Guarantor; (d) any and all rights and defenses arising out of an election of remedies by the City, even though that election of remedies has destroyed Guarantor's rights of subrogation or reimbursement against the principal; (e) any defense based upon the City's failure to disclose to Guarantor any information concerning Borrower's financial condition or any other circumstances bearing on Borrower's ability to pay and perform its obligations under the Note or any of the other Loan Documents or upon the failure of any other principals of Borrower to guaranty the Loan; (f) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other respects more burdensome than that of a principal; (g) any defense based upon the City's election, in any proceeding instituted under the Federal Bankruptcy Code, of the application of Section 1111(b)(2) of the Federal Bankruptcy Code or any successor statute; (h) any defense based upon any borrowing or any grant of a security interest under Section 364 of the Federal Bankruptcy Code; (i) any right of subrogation, any right to enforce any remedy which the City may have against Borrower or Owner and any right to participate in, or benefit from, any security for the Note or the other Loan Documents now or hereafter held by the City; (j) presentment, demand, protest and notice of any kind including notice of acceptance of this Guaranty; (k) the benefit of any statute of

limitations affecting the liability of Guarantor hereunder or the enforcement hereof; (l) any right to require the City to institute suit or exhaust remedies against Borrower or others liable for any of such indebtedness, to enforce the City's rights against any collateral which shall have been given to secure the Loan, to enforce the City's rights against any other guarantors of such indebtedness, to join Borrower or any others liable on such indebtedness in any action seeking to enforce this Guaranty, to resort to any other means of obtaining payment of such indebtedness; (m) notices of disbursement of Loan proceeds, acceptance hereof, proof of non-payment, default under any Loan Document, notices and demands of any kind (it being Guarantor's and the City's intent that Guarantor shall not be considered a "debtor" in accordance with Section 9.102 of the Texas Business and Commerce Code, as now existing or hereafter amended); (n) the invalidity, illegality or unenforceability of all or any portion of the indebtedness guaranteed hereby or any of the Loan Documents for any reason whatsoever, including that interest on such indebtedness violates applicable usury laws, that Borrower or others liable for all or a portion thereof have valid defenses, claims or offsets to all or a portion of such indebtedness, or that the Note or other Loan Documents have been forged or otherwise are irregular or not genuine or authentic (it being agreed that Guarantor shall remain liable under this Guaranty regardless of whether Borrower or any other person shall be found not liable for repayment of all or a portion of such indebtedness); (o) notice of any advances made or credit extended to Borrower on the faith of this Guaranty and of the execution and delivery by Third Parties of any documents evidencing, securing, or pertaining to the Guaranteed Obligations; (p) notice of, and the right to consent to, the City's assignment of the benefits of this Guaranty; and (q) any and all benefits that might otherwise be available to Guarantor under applicable law. Guarantor further waives any and all rights and defenses that Guarantor may have because Borrower's debt is secured by real property; this means, among other things, that: (1) the City may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Borrower or Owner; (2) if the City forecloses on any real property collateral pledged by Borrower or Owner, then (A) the amount of the debt may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price, and (B) the City may collect from Guarantor even if the City, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from Borrower or Owner. The foregoing sentence is an unconditional and irrevocable waiver of any rights and defenses Guarantor may have because Borrower's debt is secured by real property. These rights and defenses being waived by Guarantor include, but are not limited to, any rights or defenses based upon deficiency limitation, anti-deficiency, redemption or other similar rights. Without limiting the generality of the foregoing or any other provision hereof, Guarantor further expressly waives to the extent permitted by law any and all rights and defenses, including without limitation, any rights of subrogation, reimbursement, indemnification and contribution, and which might otherwise be available to Guarantor under Texas Property Code §§ 51.003, 51.004 and 51.005 or otherwise.

In addition, Guarantor agrees that the performance of any act or any payment which tolls any statute of limitations applicable to the Loan Documents shall similarly operate to toll the statute of limitations applicable to Guarantor's liability hereunder. Finally, Guarantor waives any rights and defenses it may have under Section 17.001 of the Texas Civil Practice & Remedies Code, Rule 31 of the Texas Rules of Civil Procedure, and Chapter 34 of the Texas Business & Commerce Code.

9. **GUARANTY UNIMPAIRED BY SUBSEQUENT EVENTS.** Except as otherwise provided herein, Guarantor hereby expressly waives the right to receive notice of, to consent to, or receive any additional consideration on account of any of the following, and Guarantor hereby agrees that its obligations under this Guaranty shall not be released, diminished, impaired, reduced, or otherwise affected by the occurrence of any of the following events (or the fact that any of such events have occurred):

- (a) The amendment, renewal, extension, restatement, or assignment of any part or all of the Guaranteed Obligations or any of the plans and specifications, the Loan Documents, or other documents evidencing, securing, or pertaining thereto, or any other forbearance or agreement by the City to accept a deferred payment or performance of any Guaranteed Obligations; and
- (b) The cancellation of any part of the Guaranteed Obligations or the release of Borrower, Guarantor, or any other Person from liability for all or any part of the Guaranteed Obligations; it being acknowledged and agreed by Guarantor that Guarantor may be required to pay or perform the Guaranteed Obligations in full without the assistance or support of any other party, and no Guarantor has been induced to enter into this Guaranty on the basis of any contemplation, belief, understanding, or agreement that any other party shall at all times be liable to pay or perform the Guaranteed Obligations or that the City shall look to other parties to pay or perform the Guaranteed Obligations.

10. **AUTHORITY TO MODIFY GUARANTEED OBLIGATIONS.** Guarantor authorizes the City at any time and from time to time without notice and without affecting the liability of Guarantor hereunder, to: (a) alter the terms of all or any part of the Guaranteed Obligations and any security and guaranties therefor, including without limitation modification of times for payment and rates of interest; (b) accept new or additional instruments, documents, agreements, security, or guaranties in connection with all or any part of the Guaranteed Obligations; (c) accept partial payments on the Guaranteed Obligations; (d) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate, and enforce all or any part of the Guaranteed Obligations and any security or guaranties therefor, and apply any such security and direct the order or manner of sale thereof (and bid and purchase at any such sale), as the City, in the City's sole discretion, may determine; (e) release Borrower or Owner, any Guarantor, and/or any other Person from any personal liability with respect to all or any part of the Guaranteed Obligations; and (f) assign this Guaranty in whole or in part to a person or entity that becomes the holder or owner of the Note.

11. **SUBORDINATION.** Guarantor subordinates all present and future indebtedness owing by Borrower and Owner or, during the existence of a Default, by any other guarantor of the Loan, to Guarantor to the obligations at any time owing by Borrower and Owner to the City under the Note and the other Loan Documents. Guarantor assigns all such indebtedness to the City as security for this Guaranty, the Note and the other Loan Documents. Guarantor agrees to make no claim for such indebtedness until all obligations of Borrower or Owner under the Note and the other Loan Documents have been fully discharged. Guarantor further agrees not to assign all or any part of such indebtedness unless the City is given prior notice and such assignment is expressly made subject to the terms of this Guaranty. If the City so requests, (a) all instruments evidencing such indebtedness shall be duly endorsed and delivered to the City, (b) all security for such indebtedness shall be duly assigned and delivered to the City, (c) such indebtedness shall be enforced, collected and held by Guarantor as trustee for the City and shall be paid over to the City on account of the Loan but without reducing or affecting in any manner the liability of Guarantor under the other provisions of this Guaranty, and (d) Guarantor shall execute, file and record such documents and instruments and take such other action as the City deems necessary or appropriate to perfect, preserve and enforce the City's rights in and to such indebtedness and any security therefor. If Guarantor fails to take such action, the City, as attorney-in-fact for Guarantor, is hereby authorized to do so in the name of Guarantor. The foregoing power of attorney is coupled with an interest and cannot be revoked.

12. MISCELLANEOUS PROVISIONS.

- (a) Costs of Enforcement. If the City incurs any reasonable attorney's fees or costs in enforcing or defending any provisions of this Guaranty and is the prevailing party with respect to the same or incurs any costs in collecting any amounts due hereunder, with or without the hiring of an attorney or the filing of any legal action or proceeding, Guarantor shall pay to the City, promptly upon demand, all such costs and the amount of all reasonable attorneys' fees incurred. Guarantor also agrees to pay interest at the Default Rate on the amount of any other payment it is required to make hereunder that it fails to make when due.
- (b) Binding Effect. This Guaranty and all the terms, provisions, and conditions hereof shall be binding upon Guarantor and Guarantor's heirs, legal representatives, successors, and assigns, and this Guaranty shall inure to the benefit of the City and its successors and assigns and all subsequent holders of the Guaranteed Obligations.
- (c) Governing Law. This Guaranty shall be governed by, and construed in accordance with, the laws of the State of Texas.
- (d) No Waiver. Any failure by the City to insist, or any election by the City not to insist, upon strict performance by Guarantor of any of the terms, provisions, or conditions of this Guaranty shall not be deemed to be a waiver of the same or of any other terms, provisions, or conditions thereof; and the City shall have the right at any time or times thereafter to insist upon strict performance by Guarantor of any and all of such terms, provisions, and conditions.
- (e) Counterparts. This Guaranty may be executed by the parties hereto separately in any number of counterparts, each of which shall be an original and all of which collectively shall constitute one and the same agreement.
- (f) Nature of Guaranty. The obligations, covenants, agreements and duties of each Guarantor under this Guaranty Agreement shall be joint and several with Third Parties and each other Guarantor, shall be irrevocable, absolute and unconditional, shall remain in full force and effect until the Completion Date or full satisfaction of Guarantor's obligations under this Guaranty Agreement, and shall in no way be affected or impaired by reason of the happening from time to time of any other event.
- (g) No Remedy Exclusive. No remedy conferred upon or reserved to the City herein is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty or any instrument executed by any Guarantor to secure this Guaranty or in connection herewith, or now or hereafter existing at law or in equity.
- (h) Jury Waiver. **GUARANTOR ACKNOWLEDGES THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED, GUARANTOR, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR ITS BENEFIT, WAIVES ANY RIGHT TO TRIAL BY**

JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS GUARANTY OR THE GUARANTEED OBLIGATIONS.

- (j) Notice. All Notices sent under this Guaranty shall be delivered in the manner set forth in the Agreement for delivery of notice.

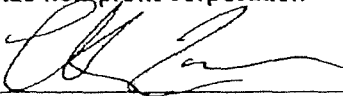
(Signature page to follow)

**SIGNATURE PAGE
CONSTRUCTION COMPLETION GUARANTY**

This Guaranty shall be binding upon the successors and assigns of the undersigned. Executed to be effective as of the 7th day of ~~July~~, 2020.
August

GUARANTOR(S):

**FIFTH WARD COMMUNITY REDEVELOPMENT
CORPORATION,**
a Texas non-profit corporation

By: 
Charles Turner, Chairman

CANTWELL-ANDERSON, INC
a California corporation

By: _____
Name: _____
Title: _____

**SIGNATURE PAGE
CONSTRUCTION COMPLETION GUARANTY**

This Guaranty shall be binding upon the successors and assigns of the undersigned. Executed to be effective as of the 7th day of ~~July~~, 2020.
August

GUARANTOR(S):

**FIFTH WARD COMMUNITY REDEVELOPMENT
CORPORATION,
a Texas non-profit corporation**

By: _____
Charles Turner, Chairman

CANTWELL-ANDERSON, INC
a California corporation

By: _____
Name: Ryanne Bickel
Title: CFO

ATTACHMENT H
TO LOAN AGREEMENT

DECLARATION OF SUBORDINATION

3070921-01856

DECLARATION OF SUBORDINATION OF SENIOR LENDER

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

WHEREAS, SELF-HELP CREDIT UNION, a North Carolina chartered credit union ("Senior Lender"), has made a loan to ST. ELIZABETH PLACE LP, a Texas limited partnership ("Owner"), in the principal amount of SIX MILLION ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$6,100,000.00) ("Senior Loan") for the purpose of financing a portion of the costs to rehabilitate and construct family affordable housing located at 4514 Lyons Avenue, Houston, Harris County, Texas 77020, as more particularly described in Exhibit A attached hereto and incorporated herein ("Property"), as evidenced by, among other documents, a certain promissory note, executed by Owner, of even date herewith, and secured by a certain Deed of Trust, Security Agreement, Assignment of Leases and Fixture Filing, executed by Owner, covering the Property (the "Senior DOT"), and which has been or will be recorded in the Official Public Records of Real Property of Harris County, Texas;

WHEREAS, THE CITY OF HOUSTON ("City") has made a loan to FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas non-profit corporation ("Borrower"), in the principal amount of FOURTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$14,874,622.00), which loan is subordinate to the Senior Loan ("Subordinate Loan") for the purpose of financing a portion of the costs to acquire and/or construct the improvements to the Property, as evidenced by a certain promissory note, executed by Borrower, of even date herewith, and secured by a certain Collateral Assignment of Note and Liens executed by Borrower collaterally assigning to City, Borrower's right, title and interest in and to a loan made by Borrower to Owner in the maximum principal amount of the Subordinate Loan, together with a Deed of Trust, Security Agreement and Financing Statement, covering the Property, and which has been or will be recorded in the Official Public Records of Real Property of Harris County, Texas (such deed of trust together with all

3070921-01856

DECLARATION OF SUBORDINATION OF SENIOR LENDER

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

WHEREAS, SELF-HELP CREDIT UNION, a North Carolina chartered credit union ("Senior Lender"), has made a loan to ST. ELIZABETH PLACE LP, a Texas limited partnership ("Owner"), in the principal amount of SIX MILLION ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$6,100,000.00) ("Senior Loan") for the purpose of financing a portion of the costs to rehabilitate and construct family affordable housing located at 4514 Lyons Avenue, Houston, Harris County, Texas 77020, as more particularly described in Exhibit A attached hereto and incorporated herein ("Property"), as evidenced by, among other documents, a certain promissory note, executed by Owner, of even date herewith, and secured by a certain Deed of Trust, Security Agreement, Assignment of Leases and Fixture Filing, executed by Owner, covering the Property (the "Senior DOT"), and which has been or will be recorded in the Official Public Records of Real Property of Harris County, Texas;

WHEREAS, THE CITY OF HOUSTON ("City") has made a loan to FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas non-profit corporation ("Borrower"), in the principal amount of FOURTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$14,874,622.00), which loan is subordinate to the Senior Loan ("Subordinate Loan") for the purpose of financing a portion of the costs to acquire and/or construct the improvements to the Property, as evidenced by a certain promissory note, executed by Borrower, of even date herewith, and secured by a certain Collateral Assignment of Note and Liens executed by Borrower collaterally assigning to City, Borrower's right, title and interest in and to a loan made by Borrower to Owner in the maximum principal amount of the Subordinate Loan, together with a Deed of Trust, Security Agreement and Financing Statement, covering the Property, and which has been or will be recorded in the Official Public Records of Real Property of Harris County, Texas (such deed of trust together with all

documents evidencing, securing, guaranteeing or otherwise pertaining to the Subordinate Loan, collectively, the "Subordinate Lien Loan Documents");

WHEREAS, the Property is encumbered (or will be encumbered) by that certain Restrictive Covenants executed (or to be executed) by Owner for the benefit of the City (together with all renewals, modifications, consolidations, replacements and extensions thereof, collectively, the "LURA")

NOW, THEREFORE, for and in consideration of the City's extension of credit to Borrower evidenced by the Subordinate Loan, of the mutual promises, covenants and agreements contained herein, and in satisfaction of certain requirements set forth in that certain Loan Agreement between the City, Borrower and Owner, effective as of July 23, 2020 (the "Loan Agreement"), Senior Lender agrees, covenants, represents and warrants for the benefit of the City and its successors and assigns as follows:

- I. The documents evidencing, securing, guaranteeing or otherwise pertaining to the Senior Loan, including, without limitation, any express or implied vendor's lien retained in connection with the transfer of the Property to Owner or other equitable lien (collectively, the "Senior Lien Loan Documents" and the liens created thereby, the "Senior Liens") are now and shall at all times during the "Affordability Period" (as defined in the LURA) be subject, subordinate and inferior to the lien, operation and effect of the LURA with the same effect as if the LURA had been executed, delivered and recorded prior to the execution, delivery and recordation of the Senior Lien Loan Documents, regardless of the order of recordation of the Senior Lien Loan Documents and the LURA.
- II. So long as the Affordability Period has not expired, the LURA shall at all times be an exception and encumbrance to title of the Property delivered to Senior Lender pursuant to the Senior DOT. The Affordability Period may not be extended without the prior written consent of the Senior Lender, which consent shall not be unreasonably withheld.
- III. Notwithstanding anything contained in this Declaration, the Subordinate Lien Loan Documents, that certain Intercreditor Agreement dated of even date herewith by and between the City, Borrower, Owner, and Senior Lender (the "Intercreditor Agreement") or the Senior Lien Loan Documents to the contrary, (i) in no event shall the LURA be deemed a "Subordinate Lien Loan Document", (ii) during the Affordability Period, the LURA shall at

all times be prior and superior to the Senior Liens and any and all other provisions of the Senior Lien Loan Documents and (iii) in the event that there is a conflict in the terms and provisions of (a) this Declaration, (b) the Senior Lien Loan Documents, (c) the Subordinate Lien Loan Documents and/or (d) the Intercreditor Agreement, the terms and provisions of this Declaration shall control.

IV. All notices, demands, certificates, or other communications hereunder shall be in writing and shall be deemed sufficiently given or served for all purposes when delivered personally, when sent by certified or registered mail, postage prepaid, return receipt requested or by private courier service, in each case, with the proper address as indicated below; provided that any such notices, demands, certificates, or other communications shall be deemed effective only upon receipt. Each party may, by written notice given to the other parties, designate any other address or addresses to which notices, certificates or other communications to them shall be sent as contemplated by this Declaration. Until otherwise so provided by the respective parties, all notices, certificates and communications to each of them shall be addressed as follows:

SENIOR LENDER:

SELF-HELP CREDIT UNION
301 W. Main Street
Durham, NC 27701
Attention: Commercial Loan Operations

With a copy to:

SELF-HELP CREDIT UNION
301 W. Main Street
Durham, NC 27701
Attention: General Counsel

BORROWER:

FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION
4300 Lyons Avenue, Suite 300
Houston, Texas 77020
Attention: Board Chairman

OWNER:

ST. ELIZABETH PLACE LP
4300 Lyons Avenue
Suite 300
Houston, Texas 77020
Attention: Kathy Flanagan Payton, Manager

CITY:

CITY OF HOUSTON
c/o Department of Housing and Community Development
2100 Travis St, 9th Floor
Houston, TX 77002
Attention: Director

With copy to:

CITY OF HOUSTON LEGAL DEPARTMENT
900 Bagby, 4th Floor
Houston, TX 77002
Attention: City Attorney

- V. Whenever in this Declaration any party hereto is named or referred to, the successors and assigns of such party shall be deemed to be included and all rights, benefits, covenants, promises, and agreements in this Declaration by or on behalf of the respective parties hereto shall bind and inure to the benefit of the respective successors and assigns of such parties, whether so expressed or not.
- VI. This Declaration shall be performable and enforced in Harris County, Texas, and shall be construed in accordance with the laws of the State of Texas, without regard to the conflicts of laws rules of the State of Texas. Venue shall be appropriate in Harris County, as applicable.
- VII. No amendment or waiver of any provision of this Declaration shall be effective unless the same shall be (a) in writing and signed by the party or parties against whom it is to be enforced and (b) approved in writing by the Mayor of the City of Houston and countersigned by the Controller of the City, and any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The obligations set forth

herein constitute covenants running with the Property and shall be binding upon Senior Lender, its successors and assigns.

- VIII. Notwithstanding anything contained herein to the contrary, neither this Declaration, nor the City's acceptance hereof, nor shall it be construed to, foreclose or waive the application of all lawful requirements under the applicable laws of the State of Texas for the approval or issuance of future agreements, permits or licenses by the City.
- IX. In case any one or more of the provisions contained in this Declaration shall be invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein shall not in any way be affected and/or impaired thereby.
- X. Any provision of this Declaration which contemplates (i) the payment of money by the City, which payment would require the appropriation of funds over and above any sums appropriated prior to the Effective Date of this Declaration in connection with this Declaration (and the transactions contemplated herein), or (ii) any other future action, decision, agreement, waiver or approval which by its nature must be approved by the City Council, including without limitation, the issuance of permits or licenses, shall be subject to the approval of any subsequent City Councils to which such matter is presented and to the appropriation by such City Council of the required funds, in the exercise of its legislative discretion.
- XI. The parties have executed this Declaration in multiple originals, each having full force and effect, as of the date of this Declaration. Facsimile or electronically transmitted signatures shall be deemed originals for all purposes hereunder.
- XII. This Declaration shall remain in full force and effect until payment in full of the Senior Loan (including any refinancing thereof).

[SIGNATURE PAGES FOLLOW]

SIGNATURE PAGE

Declaration of Subordination of Senior Lender

IN WITNESS WHEREOF, the parties hereto have caused this Declaration to be duly executed by their respective officers thereunto duly authorized, as of the day and year first above written.

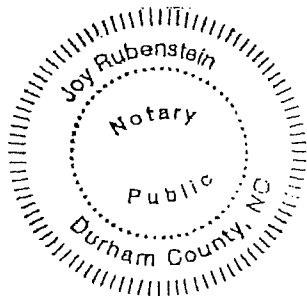
SENIOR LENDER:

SELF-HELP CREDIT UNION

By: [Signature]
Name: Allison May
Title: Vice President

STATE OF NORTH CAROLINA §
COUNTY OF DURHAM §

The foregoing Instrument was acknowledged before me on the 13th day of July, 2021, by Allison May, Vice President of Self-Help Credit Union, a North Carolina chartered credit union, on behalf of said credit union.



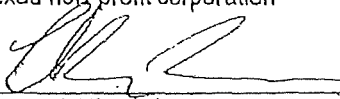
[Signature]
NOTARY PUBLIC
Joy Rubenstein
Printed Name of Notary
My commission expires: 21.1.2024.

SIGNATURE PAGE

Declaration of Subordination of Senior Lender

BORROWER:

FIFTH WARD COMMUNITY
REDEVELOPMENT CORPORATION,
a Texas non-profit corporation

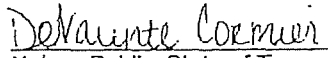
By: 

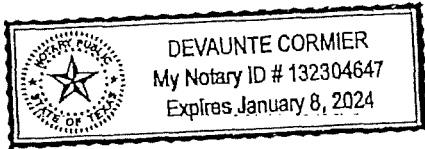
Charles Turner

Its: Chairman

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

The foregoing instrument was acknowledged before me on the 15 day of July, 2021 by Charles Turner, the Chairman of FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas non-profit corporation, on behalf of such corporation.


Notary Public, State of Texas
DEVAUNTE CORMIER
Printed Name of Notary
My commission expires: 1/8/2024



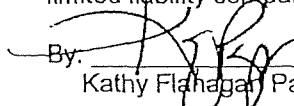
SIGNATURE PAGE - Declaration of Subordination of Senior Lender

OWNER:

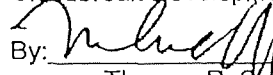
ST. ELIZABETH PLACE LP,
a Texas limited partnership

By: St. Elizabeth Place GP LLC
a Texas limited liability company,
its general partner

By: St. Elizabeth 2020 Investments, LLC, a Texas
limited liability company, its manager

By: 
Kathy Flanagan Payton, Manager

By: Cloudbreak Development, LLC

By: 
Thomas R. Cantwell
Manager

STATE OF TEXAS

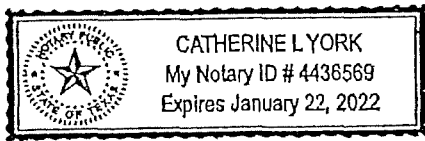
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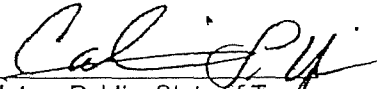
COUNTY OF HARRIS

INITIAL
HERE

30th August

This instrument was acknowledged before me on the 30 day of July, 2021 by Kathy Flanagan Payton, Manager of ST. ELIZABETH 2020 INVESTMENTS, LLC, a Texas limited liability company, and the manager of ST. ELIZABETH PLACE GP LLC, a Texas limited liability company and general partner of ST. ELIZABETH PLACE LP, a Texas limited partnership, on behalf of such companies, and limited partnership.



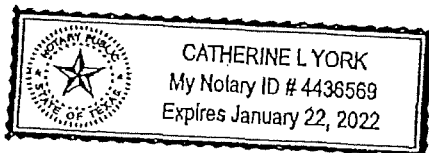

Notary Public, State of Texas
Catherine L. York
Printed Name of Notary
My commission expires: 1/22/2022

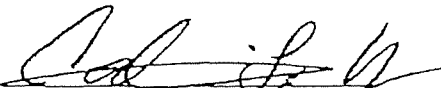
STATE OF TEXAS

§
§
§

COUNTY OF HARRIS

In said county and state, on this 30th day of August, 2021, before me personally appeared Thomas R. Cantwell, Manager of Cloudbreak Development, LLC, manager of St. Elizabeth Place GP LLC, the general partner of St. Elizabeth Place LP, as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed of said limited liability companies and limited partnership.




Notary Public, State of Texas
Catherine L. York
Printed Name of Notary
My commission expires: 1/22/2022

SIGNATURE PAGE

Declaration of Subordination of Senior Lender

CITY:

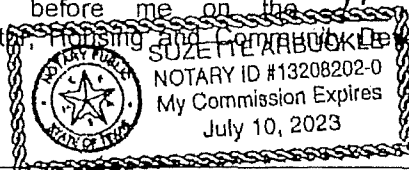
THE CITY OF HOUSTON, TEXAS

Keith W. Byrson
In Behalf of:

Tom McCasland, Director
Housing and Community Development
Department

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

The foregoing instrument was acknowledged before me on the 4th day of August, 2021, by Tom McCasland, Director, Housing and Community Development Department of the City of Houston, State of Texas.



Notary Public, State of Texas
Suzette Arbuckle
Printed Name of Notary
My commission expires: 7/10/23

EXHIBIT A

TRACT 1:

A TRACT OR PARCEL OF LAND CONTAINING 0.3884 ACRES, (16,917 SQUARE FEET), BEING OUT OF AND A PART OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS; (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

COMMENCING at a ½ " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29" Street), with the west right-of-way line Yates Street, (60 Foot Right-of-Way, Formerly known as House Street), same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner of that certain called 2.2455 acre tract of land being the remainder of said 2.634 Acre Tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said 2.2455 Acre Tract, a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southeast corner of said 2.2455 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said Block 121, a distance of 67.67 feet to a capped, (Landtech), iron rod found for the intersection of the west right-of-way line of Yates Street with the north right-of-way line of Chisum Street, (50 Foot Right-of-Way, Formerly known as Division Avenue), same being the southeast corner of said Block 121, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, along the north right-of-way line of Chisum Street, same being the south line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to a capped, (Landtech), iron rod found for the intersection of the east right-of-way line of St. Elizabeth Street with the north right-of-way line of Chisum Street, same being the southwest corner of said Block 121, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 01" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 67.67 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southwest corner of said 2.2455 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89 degrees, 56' 01" E, across said Block 121, along the common line of said 2.2455 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 0.3884 acres or 16,917 square feet of land, more or less.

TRACT 2:

A TRACT OR PARCEL OF LAND CONTAINING 2.2455 ACRES, (97,813 SQUARE FEET), BEING LOTS 1 THROUGH 10, INCLUSIVE, BLOCK 117, AUGUSTA ADDITION, A SUBDIVISION IN HARRIS COUNTY, TEXAS ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 56, PAGE 139, OF THE HARRIS COUNTY DEED RECORDS, ALONG WITH AND IN ADDITION TO A PORTION OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, ALONG WITH AND IN

ADDITION TO THAT CERTAIN TRACT OF LAND FORMERLY KNOWN AS FARMER AVENUE LOCATED BETWEEN SAID BLOCKS 117 AND 121 AND BEING BOUNDED BY THE EAST LINE OF ST. ELIZABETH STREET (30.00 FOOT RIGHT-OF-WAY, ALSO KNOWN AS DAN STREET) AND THE WEST LINE OF YATES STREET, (60.00 FOOT RIGHT-OF-WAY, FORMERLY KNOWN AS HOUSE STREET), AS DESCRIBED BY INSTRUMENT RECORDED IN VOLUME 1396, PAGE 161, OF THE HARRIS COUNTY DEED RECORDS, SAID 2.2455 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

BEGINNING at a 1/2" iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 foot Right-of-Way, Formerly known as 29th Street), with the west right-of-way line Yates Street, same being the northeast corner of said Block 117, same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00" sec W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, pass at a distance of 200.00 feet a calculated point for the southeast corner of said Block 117, same being the northeast corner of said Farmer Avenue Tract, pass at a distance of 260.00 feet a calculated point for the southeast corner of said Farmer Avenue Tract, same being the northeast corner of said Block 121, and continuing for a total distance of 391.25 feet to a capped, (Precision Surveyors); iron rod set on the common line of said Block 121 for the northeast corner of that certain called 0.3884 acre tract of land out of said 2.634 Acre Tract, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, across said Block 121, along the common line of said 0.3884 Acre Tract, a distance of 250.00 feet to a capped, (Precision Surveyors), iron rod set on the east right-of-way line of St. Elizabeth Street, same being the common line of said Block 121, for the northwest corner of said 0.3884 Acre Tract, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 00" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, pass at a distance of 131.25 feet a calculated point for the northwest corner of said Block 121, same being the southwest corner of said Farmer Avenue Tract, pass at a distance of 191.25 feet a calculated point for the northwest corner of said Farmer Avenue Tract, same being the southwest corner of said Block 117, and continuing for a total distance of 391.25 feet to a capped, (Precision Surveyors), iron found for the intersection of the east right-of-way line of St. Elizabeth Street with the south right-of-way line of Lyons Avenue, for the northwest corner of said Block 117, same being the northwest corner of said 2.634 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89° 56' 01" E, along the south right-of-way line of Lyons Avenue, same being the common line of said Block 117, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 2.2455 acres or 97,813 square feet of land, more or less

RP-2021-502837
Pages 12
09/01/2021 05:13 PM
e-Filed & e-Recorded in the
Official Public Records of
HARRIS COUNTY
TENESHIA HUDSPETH
COUNTY CLERK
Fees \$58.00

RECORDERS MEMORANDUM

This instrument was received and recorded electronically and any blackouts, additions or changes were present at the time the instrument was filed and recorded.

Any provision herein which restricts the sale, rental, or use of the described real property because of color or race is invalid and unenforceable under federal law.
THE STATE OF TEXAS
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me; and was duly RECORDED in the Official Public Records of Real Property of Harris County, Texas.



Tenesia Hudspeth
COUNTY CLERK
HARRIS COUNTY, TEXAS

ATTACHMENT I
TO LOAN AGREEMENT
INTERCREDITOR AGREEMENT

RECORDED BY
COUNTY CLERK - HARRIS COUNTY
3070921-01056

REVISED SUBORDINATION AND INTERCREDITOR AGREEMENT

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

WHEREAS, this Revised Subordination and Intercreditor Agreement is being entered to replace the previous Intercreditor Agreement under Attachment I to the Subordinate City Loan Agreement, as defined below, approved by City of Houston Ordinance No. 2020-548, approved on June 24, 2020;

WHEREAS, SELF-HELP CREDIT UNION, a North Carolina chartered credit union ("Senior Lender") has made a loan to ST. ELIZABETH PLACE LP, a Texas limited partnership ("Owner") in the principal amount of SIX MILLION ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$6,100,000.00) ("Senior Loan") for the purpose of financing a portion of the costs to rehabilitate and construct family affordable housing located at 4514 Lyons Avenue, Houston, Harris County, Texas 77020, as more particularly described in Exhibit A attached hereto and incorporated herein ("Property"), as evidenced by a certain promissory note, executed by Owner, of even date herewith ("Senior Lien Note"), and secured by a certain Deed of Trust, Security Agreement, Assignment of Leases and Fixture Filing, executed by Owner, covering the Property, and which has been or will be recorded in the Real Property Records of Harris County, Texas ("Senior DOT" together with all documents evidencing, securing, guaranteeing or otherwise pertaining to the Senior Loan, collectively, the "Senior Lien Loan Documents");

WHEREAS, in accordance with the terms of the Loan Agreement dated July 23, 2020 ("Subordinate City Loan Agreement"), THE CITY OF HOUSTON ("City") has made a loan ("City Loan") to FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas non-profit corporation, ("Borrower") in the original principal amount of FOURTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$14,874,622.00) and which Borrower will then lend the proceeds of the City Loan to Owner ("Subordinate Owner Loan"; collectively with the City Loan, the "Subordinate Loans") for the purpose of financing a portion of the costs to acquire and/or construct the improvements to the Property, and secured by a certain Deed of Trust, Security Agreement and Financing Statement, covering the Property, and which has been recorded in the Official

3070921-01056

REVISED SUBORDINATION AND INTERCREDITOR AGREEMENT

STATE OF TEXAS §
COUNTY OF HARRIS §

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WHEREAS, SELF-HELP CREDIT UNION, a North Carolina chartered credit union ("Senior Lender") has made a loan to ST. ELIZABETH PLACE LP, a Texas limited partnership ("Owner") in the principal amount of SIX MILLION ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$6,100,000.00) ("Senior Loan") for the purpose of financing a portion of the costs to rehabilitate and construct family affordable housing located at 4514 Lyons Avenue, Houston, Harris County, Texas 77020, as more particularly described in Exhibit A attached hereto and incorporated herein ("Property"), as evidenced by a certain promissory note, executed by Owner, of even date herewith ("Senior Lien Note"), and secured by a certain Deed of Trust, Security Agreement, Assignment of Leases and Fixture Filing, executed by Owner, covering the Property, and which has been or will be recorded in the Real Property Records of Harris County, Texas ("Senior DOT" together with all documents evidencing, securing, guaranteeing or otherwise pertaining to the Senior Loan, collectively, the "Senior Lien Loan Documents");

WHEREAS, in accordance with the terms of the Loan Agreement dated July 23, 2020 ("Subordinate City Loan Agreement"), THE CITY OF HOUSTON ("City") has made a loan ("City Loan") to FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas non-profit corporation, ("Borrower") in the original principal amount of FOURTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$14,874,622.00) and which Borrower will then lend the proceeds of the City Loan to Owner ("Subordinate Owner Loan"; collectively with the City Loan, the "Subordinate Loans") for the purpose of financing a portion of the costs to acquire and/or construct the improvements to the Property, and secured by a certain Deed of Trust, Security Agreement and Financing Statement, covering the Property, and which has been recorded in the Official

Public Records of Real Property of Harris County, Texas ("Subordinate DOT"). The Subordinate Owner Loan and all notes, documents, or instruments securing or evidencing the Subordinate Owner Loan, including the Subordinate DOT securing the Subordinate Owner Loan, have been collaterally assigned to the City pursuant to a Collateral Assignment of Note and Liens dated August 7, 2020 from the Borrower to the City ("Subordinate Collateral Assignment"). The Subordinate DOT, the Subordinate Collateral Assignment, and all documents evidencing, securing, guaranteeing or evidencing the Subordinate Loans, including without limitation the Subordinate City Loan Agreement, are collectively referred to herein as the "Subordinate Lien Loan Documents");

WHEREAS, the Property is encumbered by that certain Restrictive Covenants executed by Owner dated August 7, 2020 for the benefit of the City and which has been recorded in the Official Public Records of Real Property of Harris County (together with all renewals, modifications, consolidations, replacements and extensions thereof, collectively, the "LURA").

WHEREAS, the Property is or will be subject to a Master Lease ("Master Lease") between Owner as Landlord and St. Elizabeth Place Master Tenant LLC as Tenant;

WHEREAS, Foss Bridge Credit, LLC, a Minnesota limited liability company ("Bridge Lender") has committed to make a loan (the "Bridge Loan") to Owner, which shall be evidenced by a Promissory Note (Bridge Loan) in the principal amount of an amount not to exceed \$7,500,000.00 without the City's consent dated as of even date herewith executed by Owner in favor of Bridge Lender (the "Bridge Note"), pursuant to a Bridge Loan Agreement, dated as of even date hereof, between Owner and Bridge Lender (together with any amendment thereto, the "Bridge Loan Agreement").

WHEREAS, the Bridge Loan is secured by, among other things, (1) the Assignment of Rights to Capital Contributions – Master Tenant, whereby St. Elizabeth Master Tenant LLC, a Texas limited liability company (the "Master Tenant"), as assignor, assigns to Owner all of Master Tenant's rights, title, and interest in and to the Capital Contributions (Federal) (as defined in the Bridge Loan Agreement) (the "Master Tenant Assignment"), (2) the Assignment of Rights to Capital Contributions and Prepaid Rent – Borrower, whereby Owner, as assignor, assigns to Bridge Lender all of Owner's rights, title, and interest in and to the Master Tenant Assignment, the Prepaid Rent (as defined in the Master Lease) and the proceeds thereof, and all proceeds of the forgoing, (3) the Pledge Agreement – General Partner Interest (the "Partnership Interest Collateral"), and (4) the Assignment of Tax Credit Certificate, Tax Credit Purchase Agreement,

Credit Proceeds, and Capital Contributions, pursuant to which (i) State Tax Credit Investor (as defined in the Bridge Loan Agreement) assigned to State Contributor (as defined in the Bridge Loan Agreement) its right, title and interest in and to (a) the State Tax Credit Certificate (as defined in the Bridge Loan Agreement), (b) the State Tax Credit Purchase Agreement (as defined in the Bridge Loan Agreement), and (c) the State Tax Credit Purchase Price (as defined in Assignment of Tax Credit Certificate, Tax Credit Purchase Agreement, Credit Proceeds, and Capital Contributions) (collectively, the "State Tax Credit Investor Pledged Collateral"), (ii) the State Contributor assigned to Owner its right, title and interest in and to (a) the State Tax Credit Certificate, (b) the State Tax Credit Proceed Contribution, and (c) the State Tax Credit Investor Pledged Collateral (collectively, the "State Contributor Pledged Collateral"), and (iii) the Owner assigned to Bridge Lender its right, title and interest in and to (a) the State Tax Credit Certificate, (b) the Capital Contributions (State), and (c) the State Contributor Pledged Collateral, and all of the proceeds of the foregoing (collectively, the "Owner Pledged Lender Collateral") (each of items (1) through (4) above individually and collectively, whether one or more, the "Bridge Loan Collateral Documents," and, together with the Bridge Note, the Bridge Loan Agreement and all other documents that evidence, secure or guaranty the Bridge Loan, the "Bridge Loan Documents").

WHEREAS, the Bridge Loan is guaranteed by (i) Cantwell Anderson, Inc., a California corporation, (ii) Fifth Ward Community Redevelopment Corporation, a Texas nonprofit corporation, (iii) Cloudbreak Development II, LLC, a Texas limited liability company, (iv) Cloudbreak Development, LLC, a California limited liability company, (v) St. Elizabeth Place Developer, LLC, a Texas limited liability company, (vi) and St. Elizabeth 2020 Investments, LLC, a Texas limited liability company (collectively the "Bridge Guarantors") each pursuant to a Repayment and Completion Guaranty, respectively, all dated as of the date hereof (collectively the "Bridge Guaranty").

WHEREAS, pursuant to the Subordinate City Loan Agreement, the City has required that Borrower and Owner, as a condition to Borrower's right to receive the City Loan, obtain Senior Lender's and Bridge Lender's consent and agreement to the terms and conditions thereof.

NOW, THEREFORE, for and in consideration of the City's extension of credit to Borrower evidenced by the City Loan, of the mutual promises, covenants and agreements contained herein, and in satisfaction of certain requirements set forth in the Subordinate City Loan Agreement, Senior Lender, Bridge Lender, Borrower, Owner and the City hereby agree, covenant, represent and warrant as follows:

Article I. Consents by Senior Lender and Bridge Lender. Senior Lender and Bridge Lender hereby consent to the execution, delivery, and performance of the Subordinate Lien Loan Documents and the recording of the Subordinate DOT and any other Subordinate Lien Loan Documents (to the extent applicable) in the Official Public Records of Real Property of Harris County, Texas.

Article II. Representations.

Section 2.01 By Senior Lender. Senior Lender hereby represents and warrants to the City and Bridge Lender that, as of the date hereof:

(a) None of the Senior Lien Loan Documents have been altered or amended from and after the date of execution.

(b) The Senior DOT secures only the indebtedness evidenced by the Senior Lien Note and obligations arising under the Senior Lien Loan Documents relating to the Property and the Senior Lien Note.

(c) [RESERVED].

(d) Senior Lender has all necessary power and authority to execute, deliver, and perform its obligations under this Agreement.

(e) All action on the part of Senior Lender that is required for the authorization, execution, delivery, and performance of this Agreement has been duly and effectively taken.

(f) This Agreement has been duly executed and delivered by Senior Lender and constitutes the legal, valid, and binding obligations of Senior Lender, enforceable against Senior Lender in accordance with the terms hereof, except as such enforceability (i) may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws affecting the enforcement of creditors' rights and remedies generally, and (ii) is subject to general principles of equity.

(g) As of the date hereof, Senior Lender has no actual knowledge of a Default or an Event of Default (as such terms are used in the Senior Lien Loan Documents) existing under the Senior Lien Loan Documents.

Section 2.02 By Borrower and Owner. Borrower and Owner each represents and warrants to Senior Lender, Bridge Lender, and the City that:

(a) Each of Borrower and Owner has all necessary power and authority to execute, deliver, and perform its obligations under this Agreement.

(b) All action on the part of Borrower and Owner that is required for the authorization, execution, delivery, and performance of this Agreement has been duly and effectively taken.

(c) This Agreement has been duly executed and delivered by Borrower and Owner and constitutes the legal, valid, and binding obligation of Borrower and Owner, enforceable against Borrower and Owner in accordance with the terms hereof, except as such enforceability (i) may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws affecting the enforcement of creditors' rights and remedies generally, and (ii) is subject to general principles of equity.

(d) As of the date hereof, no Default or Event of Default (as such terms are used in the Senior Lien Loan Documents and/or Bridge Loan Documents, as applicable), or any facts or circumstances which with the passage of time or giving of notice or both could result in the occurrence of a Default or an Event of Default (as such terms are used in the Senior Lien Loan Documents and/or Bridge Loan Documents, as applicable), exist under the Senior Lien Loan Documents, the Bridge Loan Documents, the Subordinate Lien Loan Documents or the LURA.

Section 2.03. By Bridge Lender. Bridge Lender represents and warrants to Senior Lender and the City that:

(a) As of the date hereof, none of the Bridge Loan Documents have been altered or amended..

(b) The Bridge Loan Collateral Documents secures only the indebtedness evidenced by the Bridge Note and obligations arising under the Bridge Loan Documents relating to the Property and the Bridge Loan Note.

(c) [RESERVED].

(d) Bridger Lender has all necessary power and authority to execute, deliver, and perform its obligations under this Agreement.

(e) All action on the part of Bridge Lender that is required for the authorization, execution, delivery, and performance of this Agreement has been duly and effectively taken.

(f) This Agreement has been duly executed and delivered by Bridge Lender and constitutes the legal, valid, and binding obligations of Bridge Lender, enforceable against Bridge Lender in accordance with the terms hereof, except as such enforceability (i) may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws affecting the enforcement of creditors' rights and remedies generally, and (ii) is subject to general principles of equity.

(g) As of the date hereof, Bridge Lender has no actual knowledge of a Default or an Event of Default (as such terms are used in the Bridge Loan Documents) existing under the Bridge Loan Documents.

Article III. Agreements by Borrower and Owner. Borrower and Owner agree that Senior Lender, Bridge Lender, and the City may share information that each may acquire with respect to Borrower, Owner, or the Property and consent to the transfer of such information, whether financial or otherwise, between them, without having to obtain Borrower's and/or Owner's consent. The Subordinate Lien Loan Documents are now and shall at all times be subject, subordinate and inferior to the lien, operation, and effect of the Senior Lien Documents.

Article IV. Agreements by Senior Lender and Bridge Lender. Senior Lender and Bridge Lender agree that so long as the Subordinate Loans are outstanding:

Section 4.01 The City, the Owner, and/or and Borrower may from time-to-time enter into modifications, renewals, extensions, and replacements of the Subordinate Loans and the Subordinate Lien Loan Documents without the further consent of Senior Lender or the Bridge Lender so long as such agreements recite that they are, and shall be at all times, subject to the terms of this Agreement and so long as those agreements do not increase the amount of the periodic installments due under the Subordinate Loans or increase the interest rate. Unless and until all of the Senior Loan and Bridge Loan are each fully paid and satisfied and the obligations of Senior Lender and/or Bridge Lender, as applicable, to make any further loans or advances to the Owner under the Senior Lien Loan Documents and Bridge Loan Documents, respectively, have ceased and terminated, the City will not (and will not permit Borrower

or Owner to) without the consent of Senior Lender and Bridge Lender, take any additional collateral for the Subordinate Loans; provided, however, the preceding shall not alter or limit the rights of the City under Section 4.06.

Section 4.02 Senior Lender shall not make any further advances to Borrower which are secured by the Senior DOT, except as provided for in the Senior Lien Loan Documents relating to the construction, development, operation and/or protection, preservation, and maintenance of the Property, including repairs, taxes, insurance, and legal fees and other expenses of collection or defense of Senior Lender's lien or the security therefor.

Section 4.03 Any provision in the Senior DOT or the Bridge Loan Collateral Documents that purports to secure "other indebtedness" that is unrelated in the case of the Senior Loan to the Senior Lien Note, the Senior Lien Loan Documents, and the Property or in the case of the Bridge Loan, to the Bridge Loan Note or the Bridge Loan Collateral shall be ineffective as against the City, and the Subordinate DOT and other Subordinate Lien Loan Documents shall have priority over any such "other indebtedness."

Section 4.04

(a) Senior Lender shall not amend the Senior Lien Loan Documents without the City's or Bridge Lender's prior written consent (which consent shall not be unreasonably withheld) if such amendment will have the effect of (i) increasing the principal amount of the Senior Loan or any amounts payable by Borrower to Senior Lender except as otherwise provided under Section 4.02, (ii) increasing the rate of interest or changing the method of calculation of interest thereon, (iii) except as a result of extension of the construction term maturity as provided in Senior Lien Loan Documents, amending the amortization or term thereof, (iv) except as specifically contemplated by the terms of the Senior Lien Loan Documents, increasing the monthly payments or deposits to reserves, or (v) except for reallocations permitted by the terms of the Senior Lien Loan Documents, amending the construction budget, plans, or construction contracts relating to construction of the improvements on the Property. Subject to this Section 4.04 and Article VII, Senior Lender may otherwise amend the Senior Lien Loan Documents without the City's prior written consent.

(b) Bridge Lender shall not take any other collateral to secure the Bridge Loan other than the Bridge Lender Collateral, and the Bridge Lender Collateral specifically does not include any lien or security interest in (i) the Property, (ii) the improvements

thereon, (iii) the fixtures and equipment installed on the Property, (iv) any permits, licenses, construction contracts, management contracts, maintenance contracts or contracts for the operation and repair of the Property (other than contracts related to partnership interests in Borrower and/or state and federal tax credits (and the proceeds therefrom)), or (v) any rents arising from the Property other than the Prepaid Rent as defined under the Master Lease covering the Property.

Section 4.05 In the event of any casualty or condemnation resulting in insurance or condemnation proceeds being paid to Senior Lender for application to the payment of obligations secured by the Senior DOT, unless the proceeds are used for repair or restoration in accordance with the Senior Lien Loan Documents, then Senior Lender will remit all proceeds in excess of the portion thereof applied to the repayment of the Senior Loan to the City, to be distributed in accordance with the provisions of the Subordinate Lien Loan Documents

Section 4.06 If a default shall occur under or with respect to the Subordinate Loan, and is continuing, the City and/or the Borrower (as applicable) each agrees that, unless and until City and/or Borrower has given the Senior Lender and Bridge Lender at least 60 days' prior written notice they will not (i) commence foreclosure proceedings with respect to the Property or any other collateral described in the Subordinate Lien Loan Documents or the Subordinate Lien Loan Documents; (ii) bring suit for collection of the Subordinate Loans (or either of them), but nothing herein shall preclude filing of a proof of claim in the case of a bankruptcy filing; (iii) attempt to collect rents; or (iv) appoint or seek the appointment of a receiver or exercising any other possessory rights or remedies thereunder; provided further, however, the City and/or Borrower (as applicable) shall be entitled to exercise and enforce all other rights and remedies available to the City under the Subordinate Lien Loan Documents and/or under applicable laws. Notwithstanding the foregoing Borrower's rights hereunder shall be limited by Article XVII of the Note between Borrower and Owner.

Section 4.07 Subject to the foregoing in Section 4.05, Section 4.06 and Section 5.02 below, the exercise by the City and/or the Borrower of any of their rights in and to any and all collateral for the Subordinate Loans, shall not constitute a default under the Senior Lien Loan Documents or the Bridge Loan Documents, unless (i) the City has declared a Default or Event of Default under the Subordinate Lien Loan

Documents, or (ii) the event giving rise to the City and or Borrower's exercising of any of their rights in and to any and all collateral for the Subordinate Loans is a Default or Event of Default under the Senior Lien Loan Documents and/or Bridge Loan Documents, as applicable. Notwithstanding the foregoing, the limitations on default under the Senior Lien Loan Documents and Bridge Loan Documents set forth in this Section 4.07 shall not apply if the City has declared a Default or Event of Default under the Subordinate Lien Loan Documents.

Section 4.08 Any Remedies Exercise in the Property shall be subject to the Senior Lien Loan Documents. Nothing in this Section 4.08 limits Senior Lender from declaring a Default or Event of Default under any of the Senior Lien Loan Documents, or exercising any remedies thereunder.

Article V. Defaults, Notice, and Cure Rights. The parties agree that:

Section 5.01 The occurrence of a Default or an Event of Default (as such terms are used in the Senior Lien Loan Documents) under the Senior Lien Loan Documents shall constitute a Default or an Event of Default (as such terms are used in the Subordinate Lien Loan Documents) under the Subordinate Lien Loan Documents and Bridge Loan Documents.

Section 5.02 The occurrence of an event which might give rise to a Default or an Event of Default (as such terms are used in the Subordinate Lien Loan Documents) under the Subordinate Lien Loan Documents shall not, in and of itself, constitute a Default or an Event of Default (as such terms are used in the Senior Lien Loan Documents) under the Senior Lien Loan Documents or the Bridge Loan Documents unless (i) the City declares a Default or Event of Default based on such event, or (ii) such event is also a Default or Event of Default under the Senior Lien Loan Documents and/or Bridge Loan Documents, respectively.

Section 5.03 Senior Lender shall provide the City and Bridge Lender with copies of all written notices which are sent to Owner relating to defaults or exercise of remedies by Senior Lender under the Senior Lien Loan Documents (including notices of default and notices of intention to exercise remedies under the Senior Lien Loan Documents), simultaneously with the sending of such notices to Owner. Bridge Lender shall provide the City and Senior Lender with copies of all written notices which are sent to Owner

relating to defaults or exercise of remedies by Bridge Lender under the Bridge Loan Documents (including notices of default and notices of intention to exercise remedies under the Bridge Loan Documents), simultaneously with the sending of such notices to Owner.

Section 5.04 Subject to Article VII, the City and Bridge Lender shall each have the right, but not the obligation, to cure any monetary default by Owner under the Senior Lien Loan Documents at any time on or before the later to occur of (i) the thirtieth (30th) day following receipt by the City and/or Bridge Lender, as applicable, of written notice of a monetary default under the Senior Lien Loan Documents or (ii) five (5) calendar days following the expiration of any grace, notice, or cure period available to Owner for any monetary default under the Senior Lien Loan Documents ("Monetary Cure Period"). The City and/or Bridge Lender, as applicable, shall have the right, but not the obligation, to cure any non-monetary default by Owner under the Senior Lien Loan Documents at any time on or before the later to occur of (i) the sixtieth (60th) day following receipt by the City and/or Bridge Lender, as applicable, of written notice of a non-monetary default under the Senior Lien Loan documents or (ii) five (5) calendar days following the expiration of any grace, notice, or cure period available to Owner for any non-monetary default under the Senior Lien Loan Documents ("Non-Monetary Cure Period"). Subject to Article VII, the City and Senior Lender shall each have the right, but not the obligation, to cure any monetary default by Owner under the Bridge Loan Documents at any time on or before the later to occur of (i) the fifteenth (15th) day following receipt by the City and/or Senior Lender, as applicable, of written notice of a monetary default under the Bridge Loan Documents or (ii) five (5) calendar days following the expiration of any grace, notice, or cure period available to Owner for any monetary default under the Bridge Loan Documents ("Bridge Monetary Cure Period"). The City and/or Senior Lender, as applicable, shall have the right, but not the obligation, to cure any non-monetary default by Owner under the Bridge Loan Documents at any time on or before the later to occur of (i) the thirtieth (30th) day following receipt by the City and/or Senior Lender, as applicable, of written notice of a non-monetary default under the Bridge Loan Documents or (ii) five (5) calendar days following the expiration of any grace, notice, or cure period available to Owner for any non-monetary default under the Bridge Loan Documents ("Bridge Non-Monetary Cure Period"). Notwithstanding the foregoing, Senior Lender and City each acknowledge that, if no cure period is provided to Borrower under the Bridge Loan Documents in connection with a particular default, then neither the Senior Lender nor the City, shall

receive, and Bridge Lender has not obligation to provide Senior Lender and/or the City with any cure period in connection with such default.

Section 5.05 Subject to Article VII, Senior Lender shall not exercise any remedies under the Senior Lien Loan Documents, unless the City or Bridge Lender fails to cure such defaults prior to the expiration of the Monetary Cure Period or the Non-Monetary Cure Period, as the case may be, and if any portion of the Senior Loan has previously been or is thereafter accelerated, then Senior Lender shall reinstate the Senior Loan in accordance with its original terms, upon the cure of the defaults under the Senior Lien Documents within the Monetary Cure Period or the Non-Monetary Cure Period, as the case may be. Bridge Lender shall not exercise any remedies under the Bridge Loan Documents, unless the City or Senior Lender fails to cure such defaults prior to the expiration of the Bridge Monetary Cure Period or the Bridge Non-Monetary Cure Period, as the case may be.

Section 5.06 The City and the Borrower (as applicable) shall provide Senior Lender and Bridge Lender with copies of any notices of relating to defaults or intention to exercise any remedies under the Subordinate Lien Loan Documents, simultaneously with the sending of such notices to Borrower and/or Owner.

Section 5.07 The City shall have the right, but not the obligation, in lieu of curing any default under the Senior Lien Loan Documents, to purchase the Senior Loan, by paying the outstanding principal amount thereof, plus all accrued and unpaid interest thereon, together with reasonable expenses incurred by the Senior Lien Lender in connection therewith (including reasonable attorneys' fees), in exchange for assignments, on forms approved by the Senior Lender, of the Senior Lien Loan Documents (including, without limitation, to the extent permitted by applicable law or regulation, the original title insurance policies for the Senior DOT and the original Senior Lien Note, all endorsed to the City or its designee), without recourse or warranty and pursuant to which the City shall release the Senior Lender from all claims and other liabilities of the City relating to the Senior Loan as required by the Senior Lender.

Article VI. Payment Subordination.

a. Subject to Article VII herein, the City's right to payment in connection with the City Loan is and shall be subordinate to the rights of Senior Lender under the Senior Loan. If the City shall obtain any payment with respect to the City Loan following the occurrence and continuance of an event of default

under the Senior Loan, then the City shall immediately forward such payment to Senior Lender. Any and all amounts received by the City during the continuance of such event of default and prior to the distribution to Senior Lender shall be received and held in trust for the benefit of Senior Lender.

b. Subject to Article VII herein so long as any portion of the Senior Loan shall remain outstanding, Borrower will make no payment on the City Loan while a Default or Event of Default (as defined in the Senior Loan Agreement) exists and is continuing under any Senior Lien Loan Document, either before or after giving effect to such payment. If the City has not received from Senior Lender a notice stating that a Default or Event of Default has occurred under the Senior Lien Loan Documents, then the City may accept payments of any amounts due and payable to it from time to time under the City Loan Documents. Any such payments received by the City and forwarded by the City to the Senior Lender under this Section shall not be treated as a payment on the City Loan.

c. Subject to Article VII herein, Borrower's right to payment in connection with the Subordinate Owner Loan is and shall be subordinate to the rights of Senior Lender under the Senior Loan. If Borrower shall obtain any payment with respect to the Subordinate Owner Loan following the occurrence and continuance of an event of default by Owner under the Senior Loan, then Borrower shall immediately forward such payment to Senior Lender. Any and all amounts received by Borrower while such event of default is continuing and prior to the distribution to Senior Lender shall be received and held in trust for the benefit of Senior Lender. Any such payments received by the Borrower and forwarded by the Borrower to the Senior Lender under this Section shall not be treated as a payment on the Subordinate Owner Loan

d. Subject to Article VII herein, so long as any portion of the Senior Loan shall remain outstanding, Owner will make no payment on the Subordinate Owner Loan while a Default or Event of Default (as defined in the Senior Loan Agreement) exists and is continuing under any Senior Lien Loan Document, either before or after giving effect to such payment. If Borrower has not received from Senior Lender a notice stating that a Default or Event of Default by Owner has occurred under the Senior Lien Loan Documents, then Borrower may accept payments of any amounts due and payable to it from time to time under the Subordinate Owner Loan Documents.

Article VII. Bridge Lender Provisions. Notwithstanding anything to the contrary contained herein, in the Senior Lien Loan Documents, or in the Subordinate Lien Loan Documents, the provisions of this Article VII shall apply and control in all respects to the subject matter contained in this Agreement.

Section 7.01 Each of the Senior Lender, the City, Borrower, and Bridge Lender agree that, at all times, whether before, during or after the pendency of any bankruptcy, reorganization or other insolvency proceeding, and notwithstanding the priorities that ordinarily would result under the Uniform Commercial Code and other applicable law from the order of granting or perfecting of any security interests (including, without limitation, purchase money security interests) referred to herein, that the parties shall have the following priorities:

(a) Each of Senior Lender's, the City's, and the Borrower's liens on and security interests in all real and personal property and interests (including, without limitation, the Master Lease and residential leases) that secures the Senior Loan and/or the Subordinate Loans, respectively, created by the any of the Senior Lien Loan Documents and/or the Subordinate Lien Loan Documents, as applicable, but specifically excluding the Bridge Lender Collateral (defined below) (the "Senior and Subordinate Lender Collateral"), shall constitute superior priority liens and security interests in such Senior and Subordinate Lender Collateral. Except as set forth under Section 7.01(b) hereof, Bridge Lender shall have no lien or security interest (whether now or in the future), and Bridge Lender hereby disclaims any such lien or security interest, in the Senior and Subordinate Lender Collateral for so long as any indebtedness or obligations remain outstanding under or in connection with the Loan or Lender has any interest in the Senior and Subordinate Lender Collateral.

(b) Bridge Lender's security interests in the personal property and interests described in the Bridge Loan Collateral Documents (the "Bridge Lender Collateral") shall constitute first priority and security interests in such collateral, and any interest held by the Senior Lender, the City, or the Borrower (whether now or in the future) in any Bridge Lender Collateral is hereby made expressly subordinate to the lien and security interest held by the Bridge Lender in the Bridge Lender Collateral for so long as any indebtedness or obligations remain outstanding under or in connection with the Bridge Loan or Bridge Lender has any interest in the Bridge Lender Collateral.

Section 7.02 The parties each shall cooperate to affect the agreements expressed in this Article VII, and from time to time shall execute such other and further documents, including subordination agreements, assignments of claim, and otherwise as may be necessary or appropriate to implement the provisions of this Agreement.

Section 7.03 Each of the Senior Lien Note, Subordinate Loans, and Bridge Note are guaranteed by the Bridge Guarantors (collectively "Common Guarantors", and individually a "Common Guarantor"). The parties agree that no party's rights against any such Common Guarantor shall be subordinate to the others', nor shall any party be prohibited from proceeding with enforcement of their respective rights against such guarantor regardless of whether any indebtedness or obligations under the Bridge Loan, Subordinate Loans or Senior Loan are outstanding.

Section 7.04 Each of the Senior Lender, City, and Borrower may take any action to foreclose or realize upon the Senior and Subordinate Lender Collateral or enforce any of its rights with respect to any of the Senior and Subordinate Lender Collateral under and pursuant to the Senior Lien Loan Documents and Subordinate Lien Loan Documents, respectively, without the consent of Bridge Lender; provided, however, that if any of the Senior Lender, City, or Borrower forecloses its liens and security interests in the real property covered by the Senior DOT and/or Subordinate DOT, as applicable, or obtains a deed or other conveyance in lieu thereof, while any indebtedness under the Bridge Loan Documents remains outstanding and prior to Bridge Lender's receipt of any of the Capital Contributions (State), Capital Contributions (Federal) or Prepaid Rent, each of the Senior Lender, City, and/or Borrower, its respective nominee or assignee, or any other purchaser or transferee of the Property at such foreclosure sale, and each of their successors and assigns (each, a "Transferee"), as applicable, will, at the sole cost and expense of Bridge Lender, cooperate with Bridge Lender and use reasonable commercial efforts to ensure that all requirements and conditions precedent for the Federal Historic Tax Credits and State Tax Credits (as each of those terms are defined in the Bridge Loan Agreement) are satisfied and that Bridge Lender receives the Capital Contributions (State), Capital Contributions (Federal) and Prepaid Rent in accordance with the Bridge Loan Collateral Documents; provided further, however, that any Transferee shall only be obligated to cooperate with the Bridge Lender in accordance with this Section 7.04 during such Transferee's ownership of the Property. Notwithstanding anything herein to the contrary, this Section 7.04 shall remain in effect for so long as any indebtedness or obligations under the Bridge Loan remain outstanding.

Section 7.05 Bridge Lender may take any action to foreclose or realize upon the Bridge Lender Collateral or enforce any of its rights with respect to any of the Bridge Lender Collateral under and pursuant

to the Bridge Loan Documents without the consent of any of the Senior Lender, City, or Borrower, subject to the rights cure hereunder or under the Bridge Loan Documents.

Section 7.06 Nothing in this Agreement is intended to compel Senior Lender, City, Borrower, or Bridge Lender at any time to declare a default under the Senior Loan, Subordinate Loans, or the Bridge Loan, respectively. Senior Lender, City, Borrower, and Bridge Lender waive any and all claims and defenses based upon or in the nature of marshalling and any other right to (and this Agreement is not intended to) compel Senior Lender, City, Borrower, or Bridge Lender to proceed against or refrain from proceeding against any Senior and Subordinate Lender Collateral or Bridge Lender Collateral in any order or manner. All rights and remedies of Senior Lender, City, Borrower, and Bridge Lender with respect to the Senior and Subordinate Lender Collateral and Bridge Lender Collateral, respectively, Owner and any other obligors under the Senior Loan, Subordinate Loans, or the Bridge Loan, are cumulative and not alternative.

Section 7.07 Notwithstanding any other provision of this Agreement, for so long as any indebtedness or obligations remain outstanding under the Bridge Loan Documents, Bridge Lender shall be entitled to receive, and Owner shall only make, (a) payment of the Bridge Loan from the Capital Contributions (State), Capital Contributions (Federal), Prepaid Rent, and any guarantor of the Bridge Loan, and (b) any scheduled payments of interest under the Bridge Loan Documents. Notwithstanding any other provision of this Agreement, for so long as any indebtedness or obligations remain outstanding under the Bridge Loan Documents, the Senior Lender, City, and Borrower shall not be entitled to receive any payment under the Senior Lien Loan Documents or Subordinate Lien Loan Documents, as applicable, from the Capital Contributions (State), Capital Contributions (Federal) or Prepaid Rent, it being expressly understood and agreed by Lender that the sole use of the Capital Contributions (State), Capital Contributions (Federal) and Prepaid Rent shall be to pay the indebtedness outstanding under the Bridge Loan until paid in full.

Section 7.08 Should any of Senior Lender, City, and/or Borrower, directly or indirectly receive any payment from the Capital Contributions (State), Capital Contributions (Federal) or Prepaid Rent while any indebtedness or obligations remain outstanding under the Bridge Loan Documents, then, upon discovery that such payment was wrongfully received, the party wrongfully receiving such payment will deliver the same to the Bridge Lender in the form received. Until so delivered, the party wrongfully receiving

such payment shall hold the same, in trust, for the other party as property of the other party. Notwithstanding anything herein to the contrary, this Section 7.08 shall survive the termination of this Agreement.

Section 7.09 The subordinations, agreements, and priorities set forth in this Article VII shall remain in full force and effect, regardless of whether any party hereto in the future seeks to rescind, amend, terminate, or reform, by litigation or otherwise, its agreements with Owner or any other obligors under the Senior Loan, the Subordinate Loans, or the Bridge Loan, as applicable, until the earlier of (a) indefeasible payment in full of all indebtedness and indefeasible performance in full of all obligations under the Senior Lien Loan Documents or the Subordinate Lien Loan Documents, as applicable, or (b) indefeasible payment in full of all indebtedness and indefeasible performance in full of all obligations under the Bridge Loan Documents, at which time the provisions of this Article VII shall automatically terminate except as may be otherwise provided herein.

Section 7.10 Each of the Senior Lender, City, and Borrower agrees that it will not make any assertion, claim or argument in any action, suit or proceeding of any nature whatsoever in any way challenging the priority, validity or effectiveness of the lien and security interest granted to Bridge Lender on or in the Bridge Lender Collateral. The parties agree that assertions, claims or arguments seeking to enforce any provision of this Agreement in any action, suit or proceeding shall not be prohibited by this Section 7.10. Notwithstanding anything herein to the contrary, this Section 7.10 shall survive the termination of this Agreement.

Section 7.11 Following an Event of Default (as defined in the Bridge Loan Agreement), the Bridge Lender shall have the right to take the following actions on behalf of the Owner:

- 1) *Tax Credit Filings.* File with the applicable state historic preservation office and/or the Technical Preservation Services Branch of the Department of the Interior, National Park Service, any such documentation as Bridge Lender reasonably deems necessary to obtain the Historic Credit Approvals (as defined in the Bridge Loan Agreement); and
- 2) *Completion of Construction.* Subject to the rights of Senior Lender and the City to complete rehabilitation of the project in accordance with the Historic Credit Approvals (as defined in the Bridge Loan Agreement), enter into such contracts and change orders, and cause Borrower to perform its obligations thereunder, as the Bridge Lender reasonably deems necessary in order to achieve Completion (as defined in the Bridge Loan Agreement), including, without limitation, contracts with such construction managers, trade contractors, design and engineering professionals, historic consultants, and others as Bridge Lender may determine are necessary to achieve Completion.

Section 7.12 Owner hereby appoints Bridge Lender as its attorney-in-fact with full power in Owner's name and behalf to undertake the above-described actions in Section 7.11; however, nothing in Section 7.11 shall be construed to obligate the Bridge Lender to take any action hereunder. The power of attorney hereby created is a power coupled with an interest, and shall be irrevocable. Notwithstanding the foregoing, the Bridge Lender shall not exercise the foregoing power of attorney or otherwise take any of the above-described actions under Section 7.11 unless (i) an Event of Default has occurred and is continuing, and (ii) Bridge Lender has first notified the Senior Lender and the City of its intended actions and has obtained the Senior Lender's and City's consent thereto, which consent shall not be unreasonably withheld, conditioned, or delayed by Senior Lender or the City.

Section 7.13 This Agreement shall in no event restrict Bridge Lender's ability to, without the consent of the Senior Lender, City, and/or Borrower, assign all or any part of its rights and obligations in, to and under the Bridge Loan Documents (1) to one or more participants of the Bridge Loan; (2) to any affiliate of Bridge Lender; (3) by operation of law or in connection with any merger, corporate recapitalization or other corporate reorganization; (4) in connection with the sale or other transfer to a third party of all or substantially all of a division, department, line of business or other functional or operating unit of Bridge Lender; (5) in connection with the sale or other transfer to a third party of all or substantially all of Bridge Lender's assets; (6) to any governmental agency or authority; or (7) to any party following an uncured event of default under the Bridge Loan Documents.

Article VIII. Conditions Precedent; Effective Date. This Agreement shall not become effective until the date (such date being the "Effective Date") when all of the following conditions precedent have been satisfied or waived:

- (a) This Agreement shall have been duly executed by each of the parties hereto; and
- (b) Borrower and Owner each have executed all of the Subordinate Lien Loan Documents in addition to the Subordinate Loan Agreements, and all of the Senior Lien Loan Documents.

Article IX. Controlling Agreements; LURA. In the event of any conflict between the terms and conditions of this Agreement and the terms and provisions of the Senior Lien Loan Documents, Bridge Loan Documents, or the Subordinate Lien Loan Documents, then the terms and provisions of this Agreement shall control. Notwithstanding anything contained in this Agreement, the Bridge Loan Documents or the

Senior Lien Loan Documents to the contrary, (i) in no event shall the LURA be deemed a Subordinate Lien Loan Document, (ii) the LURA shall at all times be prior and superior to the lien securing the Senior Loan, the Bridge Loan Documents and any and all other provisions of the Senior Lien Loan Documents and the Bridge Loan Documents and (iii) in the event that there is a conflict in the terms and provisions of (x) this Agreement, (y) the Senior Lien Loan Documents, or (z) that certain Declaration of Subordination of Senior Lender, executed by Senior Lender for the benefit of the City, of even date herewith ("Declaration of Subordination"), the terms and provisions of the Declaration of Subordination shall control.

Article X. No Third-Party Beneficiary. Nothing in this Agreement, express or implied, is intended or shall be construed to confer upon, or to give to, any party other than the parties hereto and their respective successors and assigns, any right, remedy or claim under or by reason of this Agreement or any covenant, condition, or stipulation thereto; and the covenants, stipulations, and agreements contained in this Agreement are and shall be for the sole and exclusive benefit of the parties hereto and their respective successors and assigns.

Article XI. City Council Approval.

Section 11.01 This Agreement shall not be effective until the Subordinate City Loan Agreement has been approved by the City of Houston City Council ("City Council") and is signed by the Mayor of the City of Houston ("Mayor") and countersigned by the Controller of the City ("Controller") and the remaining Subordinate Lien Loan Documents are signed by the Director of the Housing and Community Development Department of the City. Notwithstanding anything in this Agreement to the contrary, the cure of the Defaults or Events of Default under the Senior Lien Loan Documents and/or the purchase of Senior Lien Note by the City are all subject to City Council approval.

Section 11.02 Notwithstanding anything contained herein to the contrary, this Agreement does not, nor shall it be construed to, foreclose or waive the application of all lawful requirements under the applicable laws of the State of Texas for the approval or issuance of future agreements, permits or licenses by the City.

Section 11.03 Any provision of this Agreement which contemplates (i) the payment of money by the City, which payment would require the appropriation of funds over and above any sums appropriated prior to the Effective Date of this Agreement in connection with this Agreement (and the transactions contemplated herein), or (ii) any other future action, decision, agreement, waiver or approval which by its

nature must be approved by the City Council, including without limitation, the issuance of permits or licenses, shall be subject to the approval of any subsequent City Councils to which such matter is presented and to the appropriation by such City Council of the required funds, in the exercise of its legislative discretion.

Article XII. Miscellaneous.

Section 12.01 Notices. All notices, demands, certificates, or other communications hereunder shall be in writing and shall be deemed sufficiently given or served for all purposes when delivered personally, when sent by certified or registered mail, postage prepaid, return receipt requested or by private courier service, in each case, with the proper address as indicated below; provided that any such notices, demands, certificates, or other communications shall be deemed effective only upon receipt. Each party may, by written notice given to the other parties, designate any other address or addresses to which notices, certificates or other communications to them shall be sent as contemplated by this Agreement. Until otherwise so provided by the respective parties, all notices, certificates and communications to each of them shall be addressed as follows:

SENIOR LENDER:

Self-Help Credit Union
301 W. Main Street
Durham, NC 27701
Attention: Commercial Loan Operations

With a copy to:

Self-Help Credit Union
301 W. Main Street
Durham, NC 27701
Attention: General Counsel

CITY:

City of Houston
c/o Department of Housing and Community Development
2100 Travis, 9th floor
Houston, TX 77002
Attention: Director

With copy to:

City of Houston Legal Department
900 Bagby, 4th Floor
Houston, TX 77002
Attention: City Attorney

BORROWER:

Fifth Ward Community Redevelopment Corporation
4300 Lyons Avenue, Suite 300
Houston, Texas 77020
Attention: Board Chairman

OWNER:

St. Elizabeth Place LP
4300 Lyons Avenue
Suite 300
Houston, Texas 77020

Bridge Lender:

832 Sansome Street, Second Floor
San Francisco, California 94111
Attn: George Barry

With Copy to:

Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota, 55402

Section 12.02. ~~Successors and Assigns~~. Whenever in this Agreement any party hereto is named or referred to, the successors and assigns of such party shall be deemed to be included and all rights, benefits, covenants, promises, and agreements in this Agreement by or on behalf of the respective parties hereto shall bind and inure to the benefit of the respective successors and assigns of such parties, whether so expressed or not.

Section 12.03 Counterparts. The parties have executed this Agreement in multiple originals, each having full force and effect, as of the date of this Agreement. Facsimile or electronically transmitted signatures shall be deemed originals for all purposes hereunder.

Section 12.04 Governing Law. This Agreement shall be performable and enforced in Harris County, Texas, and shall be construed in accordance with the laws of the State of Texas, without regard to the conflicts of laws rules of the State of Texas. Venue shall be exclusively in Harris County, Texas.

Section 12.05 Amendments. No amendment or waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed by the party or parties against whom it is to be enforced, and any such waiver or consent shall be effective only in the specific instance and for the specific

purpose for which given. No delay on the part of Senior Lender, Bridge Lender, or the City in the exercise of any right, power, or remedy shall operate as a waiver thereof, nor shall any single or partial waiver by either Senior Lender, Bridge Lender, or the City of any right, power, or remedy preclude any further exercise thereof, or the exercise of any other right, power or remedy.

Section 12.06 Survival. This Agreement shall remain in full force and effect until payment in full of the Senior Loan and Bridge Loan.

Section 12.07 Entirety. This Agreement, including the documents referred to herein, embodies the entire agreement and understanding of the parties hereto and supersedes all prior agreements and understandings of the parties hereto relating to the subject matter herein contained; notwithstanding the foregoing, however, nothing in this Agreement (except for the Bridge Lender provisions set forth in Article VII) shall supersede or override the provisions, covenants and terms contained in the Senior Declaration of Subordination.

Section 12.08 Severability. In case any one or more of the provisions contained in this Agreement shall be invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein shall not in any way be affected and/or impaired thereby.

12.09 Funding. Senior Lender (subject to the terms and conditions of the Senior Lien Loan Documents), City (subject to the terms and conditions of the Subordinate Lien Loan Documents), Bridge Lender (subject to the terms and conditions of the Bridge Loan Documents), Borrower and Owner, agree that the advances and funding for the acquisition of the Property and the construction of the apartment complex shall occur in the order set forth in **Exhibit B** attached hereto. The purpose of this Section is to designate funding order and not to create funding obligations between Senior Lender, Bridge Lender and City. The obligations of the City, Bridge Lender and the Senior Lender to fund are subject to the terms and conditions of their respective Loan Agreements.

12.10. Escrow Accounts. Pursuant to the Senior Lien Loan Documents, Senior Lender may require Owner to escrow amounts for the payment of taxes and insurance with respect to the Property ("Escrow Accounts"). If Senior Lender requires such Escrow Accounts, then Senior Lender agrees to use such amounts to pay such taxes and insurance as they become due and will not apply such amounts to the Senior Loan except after foreclosure of the Senior Loan. If the Senior Lender does not require Owner to

maintain Escrow Accounts, the City may require (but shall not be obligated to do so) Owner and/or Borrower to maintain Escrow Accounts and to pledge such Escrow Accounts to the City.

[SIGNATURE PAGES FOLLOW]

Signature Page

Subordination and Intercreditor Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers thereunto duly authorized, as of the date of the countersignature by the Controller of the City of Houston, as set forth below.

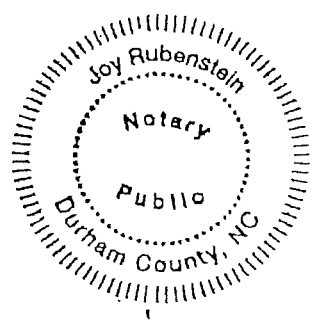
SENIOR LENDER:

SELF-HELP CREDIT UNION

By: [Signature]
Name: Allison May
Title: Vice President

STATE OF NORTH CAROLINA §
 §
COUNTY OF DURHAM §

The foregoing instrument was acknowledged before me on the 13th day of July, 2021, by Allison May, Vice President of Self-Help Credit Union, a North Carolina chartered credit union; on behalf of such credit union.



[Signature]
NOTARY PUBLIC
Joy Rubenstein
Printed Name of Notary.
My commission expires: 2/1/2024

Signature Page

Subordination and Intercreditor Agreement

BORROWER:

FIFTH WARD COMMUNITY
REDEVELOPMENT CORPORATION,
a Texas non-profit corporation

By: 

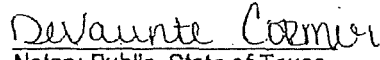
Charles Turner
Its: Chairman

STATE OF TEXAS

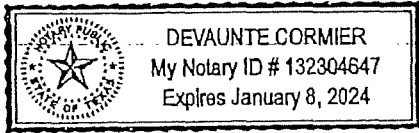
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COUNTY OF HARRIS

The foregoing Instrument was acknowledged before me on the 15 day of July, 2021 by Charles Turner, the Chairman of FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas non-profit corporation, on behalf of such corporation.,


Notary Public, State of Texas

DEVAUNTE CORMIER
Printed Name of Notary
My commission expires: 1/8/2024



Signature Page - Subordination and Intercreditor Agreement

OWNER:

ST. ELIZABETH PLACE LP,
a Texas limited partnership

By: St. Elizabeth Place GP LLC
a Texas limited liability company,
its general partner

By: St. Elizabeth 2020 Investments, LLC, a
Texas limited liability company, its
manager

By: [Signature]
Kathy Flanagan Payton,
Manager

By: Cloudbreak Development, LLC,
Its Manager

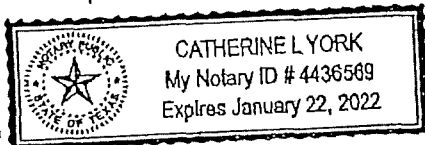
By: [Signature]
Thomas R. Cantwell, Manager

STATE OF TEXAS

§
§
§

COUNTY OF HARRIS

This instrument was acknowledged before me on the 30th day of August, 2021 by Kathy Flanagan Payton, Manager of **ST. ELIZABETH 2020 INVESTMENTS, LLC**, a Texas limited liability company, and the manager of **ST. ELIZABETH PLACE GP LLC**, a Texas limited liability company and general partner of **ST. ELIZABETH PLACE LP**, a Texas limited partnership, on behalf of such companies, and limited partnership.



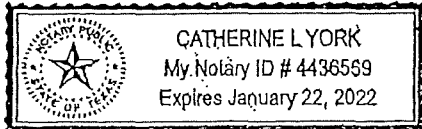
[Signature]
Notary Public, State of Texas
Catherine L. York
Printed Name of Notary

STATE OF Texas §

§
§

COUNTY OF Harris

In said county and state, on this 30th day of August, 2021, before me personally appeared Thomas R. Cantwell, Manager of Cloudbreak Development, LLC, manager of St. Elizabeth Place GP LLC, the general partner of St. Elizabeth Place LP, as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed of said limited liability companies and limited partnership.



[Signature]
Notary Public, State of Texas
Catherine L. York
Printed Name of Notary
My commission expires: 1/22/2022

Signature Page

Subordination and Intercreditor Agreement

CITY:

SEAL/ATTEST:

CITY OF HOUSTON, TEXAS

Pat Jefferson Daniel
Pat Jefferson Daniel, City Secretary

Sylvester Turner
Sylvester Turner, Mayor
Amanda Washington 8-4-2021

APPROVED:

Keith W. Bynam
En Behalf of:
Tom McCasland, Director
Housing and Community Development
Department

COUNTERSIGNED:

Chris B. Brown
Chris B. Brown, City Controller
General Bell

APPROVED AS TO FORM:

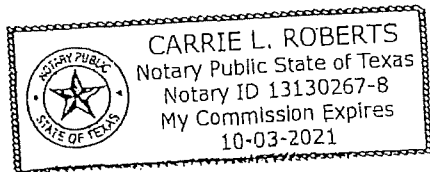
[Signature]
Senior Assistant City Attorney
LD# 0292100239001

COUNTERSIGNATURE DATE:

8-5-21

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

The foregoing instrument was acknowledged before me on the 4th day, of August, 2021, by Amanda Washington for Sylvester Turner, Mayor of the CITY OF HOUSTON a municipal corporation, on behalf of said corporation.



Carrie L. Roberts
Notary Public, State of Texas
Carrie L. Roberts
Printed Name of Notary
My commission expires: 10-3-21

Signature Page

Subordination and Intercreditor Agreement

BRIDGE LENDER:

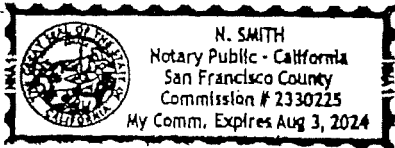
FOSS BRIDGE CREDIT, LLC,
a Minnesota limited liability company

By: Foss & Company, Inc., a California corporation
Its: Sole Member

By: *George M. Barry*
George M. Barry
Its: President

STATE OF California §
COUNTY OF San Francisco §

The foregoing instrument was acknowledged before me on the 16 day of July 2021 by George M. Barry, the President of FOSS & COMPANY, INC., a California corporation, the sole member of Foss Bridge Credit, LLC, a Minnesota limited liability company on behalf of such limited liability company.



N. Smith
Notary Public

My Commission Expires: Aug. 3, 2024

EXHIBIT A

TRACT 1:

A TRACT OR PARCEL OF LAND CONTAINING 0.3884 ACRES, (16,917 SQUARE FEET), BEING OUT OF AND A PART OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS; (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

COMMENCING at a ½ " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29" Street), with the west right-of-way line Yates Street, (60 Foot Right-of-Way, Formerly known as House Street), same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner of that certain called 2.2455 acre tract of land being the remainder of said 2.634 Acre Tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said 2.2455 Acre Tract, a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southeast corner of said 2.2455 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said Block 121, a distance of 67.67 feet to a capped, (Landtech), iron rod found for the intersection of the west right-of-way line of Yates Street with the north right-of-way line of Chisum Street, (50 Foot Right-of-Way, Formerly known as Division Avenue), same being the southeast corner of said Block 121, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, along the north right-of-way line of Chisum Street, same being the south line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to a capped, (Landtech), iron rod found for the intersection of the east right-of-way line of St. Elizabeth Street with the north right-of-way line of Chisum Street, same being the southwest corner of said Block 121, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 01" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 67.67 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southwest corner of said 2.2455 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89 degrees, 56' 01" E, across said Block 121, along the common line of said 2.2455 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 0.3884 acres or 16,917 square feet of land, more or less.

TRACT 2:

A TRACT OR PARCEL OF LAND CONTAINING 2.2455 ACRES, (97,813 SQUARE FEET), BEING LOTS 1 THROUGH 10, INCLUSIVE, BLOCK 117, AUGUSTA ADDITION, A SUBDIVISION IN HARRIS COUNTY, TEXAS ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 56, PAGE 139, OF THE HARRIS COUNTY DEED RECORDS, ALONG WITH AND IN ADDITION TO A

PORTION OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, ALONG WITH AND IN ADDITION TO THAT CERTAIN TRACT OF LAND FORMERLY KNOWN AS FARMER AVENUE LOCATED BETWEEN SAID BLOCKS 117 AND 121 AND BEING BOUNDED BY THE EAST LINE OF ST. ELIZABETH STREET (30.00 FOOT RIGHT-OF-WAY, ALSO KNOWN AS DAN STREET) AND THE WEST LINE OF YATES STREET, (60.00 FOOT RIGHT-OF-WAY, FORMERLY KNOWN AS HOUSE STREET), AS DESCRIBED BY INSTRUMENT RECORDED IN VOLUME 1396, PAGE 161, OF THE HARRIS COUNTY DEED RECORDS, SAID 2.2455 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

BEGINNING at a 1/2" iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 foot Right-of-Way, Formerly known as 29th Street), with the west right-of-way line Yates Street, same being the northeast corner of said Block 117, same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00" sec W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, pass at a distance of 200.00 feet a calculated point for the southeast corner of said Block 117, same being the northeast corner of said Farmer Avenue Tract, pass at a distance of 250.00 feet a calculated point for the southeast corner of said Farmer Avenue Tract, same being the northeast corner of said Block 121, and continuing for a total distance of 391.25 feet to a capped, (Precision Surveyors); iron rod set on the common line of said Block 121 for the northeast corner of that certain called 0.3884 acre tract of land out of said 2.634 Acre Tract, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, across said Block 121, along the common line of said 0.3884 Acre Tract, a distance of 250.00 feet to a capped, (Precision Surveyors), iron rod set on the east right-of-way line of St. Elizabeth Street, same being the common line of said Block 121, for the northwest corner of said 0.3884 Acre Tract, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 00" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, pass at a distance of 131.25 feet a calculated point for the northwest corner of said Block 121, same being the southwest corner of said Farmer Avenue Tract, pass at a distance of 191.25 feet a calculated point for the northwest corner of said Farmer Avenue Tract, same being the southwest corner of said Block 117, and continuing for a total distance of 391.25 feet to a capped, (Precision Surveyors), iron found for the intersection of the east right-of-way line of St. Elizabeth Street with the south right-of-way line of Lyons Avenue, for the northwest corner of said Block 117, same being the northwest corner of said 2.634 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89° 56' 01" E, along the south right-of-way line of Lyons Avenue, same being the common line of said Block 117, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 2.2455 acres or 97,813 square feet of land, more or less

EXHIBIT B

FUNDING SEQUENCE

[TO BE COMPLETED UPON APPROVAL BY THE DIRECTOR]

RP-2021-502836
Pages 31
09/01/2021 05:13 PM
e-Filed & e-Recorded in the
Official Public Records of
HARRIS COUNTY
TENESHIA HUDSPETH
COUNTY CLERK
Fees \$134.00

RECORDERS MEMORANDUM

This instrument was received and recorded electronically and any blackouts, additions or changes were present at the time the instrument was filed and recorded.

Any provision herein which restricts the sale, rental, or use of the described real property because of color or race is invalid and unenforceable under federal law.

THE STATE OF TEXAS
COUNTY OF HARRIS

I heraby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me; and was duly RECORDED in the Official Public Records of Real Property of Harris County, Texas.



Tenesia Hudspeth
COUNTY CLERK
HARRIS COUNTY, TEXAS

ATTACHMENT J
TO LOAN AGREEMENT

RESERVED

ATTACHMENT K
TO LOAN AGREEMENT

ASSIGNMENT OF PROPERTY MANAGEMENT AGREEMENT

ASSIGNMENT OF PROPERTY MANAGEMENT AGREEMENT

THIS ASSIGNMENT OF PROPERTY MANAGEMENT AGREEMENT (this "Assignment") is made as of August 31, 2021, by and among ST. ELIZABETH PLACE LP, a Texas limited partnership, having an address at 4300 Lyons Avenue., Suite 300, Houston, Texas 77020 ("Master Landlord"), ST. ELIZABETH PLACE MASTER TENANT LLC, a Texas limited liability company, having an address at 4300 Lyons Avenue., Suite 300, Houston, Texas 77020 ("Master Tenant"), and ALPHA BARNES REAL ESTATE SERVICES, LLC having an address at 12720 Hillcrest Road, Dallas, Texas 75230 ("Manager").

RECITALS

A. Master Landlord is acquiring and converting a project located at, 4514 Lyons Avenue, Houston, Harris County, Texas to a multi-family housing complex ("Project").

B. Master Tenant is leasing the Project from Master Landlord pursuant to a Lease ("Master Lease") dated _____ as of between Master Landlord and Master Tenant.

C. Manager is the property manager of the Project pursuant to that certain Property Management Agreement dated as of June 23, 2021 between Master Tenant and Manager (as from time to time amended in accordance with the terms thereof and hereof, the "Management Agreement").

D. Master Landlord has requested the City of Houston ("City") to make a \$14,874,622.00 loan ("City Loan") to Fifth Ward Community Redevelopment Corporation (together with its successors and assigns, "Fifth Ward") to be used by Fifth Ward to make a loan ("Fifth Ward Loan") to Master Landlord to provide funds for the acquisition and/or construction of certain improvements to the Project.

E. The City Loan will be (i) advanced pursuant to the terms of a certain Loan Agreement dated as of the date hereof between City of Houston, Fifth Ward and Master Landlord (as the same may be amended from time to time, the "City Loan Agreement") and certain documents executed in connection with or securing same ("City Loan Documents"); and (ii) secured by a Collateral Assignment of Note and Liens ("Collateral Assignment") executed by Fifth Ward assigning Fifth Ward's right, title and interest in and to the Fifth Ward Loan, together with a Deed of Trust, Security Agreement and Financing Statement ("Deed of Trust") covering the Project and this Assignment.

F. Fifth Ward has required as a condition to making the Fifth Ward Loan (i) that Master Tenant assign to Fifth Ward all of Master Tenant's right, title and interest in and to the Management Agreement; (ii) that Master Tenant and Manager subordinate, to the extent herein provided, their respective right, title and interest in and to the Management Agreement to the liens and security interests securing performance of the Fifth Ward Loan and the City Loan; and (iii) that Master Tenant and Manager agree to the terms, covenants and conditions contained herein.

G. City has required as a condition of making the City Loan to Fifth Ward that Fifth Ward collaterally assign this Assignment to the City.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Terms.** Terms defined in the City Loan Agreement have the same meanings when used herein unless otherwise defined herein or the context hereof otherwise requires.

2. **Assignment.** Subject to the terms and conditions hereof, to further secure the performance of the obligations under the Fifth Ward Loan and documents executed in connection with or securing the Fifth Ward Loan ("Fifth Ward Loan Documents"), Master Tenant hereby collaterally grants,

transfers and assigns to Fifth Ward all of Master Tenant's right, title and interest in, to and under the Management Agreement together with all right, power and authority of Master Tenant to alter, modify or change the terms of the Management Agreement or to surrender, cancel or terminate the same, and Manager consents to such assignment pursuant to and in accordance with the agreements set forth herein. So long as no Default exists under the Fifth Ward Loan or any of the Fifth Ward Loan Documents, Master Tenant shall have the license to perform under and receive performance under the Management Agreement. Neither this Assignment nor any action taken by Fifth Ward under or pursuant to this Assignment shall be deemed to impose any obligation or liability upon Fifth Ward to Manager under or with respect to the Management Agreement or any covenants of Master Tenant thereunder; except that from and after the date upon which Fifth Ward (a) agrees in writing to assume performance of Master Tenant's obligations under the terms of the Management Agreement, or (b) acquires title to the Project by foreclosure or otherwise, Manager shall be entitled to the management fees and other sums provided in the Management Agreement which are due and payable after acquisition of the Project by Fifth Ward so long as Manager is performing its duties thereunder. The parties hereto acknowledge and agree that the rights of Fifth Ward under this Assignment have been assigned to the City pursuant to the Collateral Assignment and the City shall have the right to exercise all rights and benefits of Fifth Ward hereunder. Any consents required of Fifth Ward hereunder must be obtained from the City, and all representations, warranties, covenants and remedies contained herein shall run to the City as successor of Fifth Ward.

3. **Representations and Warranties.** Master Tenant and Manager hereby represent and warrant to Fifth Ward that as of the date hereof (a) the only agreement affecting the management of the of the Project (as more particularly set forth in the Management Agreement) is the Management Agreement, (b) the Management Agreement constitutes the full agreement between Master Tenant and Manager, and there are no amendments thereto, (c) the Management Agreement is in full force and effect, and (c) neither Master Tenant nor Manager is in default under the Management Agreement, and no event has occurred which, with the giving of notice and/or the passage of time would constitute a default thereunder. Master Tenant represents and warrants that but for this Assignment and the other Fifth Ward Loan Documents and pursuant to the Senior Loan Documents (as defined by the Loan Agreement) if any, Master Tenant has not transferred, assigned or encumbered, in whole or in part, the Management Agreement or any of Master Tenant's rights or interests thereunder. Master Tenant further represents that Master Tenant has not performed any act or executed any instrument which might prevent or limit Fifth Ward from proceeding under any of the terms and conditions hereof.

4. **Covenants.**

(a) Master Tenant, at its sole cost and expense, shall fully perform every obligation under the Management Agreement by Master Tenant to be performed, and shall enforce or secure the performance of every obligation of the Management Agreement by Manager to be performed for or on behalf of Master Tenant (unless in Master Tenant's good faith, prudent business judgment, it would not be in the best interest of the Project to do so and such obligation is not material). Master Tenant shall not waive or release Manager from Manager's obligations to be performed under the Management Agreement. Master Tenant shall not enter into any agreement other than the Management Agreement for the management of the Project. Except pursuant to the Senior Loan Documents (if any), Master Tenant will not transfer, assign or encumber, in whole or in part, the Management Agreement or any of Master Tenant's rights or interests thereunder. Any violation of any of such covenants on the part of Master Tenant without the prior written consent of Fifth Ward shall constitute a Default entitling Fifth Ward to exercise the remedies available to it hereunder and under the Fifth Ward Loan Documents.

(b) Master Tenant and Manager shall not modify or amend, in any material respect, or terminate, the Management Agreement without Fifth Ward's prior written consent; *provided*, however, that in the event Fifth Ward is given written notice of Master Tenant's default and opportunity to cure in accordance with the first sentence of Section 5 below and such default is not cured by Master Tenant or Fifth Ward within the applicable time period, Manager shall be permitted (subject to the third sentence of Section 7) to terminate the Management Agreement in accordance with the provisions thereof.

(c) Master Tenant and Manager hereby agree that notwithstanding any provision to the contrary set forth herein or in the Management Agreement, Manager shall not receive any management fee in excess of five percent (5.0%) of gross annual income at any time.

(d) At Master Tenant's sole cost and expense, Master Tenant shall appear in and defend any action or proceeding connected with the Management Agreement and shall pay all necessary costs and expenses of Fifth Ward, including reasonable attorneys' fees, in any such action or proceeding in which Fifth Ward may appear.

5. **Default by Master Tenant Under Management Agreement.** In the event of any material default by Master Tenant under the Management Agreement, Manager shall give Fifth Ward written notice of such default, and Fifth Ward shall be permitted an opportunity (not less than forty-five (45) days from receipt of said notice) to cure such default by Master Tenant, during which time Manager shall have no right to terminate the Management Agreement; *provided*, however, that Fifth Ward shall in no event be required to effect any such cure, and any cure by Fifth Ward shall not release Master Tenant or Manager from any of its obligations under the Management Agreement. Fifth Ward shall have the right to appear in and defend any action or proceeding purporting to affect the Project or the rights and powers of Fifth Ward hereunder. Master Tenant agrees to protect, defend, indemnify and hold Fifth Ward harmless from and against any and all losses, damages, claims, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' fees) incurred in connection with any such actions or measures taken by Fifth Ward or otherwise incurred in the exercise of any other rights or remedies of Fifth Ward under this Assignment. Master Landlord agrees that all sums so expended by Fifth Ward in curing any default by Master Tenant, or in appearing in or defending any action or proceeding, or in taking any other action permitted hereby, in each case together with interest thereon at the Default Rate (as defined in the note evidencing the Fifth Ward Loan) shall be added to any obligations owing by Master Landlord under the Fifth Ward Loan and shall be secured by the Deed of Trust and any other security held for the Fifth Ward Loan.

6. **No Duty to Perform; Indemnity.** Fifth Ward shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under the Management Agreement, or under or by reason of this Assignment, and Master Tenant shall and does hereby indemnify and hold Fifth Ward harmless against and from any and all liability, loss or damage arising or occurring prior to foreclosure which Fifth Ward may or might incur under the Management Agreement or under or by reason of this Assignment and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in the Management Agreement, except as a result of or in connection with the gross negligence or willful misconduct of Fifth Ward. Should Fifth Ward incur any such liability, loss or damage under the Management Agreement or under or by reason of this Assignment, or in the defense of any such claims or demands, except as a result of or in connection with the gross negligence or willful misconduct of Fifth Ward, the amount thereof, including costs, expenses and reasonable attorneys' fees, shall be secured by the Fifth Ward Loan Documents, and Master Tenant or Master Landlord shall reimburse Fifth Ward therefor immediately upon demand, and upon the failure of Master Tenant or Master Landlord to do so, same shall constitute a Default and Fifth Ward may, upon thirty (30) days notice to Master Tenant and Master Landlord, if the amounts properly due and owing to Fifth Ward have not been paid, exercise the remedies available to it under the Fifth Ward Loan Documents.

7. **Subordination.** Manager hereby subordinates any and all right, title and interest it may now or in the future have in the Management Agreement and/or to receive payment of any management or other fees set forth therein to the liens and security interests securing the obligations under the Fifth Ward Loan and the City Loan Agreement; *provided*, however, that until the occurrence of a Default, Master Tenant shall be entitled to pay, and Manager shall be entitled to receive, the management fee in accordance with the terms of the Management Agreement. Further, Manager agrees that any and all liens, rights, and interest owned, claimed, or held by it, in and to the Project, are and shall be in all respects subordinate to the lien and security interest created by the Deed of Trust and Collateral Assignment. In the event of any sale of the Project pursuant to foreclosure of the Deed of Trust, or a deed in lieu of foreclosure, Manager agrees that it will not exercise any rights it may have to terminate the Management Agreement by reason of such sale. Notwithstanding the foregoing, Manager agrees that such foreclosure or deed in lieu of

foreclosure shall operate to cut off, extinguish, and otherwise terminate all liens that Manager, and those claiming by, through, or under Manager, may now or hereafter have in and to the Project, and Manager agrees that Fifth Ward, or any purchaser at a foreclosure sale under Deed of Trust lien may terminate the Management Agreement upon foreclosure or at any time thereafter.

8. **Default.** Upon the occurrence of a Default under the Fifth Ward Loan Documents or the City Loan Agreement or other City Loan Documents or the occurrence of a default on the part of Master Tenant hereunder or under the Management Agreement, then, without regard for the adequacy of the security for the Fifth Ward Loan, Fifth Ward shall have the right (but not the obligation) to: (a) take possession of the Project and exercise and enjoy all right, title and interest of Master Tenant under the Management Agreement; (b) whether or not possession of the Project is taken, to receive all funds, issues, and profits under the Management Agreement (other than management fee payable to and earned by Manager in accordance with the terms and provisions thereof) and apply the same, less costs and expenses of taking possession of the Project, operation and collection, including reasonable attorneys' fees, upon any obligations due under the Fifth Ward Loan Documents whether or not then due and in such order as Fifth Ward may determine; (c) enforce or terminate (with or without cause) the Management Agreement; (d) require Master Tenant to install substitute management acceptable to Fifth Ward; and (e) do any acts which Fifth Ward deems proper to protect the Project or Fifth Ward's security interest therein or lien thereon, and thereupon and without further notice to Master Tenant, Master Tenant shall not have any further rights under the Management Agreement which would conflict with, impair, or interfere with any rights of Fifth Ward hereunder. Neither Fifth Ward's entering upon and taking possession of the Project nor the exercise of any of the aforesaid remedies shall cure or waive any such default on the part of Master Tenant or waive, modify or affect any notice of default under the Fifth Ward Loan Documents or the City Loan Agreement or City Loan Documents or invalidate any act done pursuant to such notice. Any exercise by Fifth Ward of the right to terminate the Management Agreement shall be without liability to Fifth Ward for payment of any fees, charges or otherwise, notwithstanding any provisions in the Management Agreement to the contrary. After any such termination, Fifth Ward shall have the right to replace Manager with a manager selected by Fifth Ward in its sole discretion. Upon any termination of the Management Agreement, whether or not pursuant to this section, Manager agrees to deliver copies of all records, files, financial statements, and any other documents pertaining to management, construction, design and operation of the Project which are in the possession or under the control of Manager to Fifth Ward excluding, however, documents pertaining solely to the operation systems or procedures owned by Manager.

9. **Notice by Fifth Ward.** A notice in writing by Fifth Ward to Manager advising Manager that a Default exists and requesting that all future performance under the Management Agreement be made to Fifth Ward (or its agent), shall be construed by Manager as conclusive authority to Manager that such performance is to be made to Fifth Ward (or its agent) and Manager shall be fully protected in making such performance to Fifth Ward; and Master Tenant hereby irrevocably constitutes and appoints Fifth Ward the attorney-in-fact and agent of Master Tenant for the purpose of endorsing the consent of Master Tenant on any such notice. The foregoing power is coupled with an interest and shall survive the liquidation, bankruptcy or insolvency of Master Tenant.

10. **Attornment by Manager.** Manager hereby agrees that in the event of notification to Manager by Fifth Ward that Fifth Ward has acquired possession of the Project or obtained the appointment of a receiver for same, Manager shall, at Fifth Ward's request, attorn to Fifth Ward as Master Tenant thereunder; *provided*, however, that in no event shall Fifth Ward be liable for, or be obligated to cure, any default of Master Tenant occurring prior to the date of such notification.

11. **No Limitations.** Master Tenant, Master Landlord and Manager agree that (a) nothing in this Assignment shall be construed to limit or restrict in any way the rights and powers granted to Fifth Ward under any of the Fifth Ward Loan Documents or the City under the City Loan Documents, and (b) an action to foreclose may be commenced, notwithstanding that Master Tenant continues in possession of the Project, both real and personal, herein referred to, and continues to collect the rents, issues and profits thereof.

12. **No Waiver.** This Assignment can be extended, modified or amended only in writing executed by Manager, Master Tenant, and Master Landlord and consented to by Fifth Ward (or its successors), and none of the rights or benefits of Fifth Ward can be waived permanently except in a written document executed by Fifth Ward. Fifth Ward's rights, powers, privileges and remedies under or in connection with this Assignment are cumulative and not exclusive and shall not be waived, precluded or limited by any failure or delay in the exercise thereof or by the parties exercise thereof or by any course of dealing between Manager, Master Landlord, Master Tenant and/or Fifth Ward. No notice to or demand on Manager or Master Tenant in any case shall entitle Manager or Master Tenant to any other or further notice or demand in similar or other circumstances or constitute a waiver of the right of Fifth Ward to any other or further action in any circumstances without notice or demand.

13. **Counterparts.** This Assignment and any amendments, waivers, consents or supplements hereto or in connection herewith may be executed, including by transmission of facsimile, in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. In the event this Assignment or any amendment, waiver, consent or supplement shall have been executed by transmission of facsimile, any party may request that the parties thereto execute original documents for record purposes, but no failure of any party to do so shall invalidate or in any other way affect the validity of such document. This Assignment shall become effective upon the execution of a counterpart hereof by each of the parties hereto and receipt by the parties of written or telephonic notification of such execution and authorization of delivery thereof.

14. **Descriptive Headings; Recitals.** The descriptive headings used in this Assignment are for convenience only and shall not be deemed to affect the meaning or construction of any provision hereof. The Recitals set forth at the beginning of this Assignment are hereby incorporated into the substantive provisions of this Assignment.

15. **Notices.** Any notices required hereunder will be in writing and will be either given by U.S. registered or certified mail, return receipt requested, with postage prepaid (except in the event of a postal disruption, by strike or otherwise, in the United States), or sent by personal delivery by a nationally recognized courier service for next day delivery. The current addresses and telecopy numbers of the parties to which any notice provided for herein shall be sent, are as follows:

If to Master Landlord:

St. Elizabeth Place LP
c/o Fifth Ward Community Redevelopment Corporation
4300 Lyons Avenue, Suite 300
Houston, Texas 77020
Attention: Kathy Flanagan Payton, Manager

If to Master Tenant:

St. Elizabeth Place Master Tenant LLC
c/o Fifth Ward Community Redevelopment Corporation
4300 Lyons Avenue, Suite 300
Houston, Texas 77020
Attention: Kathy Flanagan Payton, Manager

With a copy to:
Coats Rose P.C.
9 Greenway Plaza, Suite 1000
Houston, Texas 77046

Attention: Barry Palmer

With a copy to:
Foss Mid-Cap Historic Fund II, LLC
c/o Foss and Company, Inc.
1335 Columbus Avenue
San Francisco, CA 94133
Attention: Asset Management

With a copy to:
Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, MN 55402
Attention: Kevin McLain
Email: kmclain@winthrop.com

If to City:
City of Houston
c/o Department of Housing and Community Development
2100 Travis Street, 9th Floor
Houston, TX 77002
Attention: Assistant Director, Multifamily

With copy to:

City of Houston Legal Department
900 Bagby, 4th Floor
Houston, TX 77002
Attention: City Attorney

If to Fifth Ward:

Fifth Ward Community Redevelopment Corporation
4300 Lyons Avenue, Suite 300
Houston, Texas 77020
Attention: Board Chairman

If to Manager:

Alpha Barnes Real Estate Services, LLC
12720 Hillcrest Road
Dallas, Texas 75230

Any party may designate another addressee (and/or change its address or telecopy number) for notices hereunder by a notice given pursuant to this Section. Notices delivered personally will be effective upon delivery to an authorized representative of the party at the designated address; notices sent by mail in accordance with the above paragraph will be effective upon execution by the addressee of the return receipt requested.

16. **Benefit of Agreement.** This Assignment shall be binding upon each party hereto and its successors and assigns, and shall inure to the benefit of Master Tenant, Master Landlord, Fifth Ward, and Manager and their respective successors and/or assigns, except the rights and remedies of Master Tenant, Master Landlord, Fifth Ward, and Manager under this Assignment shall not inure to the benefit of (a) any purchaser of the Project at a foreclosure sale, (b) any Person taking title to the Project by deed in lieu of foreclosure, or (c) any successor or assign of any Person described in clauses (a) and (b) above, except that Master Tenant's, Master Landlord's, Fifth Ward's, and Manager's rights shall inure to the benefit of the

**SIGNATURE PAGE
COLLATERAL ASSIGNMENT
OF PROPERTY MANAGEMENT CONTRACT**

IN WITNESS WHEREOF, each of the parties hereto has executed and delivered this Assignment or has caused the same to be executed and delivered by its duly authorized representative as of the date first above written.

MASTER TENANT:

ST. ELIZABETH PLACE LP,
a Texas limited partnership

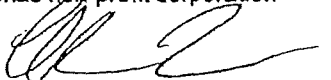
By: St. Elizabeth Place GP LLC,
a Texas limited liability company,
its general partner

By: St. Elizabeth 2020 Investments, LLC, a
Texas limited liability company, its
manager

By: 
Kathy Flahagan Payton, Manager

MASTER LANDLORD:

**FIFTH WARD COMMUNITY
REDEVELOPMENT CORPORATION,**
a Texas non-profit corporation

By: 
Charles Turner
Its: Chairman

MANAGER:

ALPHA BARNES REAL ESTATE SERVICES, LLC

By: _____
Name: _____
Title: _____

*SIGNATURE PAGE
COLLATERAL ASSIGNMENT
OF PROPERTY MANAGEMENT CONTRACT*

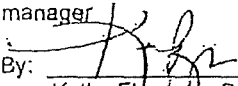
IN WITNESS WHEREOF, each of the parties hereto has executed and delivered this Assignment or has caused the same to be executed and delivered by its duly authorized representative as of the date first above written.

MASTER TENANT:

ST. ELIZABETH PLACE LP,
a Texas limited partnership

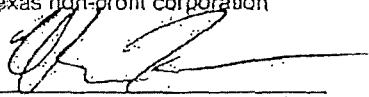
By: St. Elizabeth Place GP LLC,
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its general partner

By: St. Elizabeth 2020 Investments, LLC, a
Texas limited liability company, its
manager

By: 
Kathy Flanagan Payton, Manager

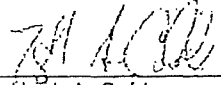
MASTER LANDLORD:

**FIFTH WARD COMMUNITY
REDEVELOPMENT CORPORATION,**
a Texas non-profit corporation

By: 
Charles Turner
its: Chairman

MANAGER:

ALPHA BARNES REAL ESTATE SERVICES, LLC

By: 
Name: Hugh A. Cobb
Title: Principal

ATTACHMENT L
TO LOAN AGREEMENT

ASSIGNMENT OF ARCHITECT'S CONTRACT, PLANS AND SPECIFICATIONS, AND
CONSENT

ASSIGNMENT OF ARCHITECT'S
CONTRACT, PLANS AND SPECIFICATIONS, AND CONSENT

FOR VALUE RECEIVED ST. ELIZABETH PLACE LP, a Texas limited partnership ("Owner"), whose mailing address is: 4300 Lyons Avenue, Suite 300, Houston, Texas 77020, as additional security for the obligations incurred by FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas non-profit corporation ("Borrower"), pursuant to that certain Loan Agreement (as heretofore amended, extended, modified or renewed, the "City Loan Agreement"), between the Borrower, Owner and THE CITY OF HOUSTON ("City"), whose mailing address is c/o Department of Housing and Community Development, 2100 Travis St, 9th Floor, Houston, TX 77002, Attention: Director, which City Loan Agreement evidences the loan made by City to Borrower in the original principal amount of FOURTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$14,874,622.00) ("City Loan"), the proceeds of which were utilized by Borrower to make a FOURTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$14,874,622.00) ("Owner Loan") to Owner for the acquisition, rehabilitation and new construction of the project located at 4514 Lyons Avenue, Houston, Harris County, Texas 77020, ("Project") and which Owner Loan and all documents executed in connection therewith including a Deed of Trust on the Project were collaterally assigned to the City pursuant to a certain Collateral Assignment of Note and Liens ("Collateral Assignment") executed by Borrower, hereby transfers, assigns and conveys to City, and the successors and assigns of City, all of the right, title and interest of Owner in and to that certain architect contract by and between Owner and Van Meter Williams Pollack, LLP of 1738 Wynkoop Street, Suite 203, Denver, Colorado 80202 ("Architect"), dated March 1, 2018 ("Contract") and in and to those certain architectural drawings and plans and specifications ("Plans and Specifications") therefor, all inclusive, all of which were prepared by Architect, a true and correct copy of the Contract and Plans and Specifications having been deposited with and held by City. Upon the satisfaction in full of the obligations of Borrower to City evidenced by the City Loan Agreement and the Restrictive Covenants and other documents executed in connection therewith ("City Loan Documents"), this Assignment of Architect's Contract, Plans and Specifications, and Consent ("Assignment") shall become null and void.

Owner and Architect, by executing the Consent to this Assignment which follows this Assignment, agree that City does not assume any of Owner's obligations or duties concerning the Contract and Plans and Specifications, including, but not limited to, the obligation to pay for the preparation of the Contract and Plans and Specifications, until and unless City shall exercise its rights, granted hereby, to the use of the Contract and Plans and Specifications.

Owner hereby irrevocably constitutes and appoints City as its attorney-in-fact to demand, receive and enforce Owner's rights with respect to the Contract and Plans and Specifications, to give appropriate receipts, releases and satisfactions for and on behalf of Owner and to do any and all acts in the name of Owner or in the name of City with the same force and effect as Owner could do if this Assignment had not been made.

City shall not exercise any rights hereunder unless a Default shall have occurred, as such is defined in the City Loan Documents.

Unless a Senior Loan is to be utilized to fund a portion of the Project Improvements (as defined in the City Loan Agreement), Owner hereby represents and warrants to City that no previous assignment of its interest in the Contract and Plans and Specifications has been made; and Owner agrees not to assign, sell, pledge, transfer, mortgage or otherwise encumber its interest in the Contract and Plans and Specifications so long as this Assignment is in effect.

Capitalized terms utilized herein which are not defined herein shall have the meaning specified in the City Loan Agreement.

Signature Page

Assignment of Architect's Contracts, Plans and Specifications and Consent

DATED to be effective as of July ^{August} ~~7~~ 2020.

OWNER:

ST. ELIZABETH PLACE LP,
a Texas limited partnership

By: **St. Elizabeth Place GP LLC,**
a Texas limited liability company,
its general partner

By: **St. Elizabeth 2020 Investments, LLC, a**
Texas limited liability company, its
manager

By: 
Kathy Flanagan Payton, Manager

[ARCHITECT'S CONSENT FOLLOWS]

CONSENT OF ARCHITECT

The undersigned ("Architect") represents to City that (i) to the best of Architect's knowledge, the Plans and Specifications are the plans and specifications to be used in the actual construction of the Project; (ii) Architect, or all applicable principals or agents of Architect, are duly licensed to perform, conduct and engage in such activities and business as are contemplated under the Contract in the jurisdiction or jurisdictions where such activities, business or work is to be performed and in which the Project is, or will be, located or constructed; (iii) the Project has been designed, as evidenced by the Plans, in accordance with all applicable architectural barriers law including, without limitation, the Americans With Disabilities Act (42 U.S.C. §§ 12131-12165; 47 U.S.C. §§ 155, 201, 218 and 255), The Architectural Barriers Act of 1968 (42. U.S.C. §§ 415-4157), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794 *et seq.*) and Tex. Gov't Code Ann. § 469.001 *et seq.*, as amended, ordinances, rules and regulations, and that all permits, certificates or other licenses evidencing same have been obtained and will be delivered to City upon request therefore; and (iv) the Contract is in full force and effect and is valid, binding and enforceable against Architect in accordance with its terms and there is no default by Architect thereunder.

Architect hereby expressly consents to the above and foregoing Assignment and agrees that, in the event of any default by Borrower or Owner under the City Loan Agreement or any City Loan Document executed pursuant thereto, City is authorized to use the Contract and Plans and Specifications for the purpose of the inspection or completion of the construction of the Project and for the maintenance and protection of the Project contemplated by the City Loan Agreement.

To induce City to enter into the City Loan Agreement with Borrower, Architect hereby agrees that all of the liens which Architect may have or be entitled to either against such Contract and Plans and Specifications or against the Project contemplated by the City Loan Agreement (including the real property described in Exhibit A attached hereto and incorporated herein by reference) shall be and are hereby made subordinate and inferior to the Deed of Trust and other liens and security interests securing the performance of the Owner Loan.

Architect acknowledges that City is relying and is entitled to rely on Architect's professional skill and competence in the provision of construction management services under the Contract.

DATED to be effective as of July ~~14th~~ 2020; *effective August 7, 2020.*

ARCHITECT:

VAN METER VILLAVISTO LACK, LLP

By: 

Name: TIM VAN METER

Title: PARTNER / ARCHITECT

Exhibit List

Exhibit A - Legal Description

**EXHIBIT A
LEGAL DESCRIPTION**

TRACT 1:

A TRACT OR PARCEL OF LAND CONTAINING 0.3884 ACRES, (16,917 SQUARE FEET), BEING OUT OF AND A PART OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS; (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

COMMENCING at a ½ " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29" Street), with the west right-of-way line Yates Street, (60 Foot Right-of-Way, Formerly known as House Street), same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner of that certain called 2.2455 acre tract of land being the remainder of said 2.634 Acre Tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said 2.2455 Acre Tract, a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southeast corner of said 2.2455 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said Block 121, a distance of 67.67 feet to a capped, (Landtech), iron rod found for the intersection of the west right-of-way line of Yates Street with the north right-of-way line of Chisum Street, (50 Foot Right-of-Way, Formerly known as Division Avenue), same being the southeast corner of said Block 121, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, along the north right-of-way line of Chisum Street, same being the south line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to a capped, (Landtech), iron rod found for the intersection of the east right-of-way line of St. Elizabeth Street with the north right-of-way line of Chisum Street, same being the southwest corner of said Block 121, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 01" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 67.67 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southwest corner of said 2.2455 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89 degrees, 56' 01" E, across said Block 121, along the common line of said 2.2455 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 0.3884 acres or 16,917 square feet of land, more or less.

TRACT 2:

A TRACT OR PARCEL OF LAND CONTAINING 2.2455 ACRES, (97,813 SQUARE FEET), BEING LOTS 1 THROUGH 10, INCLUSIVE, BLOCK 117, AUGUSTA ADDITION, A SUBDIVISION IN HARRIS COUNTY, TEXAS ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 56, PAGE 139, OF THE HARRIS COUNTY DEED RECORDS, ALONG WITH AND IN ADDITION TO A PORTION OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN

THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, ALONG WITH AND IN ADDITION TO THAT CERTAIN TRACT OF LAND FORMERLY KNOWN AS FARMER AVENUE LOCATED BETWEEN SAID BLOCKS 117 AND 121 AND BEING BOUNDED BY THE EAST LINE OF ST. ELIZABETH STREET (30.00 FOOT RIGHT-OF-WAY, ALSO KNOWN AS DAN STREET) AND THE WEST LINE OF YATES STREET, (60.00 FOOT RIGHT-OF-WAY, FORMERLY KNOWN AS HOUSE STREET), AS DESCRIBED BY INSTRUMENT RECORDED IN VOLUME 1396, PAGE 161, OF THE HARRIS COUNTY DEED RECORDS, SAID 2.2455 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

BEGINNING at a 1/2 " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 foot Right-of-Way, Formerly known as 29th Street), with the west right-of-way line Yates Street, same being the northeast corner of said Block 117, same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00 sec W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, pass at a distance of 200.00 feet a calculated point for the southeast corner of said Block 117, same being the northeast corner of said Farmer Avenue Tract, pass at a distance of 260.00 feet a calculated point for the southeast corner of said Farmer Avenue Tract, same being the northeast corner of said Block 121, and continuing for a total distance of 391.25 feet to a capped, (Precision Surveyors); iron rod set on the common line of said Block 121 for the northeast corner of that certain called 0.3884 acre tract of land out of said 2.634 Acre Tract, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, across said Block 121, along the common line of said 0.3884 Acre Tract, a distance of 250.00 feet to a capped, (Precision Surveyors), iron rod set on the east right-of-way line of St. Elizabeth Street, same being the common line of said Block 121, for the northwest corner of said 0.3884 Acre Tract, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 00" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, pass at a distance of 131.25 feet a calculated point for the northwest corner of said Block 121, same being the southwest corner of said Farmer Avenue Tract, pass at a distance of 191.25 feet a calculated point for the northwest corner of said Farmer Avenue Tract, same being the southwest corner of said Block 117, and continuing for a total distance of 391.25 feet to a capped, (Precision Surveyors), iron rod found for the intersection of the east right-of-way line of St. Elizabeth Street with the south right-of-way line of Lyons Avenue, for the northwest corner of said Block 117, same being the northwest corner of said 2.634 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89° 56' 01" E, along the south right-of-way line of Lyons Avenue, same being the common line of said Block 117, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 2.2455 acres or 97,813 square feet of land, more or less

ATTACHMENT M-1
TO LOAN AGREEMENT

ASSIGNMENT OF CONSTRUCTION CONTRACT

ASSIGNMENT OF CONSTRUCTION
CONTRACT, PLANS AND SPECIFICATIONS, AND CONSENT

FOR VALUE RECEIVED ST. ELIZABETH PLACE LP, a Texas limited partnership ("Owner"), whose mailing address is: 4300 Lyons Avenue Suite 300, Houston, Texas 77020, as additional security for the obligations incurred by FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas non-profit corporation ("Borrower"), pursuant to that certain Loan Agreement (as heretofore amended, extended, modified or renewed, the "City Loan Agreement"), between the Borrower, Owner and THE CITY OF HOUSTON ("City"), whose mailing address is c/o Department of Housing and Community Development, 2100 Travis St, 9th Floor, Houston, TX 77002, Attention: Director, which City Loan Agreement evidences the loan made by City to Borrower in the original principal amount of FOURTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$14,874,622.00) ("City Loan"), the proceeds of which were utilized by Borrower to make a FOURTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$14,874,622.00) ("Owner Loan") to Owner for the acquisition, rehabilitation and new construction of the project located at 4514 Lyons Avenue, Houston, Harris County, Texas 77020, ("Project") and which Owner Loan and all documents executed in connection therewith including a Deed of Trust on the Project were collaterally assigned to the City pursuant to a certain Collateral Assignment of Note and Liens ("Collateral Assignment") executed by Borrower, hereby transfers, assigns and conveys to City, and the successors and assigns of City, all of the right, title and interest of Owner in and to that certain construction contract by and between Owner and FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas non-profit corporation ("Contractor"), dated July 16, 2021 ("Contract"), a true and correct copy of the Contract having been deposited with and held by City. Upon the payment and satisfaction in full of the obligations of Borrower to City evidenced by the City Loan and the loan documents executed in connection with or securing the City Loan ("City Loan Documents") and upon delivery of written confirmation by City of such payment and satisfaction, this Assignment of Construction Contract, and Consent ("Assignment") shall become null and void.

Owner and Contractor, by executing the Consent to this Assignment which follows this Assignment, agree that City does not assume any of Owner's obligations or duties concerning the Contract, including, but not limited to, the obligation to pay for the preparation of the Contract, until and unless City shall exercise its rights, granted hereby, to the use of the Contract.

Owner hereby irrevocably constitutes and appoints City as its attorney-in-fact to demand, receive and enforce Owner's rights with respect to the Contract to give appropriate receipts, releases and satisfactions for and on behalf of Owner and to do any and all acts in the name of Owner or in the name of City with the same force and effect as Owner could do if this Assignment had not been made.

City shall not exercise any rights hereunder unless a Default shall have occurred, as such is defined in the City Loan Documents.

Unless a Senior Loan is to be utilized to fund a portion of the Project Improvements (as defined in the City Loan Agreement), Owner hereby represents and warrants to City that no previous assignment of its interest in the Contract has been made; and Owner agrees not to assign, sell, pledge, transfer, mortgage or otherwise encumber its interest in the Contract so long as this Assignment is in effect.

Capitalized terms utilized herein which are not defined herein shall have the meaning specified in the City Loan Agreement.

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Signature Page

Assignment of Construction Contract and Consent

DATED to be effective as of ~~July~~ ^{August} 31, 2021.

OWNER:

ST. ELIZABETH PLACE LP,
a Texas limited partnership

By: **St. Elizabeth Place GP LLC,**
a Texas limited liability company,
its general partner

By: **St. Elizabeth 2020 Investments, LLC, a**
Texas limited liability company, its
manager

By: 
Kathy Flanagan Payton,
Manager

[CONTRACTOR'S CONSENT FOLLOWS]

CONSENT OF CONTRACTOR

The undersigned ("Contractor") represents to THE CITY OF HOUSTON ("City") that the Contract (as defined in that certain Assignment of Construction Contract and Consent ("Assignment") which immediately precedes this Consent of Contractor (this "Consent") is the contract to be used in the actual construction and completion of the work for the Project; and Contractor hereby expressly consents to the above and foregoing Assignment and agrees that, in the event of any Default by Borrower or Owner under the City Loan Agreement or any document or instrument executed pursuant thereto, City is authorized to use the Contract for the purpose of completing construction work for the Project contemplated by the City Loan Agreement.

Contractor acknowledges that City is relying and is entitled to rely on Contractor's professional skill and competence in the provision of construction services under the Contract. To induce City to enter into the City Loan Agreement and the other City Loan Documents with Borrower, Contractor hereby agrees that all of the liens which Contractor may have or be entitled to either against such Contract or against the Project contemplated by the City Loan Documents (including the real property described in Exhibit A attached hereto and incorporated herein by reference) shall be and are hereby made subordinate and inferior to the Deed of Trust and liens and security interests of the liens and security interests securing the payment of the loan or loans to be made pursuant to the Loan Documents.

DATED to be effective as of ~~July 24~~^{August} 2021.

CONTRACTOR:

Fifth Ward Community Redevelopment Corporation, a
Texas non-profit corporation

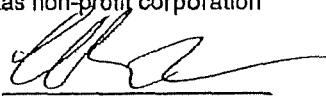
By: 
Charles Turner
Its: Chairman

Exhibit List

Exhibit A - Legal Description

EXHIBIT A
LEGAL DESCRIPTION

TRACT 1:

A TRACT OR PARCEL OF LAND CONTAINING 0.3884 ACRES, (16,917 SQUARE FEET), BEING OUT OF AND A PART OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS; (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

COMMENCING at a ½ " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29" Street), with the west right-of-way line Yates Street, (60 Foot Right-of-Way, Formerly known as House Street), same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner of that certain called 2.2455 acre tract of land being the remainder of said 2.634 Acre Tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said 2.2455 Acre Tract, a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southeast corner of said 2.2455 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said Block 121, a distance of 67.67 feet to a capped, (Landtech), iron rod found for the intersection of the west right-of-way line of Yates Street with the north right-of-way line of Chisum Street, (50 Foot Right-of-Way, Formerly known as Division Avenue), same being the southeast corner of said Block 121, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, along the north right-of-way line of Chisum Street, same being the south line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to a capped, (Landtech), iron rod found for the intersection of the east right-of-way line of St. Elizabeth Street with the north right-of-way line of Chisum Street, same being the southwest corner of said Block 121, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 01" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 67.67 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southwest corner of said 2.2455 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89 degrees, 56' 01" E, across said Block 121, along the common line of said 2.2455 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 0.3884 acres or 16,917 square feet of land, more or less.

TRACT 2:

A TRACT OR PARCEL OF LAND CONTAINING 2.2455 ACRES, (97,813 SQUARE FEET), BEING LOTS 1 THROUGH 10, INCLUSIVE, BLOCK 117, AUGUSTA ADDITION, A SUBD1V1S10N IN HARRIS COUNTY, TEXAS ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 56,

PAGE 139, OF THE HARRIS COUNTY DEED RECORDS, .ALONG WITH AND IN ADDITION TO A PORTION OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, ALONG WITH AND IN ADDITION TO THAT CERTAIN TRACT OF LAND FORMERLY KNOWN AS FARMER AVENUE LOCATED BETWEEN SAID BLOCKS 117 AND 121 AND BEING BOUNDED BY THE EAST LINE OF ST. ELIZABETH STREET (30.00 FOOT RIGHT -OF WAY, ALSO KNOWN AS DAN STREET) AND THE WEST LINE OF YATES STREET, (60.00 FOOT RIGHT-OF-WAY, FORMERLY KNOWN AS HOUSE STREET), AS DESCRIBED BY INSTRUMENT RECORDED IN VOLUME 1396, PAGE 161, OF THE HARRIS COUNTY DEED RECORDS, SAID 2.2455 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

BEGINNING at a 1/2 " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 foot Right-of-Way, Formerly known as 29th Street), with the west right-of-way line Yates Street, same being the northeast corner of said Block 117, same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00 sec W, along with the west right-of-way line of Yates Street, same being the common line of said .2.634 Acre Tract, pass at a distance of 200.00 feet a calculated point for the southeast corner of said Block 117, same being the northeast corner of said Farmer Avenue Tract, pass at a distance of 260.00 feet a calculated point for the southeast corner of said Farmer Avenue Tract, same being the northeast corner of said Block 121, and continuing for a total distance of 391.25 feet to a capped, (Precision Surveyors); iron rod set on the common line of said Block 121 for the northeast corner of that certain called 0.3884 acre tract of land out of said 2.634 Acre Tract, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, across said Block 121, along the common line of said 0.3884 Acre Tract, a distance of 250.00 feet to a capped, (Precision Surveyors), iron rod set on the east right-of-way line of St. Elizabeth Street, same being the common line of said Block 121, for the northwest corner of said 0.3884 Acre Tract, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 00" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, pass at a distance of 131.25 feet a calculated point for the northwest corner of said Block 121, same being the southwest corner of said Farmer Avenue Tract, pass at a distance of 191.25 feet a calculated point for the northwest corner of said Farmer Avenue Tract, same being the southwest corner of said Block 117, and continuing for a total distance of 391.25 feet to a capped, (Precision Surveyors), iron rod found for the intersection of the east right-of-way line of St. Elizabeth Street with the south right-of-way line of Lyons Avenue, for the northwest corner of said Block 117, same being the northwest corner of said 2.634 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89° 56' 01" E, along the south right-of-way line of Lyons Avenue, same being the common line of said Block 117, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 2.2455 acres or 97,813 square feet of land, more or less

ATTACHMENT M-2
TO LOAN AGREEMENT

ASSIGNMENT OF CONSTRUCTION CONTRACT (SUBCONTRACT)

**ASSIGNMENT OF CONSTRUCTION
CONTRACT, PLANS AND SPECIFICATIONS, AND CONSENT (SUBCONTRACT)**

FOR VALUE RECEIVED, FOR VALUE RECEIVED FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION ("General Contractor") whose mailing address is: 4300 Lyons Avenue Suite 300, Houston, Texas 77020, as additional security for the obligations incurred by FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas non-profit corporation ("Borrower"), pursuant to that certain Loan Agreement (as heretofore amended, extended, modified or renewed, the "City Loan Agreement"), between the Borrower, ST. ELIZABETH PLACE LP, a Texas limited partnership ("Owner") and THE CITY OF HOUSTON ("City"), whose mailing address is c/o Department of Housing and Community Development, 2100 Travis St, 9th Floor, Houston, TX 77002, Attention: Director, which City Loan Agreement evidences the loan made by City to Borrower in the original principal amount of FOURTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$14,874,622.00) ("City Loan"), the proceeds of which were utilized by Borrower to make a FOURTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$14,874,622.00) ("Owner Loan") to Owner for the acquisition, rehabilitation and new construction of the project located at 4514 Lyons Avenue, Houston, Harris County, Texas 77020, ("Project") and which Owner Loan and all documents executed in connection therewith including a Deed of Trust on the Project were collaterally assigned to the City pursuant to a certain Collateral Assignment of Note and Liens ("Collateral Assignment") executed by Borrower, hereby transfers, assigns and conveys to City, and the successors and assigns of City, all of the right, title and interest of General Contractor in and to that certain construction contract by and between General Contractor and Humphries Construction Corporation ("Subcontractor"), dated July 19, 2021 ("Contract"), a true and correct copy of the Contract having been deposited with and held by City. Upon the payment and satisfaction in full of the obligations of Borrower to City evidenced by the City Loan and the loan documents executed in connection with or securing the City Loan ("City Loan Documents") and upon delivery of written confirmation by City of such payment and satisfaction, this Assignment of Construction Contract, and Consent ("Assignment") shall become null and void.

General Contractor and Subcontractor, by executing the Consent to this Assignment which follows this Assignment, agree that City does not assume any of General Contractor's or Owner's obligations or duties concerning the Contract, including, but not limited to, the obligation to pay for the preparation of the Contract, until and unless City shall exercise its rights, granted hereby, to the use of the Contract.

General Contractor hereby irrevocably constitutes and appoints City as its attorney-in-fact to demand, receive and enforce General Contractor's rights with respect to the Contract to give appropriate receipts, releases and satisfactions for and on behalf of General Contractor and to do any and all acts in the name of General Contractor or in the name of City with the same force and effect as General Contractor could do if this Assignment had not been made.

City shall not exercise any rights hereunder unless a Default shall have occurred, as such is defined in the City Loan Documents.

Unless a Senior Loan is to be utilized to fund a portion of the Project Improvements (as defined in the City Loan Agreement), General Contractor hereby represents and warrants to City that no previous assignment of its interest in the Contract has been made; and General Contractor agrees not to assign, sell, pledge, transfer, mortgage or otherwise encumber its interest in the Contract so long as this Assignment is in effect.

Capitalized terms utilized herein which are not defined herein shall have the meaning specified in the City Loan Agreement.

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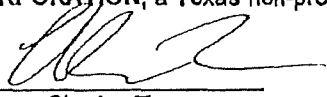
Signature Page

Assignment of Construction Contract and Consent

DATED to be effective as of ~~July~~ ^{August} 31, 2021.

GENERAL CONTRACTOR:

FIFTH WARD COMMUNITY REDEVELOPMENT
CORPORATION, a Texas non-profit corporation

By: 
Charles Turner
Its: Chairman

[CONTRACTOR'S CONSENT FOLLOWS]

CONSENT OF SUBCONTRACTOR

The undersigned ("Subcontractor") represents to THE CITY OF HOUSTON ("City") that the Contract (as defined in that certain Assignment of Construction Contract and Consent (Subcontract) ("Assignment") which immediately precedes this Consent of Subcontractor (this "Consent") is the contract to be used in the actual construction and completion of the work for the Project; and Subcontractor hereby expressly consents to the above and foregoing Assignment and agrees that, in the event of any Default by Borrower or Owner under the City Loan Agreement or any document or instrument executed pursuant thereto, City is authorized to use the Contract for the purpose of completing construction work for the Project contemplated by the City Loan Agreement.

Subcontractor acknowledges that City is relying and is entitled to rely on Subcontractor's professional skill and competence in the provision of construction services under the Contract. To induce City to enter into the City Loan Agreement and the other City Loan Documents with Borrower, Subcontractor hereby agrees that all of the liens which Subcontractor may have or be entitled to either against such Contract or against the Project contemplated by the City Loan Documents (including the real property described in Exhibit A attached hereto and incorporated herein by reference) shall be and are hereby made subordinate and inferior to the Deed of Trust and liens and security interests of the liens and security interests securing the payment of the loan or loans to be made pursuant to the City Loan Documents.

DATED to be effective as of 8/3, 2021.

SUBCONTRACTOR:

HUMPHRIES CONSTRUCTION CORPORATION

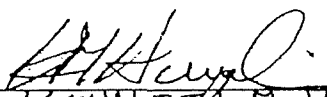
By: 
Name: KENNETH N. HUMPHRIES
Title: PRESIDENT

Exhibit List

Exhibit A - Legal Description

**EXHIBIT A
LEGAL DESCRIPTION**

TRACT 1:

A TRACT OR PARCEL OF LAND CONTAINING 0.3884 ACRES, (16,917 SQUARE FEET), BEING OUT OF AND A PART OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS; (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

COMMENCING at a ½ " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29" Street), with the west right-of-way line Yates Street, (60 Foot Right-of-Way, Formerly known as House Street), same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner of that certain called 2.2455 acre tract of land being the remainder of said 2.634 Acre Tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said 2.2455 Acre Tract, a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southeast corner of said 2.2455 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said Block 121, a distance of 67.67 feet to a capped, (Landtech), iron rod found for the intersection of the west right-of-way line of Yates Street with the north right-of-way line of Chisum Street, (50 Foot Right-of-Way, Formerly known as Division Avenue), same being the southeast corner of said Block 121, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, along the north right-of-way line of Chisum Street, same being the south line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to a capped, (Landtech), iron rod found for the intersection of the east right-of-way line of St. Elizabeth Street with the north right-of-way line of Chisum Street, same being the southwest corner of said Block 121, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 01" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 67.67 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southwest corner of said 2.2455 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89 degrees, 56' 01" E, across said Block 121, along the common line of said 2.2455 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 0.3884 acres or 16,917 square feet of land, more or less.

TRACT 2:

A TRACT OR PARCEL OF LAND CONTAINING 2.2455 ACRES, (97,813 SQUARE FEET), BEING LOTS 1 THROUGH 10, INCLUSIVE, BLOCK 117, AUGUSTA ADDITION, A SUBD1V1S10N IN HARRIS COUNTY, TEXAS ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 56, PAGE 139, OF THE HARRIS COUNTY DEED RECORDS, .ALONG WITH AND IN ADDITION TO A PORTION OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, ALONG WITH AND IN ADDITION TO THAT CERTAIN TRACT OF LAND FORMERLY KNOWN AS FARMER AVENUE LOCATED BETWEEN SAID BLOCKS 117 AND 121 AND BEING BOUNDED BY THE EAST LINE OF ST. ELIZABETH STREET (30.00 FOOT RIGHT -OF WAY, ALSO KNOWN AS DAN STREET) AND THE WEST LINE OF YATES STREET, (60.00 FOOT RIGHT-OF-WAY, FORMERLY KNOWN AS HOUSE STREET), AS DESCRIBED BY INSTRUMENT RECORDED IN VOLUME 1396, PAGE 161, OF THE HARRIS COUNTY DEED RECORDS, SAID 2.2455 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

BEGINNING at a 1/2 " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 foot Right-of-Way, Formerly known as 29th Street), with the west right-of-way line Yates Street, same being the northeast corner of said Block 117, same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00 sec W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, pass at a distance of 200.00 feet a calculated point for the southeast corner of said Block 117, same being the northeast corner of said Farmer Avenue Tract, pass at a distance of 260.00 feet a calculated point for the southeast corner of said Farmer Avenue Tract, same being the northeast corner of said Block 121, and continuing for a total distance of 391.25 feet to a capped, (Precision Surveyors); iron rod set on the common line of said Block 121 for the northeast corner of that certain called 0.3884 acre tract of land out of said 2.634 Acre Tract, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, across said Block 121, along the common line of said 0.3884 Acre Tract, a distance of 250.00 feet to a capped, (Precision Surveyors), iron rod set on the east right-of-way line of St. Elizabeth Street, same being the common line of said Block 121, for the northwest corner of said 0.3884 Acre Tract, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 00" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, pass at a distance of 131.25 feet a calculated point for the northwest corner of said Block 121, same being the southwest corner of said Farmer Avenue Tract, pass at a distance of 191.25 feet a calculated point for the northwest corner of said Farmer Avenue Tract, same being the southwest corner of said Block 117, and continuing for a total distance of 391.25 feet to a capped, (Precision Surveyors), iron found for the intersection of the east right-of-way line of St. Elizabeth Street with the south right-of-way line of Lyons Avenue, for the northwest corner of said Block 117, same being the northwest corner of said 2.634 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89° 56' 01" E, along the south right-of-way line of Lyons Avenue, same being the common line of said Block 117, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 2.2455 acres or 97,813 square feet of land, more or less

ATTACHMENT N
TO LOAN AGREEMENT
ENVIRONMENTAL INDEMNITY

ENVIRONMENTAL INDEMNITY AGREEMENT

This ENVIRONMENTAL INDEMNITY AGREEMENT ("Environmental Indemnity Agreement") is executed effective as of August 7, 2020, by FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas non-profit corporation ("Borrower") and ST. ELIZABETH PLACE LP, a Texas limited partnership ("Owner" and collectively, jointly and severally, with Borrower, "Indemnitor") for the benefit of THE CITY OF HOUSTON ("Lender").

WITNESSETH:

WHEREAS, Lender is making a loan ("Loan") to Borrower in the original principal amount of FOURTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$14,874,622.00), and further evidenced by that certain Loan Agreement entered into by and among Lender, Borrower and Owner ("Loan Agreement"), secured, *inter alia*, by a Collateral Assignment of Note and Lien ("Collateral Assignment") covering that certain Note ("Collateral Note") executed by Owner and payable to the order of Borrower in the original principal amount of FOURTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$14,874,622.00), secured by that certain Deed of Trust, Security Agreement and Financing Statement ("Deed of Trust") which Owner has executed and delivered to Tom McCasland, as Trustee ("Trustee"), for the benefit of Borrower and collaterally assigned to Lender, covering certain real property ("Land") described in Exhibit "A" attached hereto, together with the improvements, buildings, facilities located thereon and certain personal property described in the Deed of Trust (the Land, together with said improvements, buildings, facilities and personal property referred to herein as the "Property") The Loan Agreement, the Collateral Assignment, the Collateral Note, the Deed of Trust, this Environmental Indemnity Agreement and all other documents or instruments evidencing, securing or pertaining to the Loan shall be collectively referred to as the "Loan Documents"; and

WHEREAS, as a material inducement in order for Lender to make the Loan to Indemnitor, Indemnitor has agreed to execute and deliver this Environmental Indemnity Agreement to and for the benefit of Lender.

NOW, THEREFORE, for and in consideration of the making of the Loan by Lender to Indemnitor, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, Indemnitor hereby agrees as follows:

A G R E E M E N T:

Article I. DEFINITIONS

The following terms shall have the defined meanings ascribed to such terms, as set forth below:

"Environmental Laws" shall mean any federal, state, or local law, statute, ordinance, or regulation, whether now or hereafter in effect, pertaining to health, industrial hygiene, or the environmental conditions on, under, or about the Mortgaged Property, including without limitation, the following, as now or hereafter amended: Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), 42 U.S.C. § 9601 *et seq.*, as amended by the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), Pub. L. 99-499, 100 Stat. 1613; Resource, Conservation and Recovery Act ("RCRA"), 42 U.S.C. § 6901 *et seq.* as amended by the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), Pub. L. 99-499, 100 Stat. 1613; the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*; Emergency Planning and Community Right to Know Act of 1986, 42 U.S.C. § 1101 *et seq.*; Clean Water Act ("CWA"), 33 U.S.C. § 1251 *et seq.*; Clean Air Act ("CAA"), 42 U.S.C. § 7401 *et seq.*; Federal Water Pollution Control Act ("FWPCA"), 33 U.S.C. § 1251 *et seq.*; any related federal laws and authorities as required by the Housing and Community Development Act of 1974, as listed in 24 CFR § 58 *et seq.*; and any corresponding state laws or ordinances including but not limited to the

Texas Water Code ("**TWC**") § 26.001 et seq.; Texas Health & Safety Code ("**THSC**") § 361.001 et seq.; Texas Solid Waste Disposal Act, Tex. Rev. Civ. Stat. Ann. art. 4477-7; and regulations, rules, guidelines, or standards promulgated pursuant to such laws, statutes and regulations, as such statutes, regulations, rules, guidelines, and standards are amended from time to time.

"Hazardous Substances" shall mean any substance, product, waste, or other material which is or becomes listed, regulated, or addressed as being a toxic, hazardous, polluting, or similarly harmful substance under any Environmental Law, including without limitation: (i) any substance included within the definition of "hazardous waste" pursuant to Section 1004 of RCRA; (ii) any substance included within the definition of "hazardous substance" pursuant to Section 101 of CERCLA; (iii) any substance included within (a) the definition of "regulated substance" pursuant to Section 26.342(9) of TWC; or (b) the definition of "hazardous substance" pursuant to Section 361.003(13) of THSC; (iv) asbestos; (v) polychlorinated biphenyls; (vi) petroleum products; (vii) underground storage tanks, whether empty, filled or partially filled with any substance; (viii) any radioactive materials, urea formaldehyde foam insulation or radon; (ix) any substance included within the definition of "waste" pursuant to Section 30.003(b) of TWC or "pollutant" pursuant to Section 26.001(13) of TWC; and (x) any other chemical, material or substance, the exposure to which is prohibited, limited or regulated by any Governmental Authority on the basis that such chemical, material or substance is toxic, hazardous or harmful to human health or the environment. Notwithstanding the foregoing, "Hazardous Substances" shall not include chemicals, materials and supplies which are normally used in connection with the prudent operation, use, maintenance and ownership of a multi-family unit apartment complex, located on the Property and used in compliance with environmental laws.

"Hazardous Substances Contamination" shall mean the contamination (whether presently existing or hereafter occurring) of the improvements, facilities, soil, groundwater, air or other elements on or of the Property by Hazardous Substances, or the contamination of the buildings, facilities, soil, groundwater, air or other elements on or of any other property as a result of Hazardous Substances at any time (whether before or after the date of the Note) emanating from the Property.

Article II.
REPRESENTATIONS AND WARRANTIES

Indemnitee represents, and by the acceptance of this Agreement Lender acknowledges, that the Property has previously been used as a hospital and that the Indemnitee intends to rehabilitate the property and facilitate its use as multifamily residential housing. As such, at the time of its acquisition, the Property has asbestos containing materials and lead-based paint present, but the rehabilitation of the Property includes the remediation of asbestos-containing materials and lead-based paint in accordance with applicable laws. Subject to such generalized representation, Indemnitee unconditionally represents and warrants to Lender as follows:

(a) Except to the extent previously disclosed to Lender above and in that certain Environmental Site Assessment dated _____, 2019, the Property does not contain any Hazardous Substances, and the Property is not subject to any Hazardous Substances Contamination.

(b) The Property and the operations conducted thereon do not violate any applicable law, statute, ordinance, rule, regulation, order, or determination of any governmental authority or any Environmental Laws.

(c) All notices, permits, licenses, or similar authorizations, if any, required to be obtained or filed in connection with the ownership, operation, or use of the Property, including, without limitation, the past or present generation, treatment, storage, disposal, or release of any Hazardous Substances into the environment, have been or will be duly obtained or filed prior to closing of Tranche 2 of the Loan.

(d) Neither Indemnitor nor, to the best knowledge of Indemnitor, any other person, including, but not limited, to any predecessor owner, tenant, licensee, occupant, user, or operator of all or any portion of the Property, has ever undertaken, caused, permitted, authorized, or suffered the presence, use, manufacture, handling, generation, transportation, storage, treatment, discharge, release, burial, or disposal on, under, from or about the Property of any Hazardous Substances or the transportation to or from the Property of any Hazardous Substances.

(e) To Indemnitor's knowledge, no property adjoining the Property is or has ever been used for the disposal, storage, treatment, processing, manufacturing or other handling of Hazardous Substances, nor, to Indemnitor's knowledge, is any other property adjoining the Property affected by Hazardous Substances Contamination.

(f) Neither Indemnitor nor, to the best knowledge of Indemnitor, any other person, including, but not limited, to any predecessor owner, tenant, licensee, occupant, user, or operator of all or any portion of the Property, has ever undertaken, caused, permitted, authorized, or suffered the presence, use, manufacture, handling, generation, transportation, storage, treatment, discharge, release, burial, or disposal of any Hazardous Substances on, under, from or about any other real property, all or any portion of which is legally or beneficially owned (or any interest or estate therein which is owned) by Indemnitor in any jurisdiction now or hereafter having in effect a so-called "superlien" law or ordinance or any part thereof, the effect of which law or ordinance would be to create a lien on the Property to secure any obligation in connection with the "superlien" law of such other jurisdiction.

(g) To Indemnitor's knowledge, no inquiry, investigation, administrative order, consent order and agreement, litigation or settlement is proposed, threatened, anticipated or in existence with respect to any allegations that there has been, there is currently, or there is a threat of a presence, release, threat of release, placement of any Hazardous Substances on, under, from or about the Property, or the manufacture, handling, generation, transportation, storage, treatment, discharge, burial, or disposal of any Hazardous Substances on, under, from or about the Property, or the transportation of any Hazardous Substances to or from the Property. Indemnitor has not received any notice, and has no actual or constructive knowledge, that any governmental authority has determined, or threatens to determine, or is investigating any allegations that there has been, there is currently, or there is a threat of a presence, release, threat of release, placement of any Hazardous Substances on, under, from or about the Property, or the manufacture, handling, generation, transportation, storage, treatment, discharge, burial, or disposal of any Hazardous Substances on, under, from or about the Property, or the transportation of any Hazardous Substances to or from the Property.

(h) Indemnitor has taken all steps reasonably necessary to determine that no Hazardous Substances have been generated, treated, placed, held, located, or otherwise released on, under, from, or about the Property.

Article III. COVENANTS

Indemnitor unconditionally covenants that and agrees with Lender as follows:

(a) Indemnitor will not use, generate, manufacture, produce, store, release, discharge, treat, or dispose of on, under, from or about the Property or transport to or from the Property any Hazardous Substances or allow any other person or entity to do so.

(b) Indemnitor will keep and maintain the Property in compliance with, and shall not cause or permit the Property to be in violation of, any Environmental Law.

(c) Indemnitor will establish and maintain, at Indemnitor's sole expense, a system to assure and monitor continued compliance with Environmental Laws and the exclusion of Hazardous Substances from the Property, by any and all owners or operators, including tenants, of the Property, which system shall include annual reviews of such compliance by employees or agents of Indemnitor who

are familiar with the requirements of the Environmental Laws and, at the request of Lender no more than once each year, a detailed review of such compliance of the environmental condition of the Property (the "Environmental Report") in scope satisfactory to Lender by an environmental consulting firm approved in advance by Lender; provided, however, that if any Environmental Report indicates any violation of any Environmental Laws or a need for remedial work ("Remedial Work"), such system shall include at the request of Lender a detailed review of the status of such violation (a "Supplemental Report") by such environmental consultant. Indemnitor shall furnish an Environmental Report or such Supplemental Report to the Lender within sixty (60) days after Lender so requests, together with such additional information as Lender may reasonably request.

(d) Indemnitor will give prompt written notices to Lender of: (i) any proceeding or inquiry by any governmental or nongovernmental entity or person with respect to the presence of any Hazardous Substances on, under, from or about the Property, the migration thereof from or to other property, the disposal, storage, or treatment of any Hazardous Substances generated or used on, under or about the Property, (ii) all claims made or threatened by any third party against Indemnitor or the Property or any other owner or operator, including a tenant, of the Property relating to any loss or injury resulting from any Hazardous Substances, and (iii) Indemnitor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be subject to any investigation or cleanup of the Property pursuant to any Environmental Laws.

(e) Indemnitor will permit Lender to join and participate in, as a party if it so elects, any legal proceedings or actions initiated with respect to the Property in connection with any Environmental Laws or Hazardous Substances, and Indemnitor shall pay all attorneys' fees incurred by Lender in connection therewith.

(f) In the event that any Remedial Work is reasonably necessary or desirable, Indemnitor shall commence and thereafter diligently prosecute to completion all such Remedial Work within thirty (30) days after written demand by Lender for performance thereof (or such shorter period of time as may be required under any Environmental Laws). All Remedial Work shall be performed by contractors approved in advance by Lender, and under the supervision of a consulting engineer approved by Lender. All costs and expenses of such Remedial Work shall be paid by Indemnitor including, without limitation, Lender's reasonable attorneys' fees and costs incurred in connection with monitoring or review of such Remedial Work. In the event Indemnitor shall fail to timely commence, or cause to be commenced, or fail to diligently prosecute to completion, such Remedial Work, Lender may, but shall not be required to, cause such Remedial Work to be performed, and all costs and expenses thereof, or incurred in connection therewith, shall become part of the indebtedness secured by the Deed of Trust ("Indebtedness") and shall be payable to Lender upon demand.

Article IV. DEFAULT

The term "Default", as used herein, shall mean the occurrence at any time and from time to time, of any one or more of the following:

(a) If either Indemnitor or Lender acquires knowledge or receives notice that Hazardous Substances or Hazardous Substances Contamination exists in, on, about or under any of the Property, and Indemnitor fails, within thirty (30) days after acquisition of such knowledge or of such notice, to commence and thereafter diligently prosecute to completion any necessary remedial actions in compliance with Environmental Laws.

(b) If any representation or warranty contained herein shall be false or misleading, or erroneous in any material respect.

Article V. REMEDIES

If a Default shall occur and is continuing, Lender may, at Lender's sole election and by or through Trustee or otherwise, exercise any or all of the following:

(a) Declare all unpaid amounts under the Note and any other unpaid portion of the Indebtedness immediately due and payable, without further notice, presentment, protest, demand or action of any nature whatsoever (each of which is hereby expressly waived by Indemnitor), whereupon the same shall become immediately due and payable.

(b) Exercise any and all other rights, remedies and recourses granted under the Loan Documents or as may be now or hereafter existing in equity or at law, by virtue of statute or otherwise, including actions for damages and specific performance.

Article VI. SITE ASSESSMENTS

If Lender shall ever have reason to believe that there are Hazardous Substances or Hazardous Substances Contamination affecting any of the Property, Lender (by its officers, employees and agents) at any time and from time to time, either prior to or after the occurrence of an Event of Default, may contract for the services of persons (the "Site Reviewers") to perform environmental site assessments ("Site Assessments") on the Property for the purpose of determining whether there exists on the Property any environmental condition which could result in any liability, cost or expense to the owner, occupier or operator of such Property arising under any state, federal or local law, rule or regulation relating to Hazardous Substances. The Site Assessments may be performed at any time or times, upon reasonable notice, and under reasonable conditions established by Indemnitor which do not impede the performance of the Site Assessments. The Site Reviewers are hereby authorized to enter upon the Property for such purposes. The Site Reviewers are further authorized to perform both above and below the ground testing for environmental damage or the presence of any Hazardous Substances on the Property and such other tests on the Property as may be necessary to conduct the Site Assessments in the reasonable opinion of the Site Reviewers. Indemnitor will supply to the Site Reviewers such historical and operational information regarding the Property as may be reasonably requested by the Site Reviewers to facilitate the Site Assessments and will make available for meetings with the Site Reviewers appropriate personnel having knowledge of such matters. On request, Lender shall make the results of such Site Assessments fully available to Indemnitor, which (prior to a Default) may at its election participate under reasonable procedures in the direction of such Site Assessments and the description of tasks of the Site Reviewers. The cost of performing such Site Assessments shall be paid by Indemnitor upon demand of Lender and any such obligations shall be Indebtedness secured by the Deed of Trust.

Article VII. INDEMNIFICATION

REGARDLESS OF WHETHER ANY SITE ASSESSMENTS ARE CONDUCTED HEREUNDER, INDEMNITOR SHALL JOINTLY AND SEVERALLY PROTECT, INDEMNIFY, AND HOLD HARMLESS TRUSTEE AND LENDER, THEIR RESPECTIVE PARENTS, SUBSIDIARIES, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, AND ASSIGNS FROM AND AGAINST ANY AND ALL LOSS, DAMAGE, COSTS, EXPENSE, ACTION, CAUSES OF ACTION, OR LIABILITY (INCLUDING ATTORNEYS' FEES AND COSTS) DIRECTLY OR INDIRECTLY ARISING FROM OR ATTRIBUTABLE TO THE USE, GENERATION, MANUFACTURE, PRODUCTION, STORAGE, RELEASE, THREATENED RELEASE, DISCHARGE, DISPOSAL, OR PRESENCE OF ANY HAZARDOUS SUBSTANCES ON, UNDER, ABOUT OR FROM THE PROPERTY, WHETHER KNOWN OR UNKNOWN AT THE TIME OF THE EXECUTION HEREOF AND REGARDLESS OF WHETHER OR NOT CAUSED BY, OR WITHIN THE CONTROL OF INDEMNITOR, INCLUDING WITHOUT LIMITATION (I) DAMAGES FOR PERSONAL INJURY, OR INJURY TO PROPERTY OR NATURAL RESOURCES OCCURRING UPON OR OFF THE PROPERTY, FORESEEABLE OR

UNFORESEEABLE, INCLUDING, WITHOUT LIMITATION, THE COST OF DEMOLITION AND REBUILDING OF ANY IMPROVEMENTS ON THE REAL PROPERTY, INTEREST AND PENALTIES; (II) THE COSTS OF ANY REQUIRED OR NECESSARY ENVIRONMENTAL INVESTIGATION OR MONITORING, ANY REPAIR, CLEANUP, OR DETOXIFICATION OF THE PROPERTY, AND THE PREPARATION AND IMPLEMENTATION OF ANY CLOSURE, REMEDIAL, OR OTHER REQUIRED PLANS INCLUDING FEES INCURRED FOR ATTORNEYS, CONSULTANTS, CONTRACTORS, EXPERTS AND LABORATORIES; AND (III) LIABILITY TO ANY THIRD PERSON OR ANY GOVERNMENTAL AUTHORITY TO INDEMNIFY SUCH PERSON OR GOVERNMENTAL AUTHORITY FOR COST EXPENDED IN CONNECTION WITH THE ITEMS REFERENCED IN SUBPARAGRAPH (II) IMMEDIATELY ABOVE. THIS COVENANT AND THE INDEMNITY CONTAINED HEREIN SHALL SURVIVE THE RELEASE OF THE LIEN OF THE DEED OF TRUST, OR THE EXTINGUISHMENT OF THE LIEN OF THE DEED OF TRUST BY FORECLOSURE OR ACTION IN LIEU THEREOF AND SHALL CONTINUE IN EFFECT SO LONG AS A VALID CLAIM MAY BE LAWFULLY ASSERTED AGAINST LENDER.

Article VIII.
LENDER'S RIGHT TO REMOVE HAZARDOUS MATERIALS

Lender shall have the right but not the obligation, without in any way limiting Lender's other rights and remedies under the Loan Documents, to enter onto the Property or to take such other actions as it deems necessary or advisable to clean up, remove, resolve or minimize the impact of, or otherwise deal with, any Hazardous Substances or Hazardous Substances Contamination on the Property following receipt of any notice from any person or entity asserting the existence of any Hazardous Substances or Hazardous Substances Contamination pertaining to the Property or any part thereof which, if true, could result in an order, notice, suit, imposition of a lien on the Property or other action and/or which, in Lender's reasonable opinion, could jeopardize Lender's security under the Loan Documents; provided, however, Lender shall have no right to proceed with any of the rights granted to it in this paragraph until Lender has provided Indemnitor with written notice of Lender's intent to take any of the actions described in this paragraph and Indemnitor fails to commence within thirty (30) days following Indemnitor's receipt of such notice and diligently proceeds thereafter to complete all action necessary to clean-up, remove or resolve any of the foregoing. All reasonable costs and expenses paid or incurred by Lender in the exercise of any such rights shall be included in the indebtedness secured by the Loan Documents and shall be payable by Indemnitor upon demand.

Article IX. MISCELLANEOUS

This Environmental Indemnity Agreement are joint, several and unconditional and shall not be subject to any exculpation, non-recourse or other limitation of liability provisions in the Loan Documents, and Indemnitor acknowledges that its obligations under this Environmental Indemnity Agreement are not limited by such exculpation, non-recourse or similar limitation of liability provisions in the Loan Documents (if any).

Those costs, damages, liabilities, losses, claims, expenses (including attorneys' fees and disbursements) for which Lender is indemnified hereunder shall be reimbursable to Lender after being paid by Lender, and Indemnitor shall pay such costs, expenses, damages, liabilities, losses, claims, expenses (including attorneys' fees and disbursements) to Lender within ten (10) days after notice from Lender itemizing the amounts paid to the date of such notice. In addition to any remedy available for failure to periodically pay such amounts, such amounts shall thereafter bear interest at the Default Rate (as defined in the Note) of interest specified in the Loan Documents. Payment by Lender shall not be a condition precedent to the obligations of Indemnitor under this Environmental Indemnity Agreement.

Any notice, communication, request or other documents or demand permitted or required hereunder shall be in writing and given in accordance with the provisions of the Loan Documents.

THIS ENVIRONMENTAL INDEMNITY AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN TEXAS PROVIDED, HOWEVER, THAT EITHER FEDERAL LAW OR, TO THE EXTENT FEDERAL LAW DOES NOT APPLY, THE LAW OF THE SITUS OF THE PROPERTY SHALL BE APPLIED TO DETERMINE THE COMPLIANCE OF THE PROPERTY WITH ENVIRONMENTAL LAWS. PROVIDED FURTHER, THAT THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED SHALL APPLY TO THE CREATION, PERFECTION, AND PRIORITY OF LIENS AND SECURITY INTERESTS AND TO ANY FORECLOSURE, TRUSTEE'S SALE, APPOINTMENT OF RECEIVER OR OTHER REMEDY WITH RESPECT TO THE PROPERTY. ANY PROCEDURES PROVIDED HEREIN FOR SUCH REMEDIES SHALL BE MODIFIED BY AND REPLACED WITH, WHERE INCONSISTENT WITH OR REQUIRED BY, ANY PROCEDURES OR REQUIREMENTS OF THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED.

ANY LEGAL ACTION TO INTERPRET OR ENFORCE ANY TERM OR CONDITION OF THIS ENVIRONMENTAL INDEMNITY AGREEMENT SHALL BE BROUGHT AND MAINTAINED ONLY IN THE TEXAS STATE COURTS SITUATED IN THE CITY OF HOUSTON AND COUNTY OF HARRIS, TEXAS. BY EXECUTING THIS ENVIRONMENTAL INDEMNITY AGREEMENT, INDEMNITOR EXPRESSLY (A) CONSENTS AND SUBMITS TO THE PERSONAL JURISDICTION OF SUCH TEXAS AND FEDERAL COURTS, (B) WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY CLAIM OR DEFENSE THAT HARRIS COUNTY, TEXAS IS NOT A PROPER OR CONVENIENT VENUE OR FORUM, AND (C) CONSENTS TO THE SERVICE OF PROCESS IN ANY MANNER AUTHORIZED BY TEXAS LAW. ANY FINAL JUDGMENT ENTERED IN AN ACTION BROUGHT HEREUNDER SHALL BE CONCLUSIVE AND BINDING UPON THE PARTIES HERETO.

Indemnitor waives any acceptance of this Environmental Indemnity Agreement by Lender.

The failure of any party to enforce any right or remedy hereunder, or to promptly enforce any such right or remedy, shall not constitute a waiver thereof nor give rise to any estoppel against such party, nor excuse any of the parties from their obligations hereunder. Any waiver of such right or remedy must be in writing and signed by the party to be bound. This Environmental Indemnity Agreement is subject to enforcement at law and/or equity, including actions for damages and/or specific performance.

Time is of the essence in the performance of the terms, conditions and covenants herein contained.

This Environmental Indemnity Agreement shall be deemed to be continuing in nature and shall remain in full force and effect and shall survive any exercise of any remedy by Lender under the Loan Documents, including foreclosure of the liens of the Loan Documents (or deed in lieu thereof), even if, as part of such foreclosure or deed in lieu of foreclosure, the Loan amount is satisfied in full.

All terms not defined in this Environmental Indemnity Agreement shall have the same meanings as given them in the Loan Documents.

[SIGNATURE PAGE FOLLOWS]

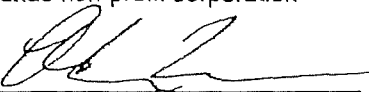
Signature Page

Environmental Indemnity Agreement

EXECUTED to be effective as of the date first set forth above.

INDEMNITOR:

**FIFTH WARD COMMUNITY
REDEVELOPMENT CORPORATION,**
a Texas non-profit corporation

By: 

Charles Turner
Its: Chairman

ST. ELIZABETH PLACE LP,
a Texas limited partnership

By: **St. Elizabeth Place GP LLC,**
a Texas limited liability company,
its general partner

By: **St. Elizabeth 2020 Investments, LLC, a**
Texas limited liability company, its
manager

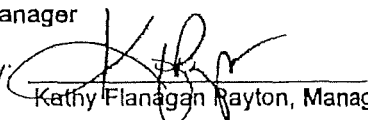
By: 
Kathy Flanagan Rayton, Manager

EXHIBIT A
LEGAL DESCRIPTION

TRACT 1:

A TRACT OR PARCEL OF LAND CONTAINING 0.3884 ACRES, (16,917 SQUARE FEET), BEING OUT OF AND A PART OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS; (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

COMMENCING at a ½ " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29" Street), with the west right-of-way line Yates Street, (60 Foot Right-of-Way, Formerly known as House Street), same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner of that certain called 2.2455 acre tract of land being the remainder of said 2.634 Acre Tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said 2.2455 Acre Tract, a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southeast corner of said 2.2455 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said Block 121, a distance of 67.67 feet to a capped, (Landtech), iron rod found for the intersection of the west right-of-way line of Yates Street with the north right-of-way line of Chisum Street, (50 Foot Right-of-Way, Formerly known as Division Avenue), same being the southeast corner of said Block 121, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, along the north right-of-way line of Chisum Street, same being the south line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to a capped, (Landtech), iron rod found for the intersection of the east right-of-way line of St. Elizabeth Street with the north right-of-way line of Chisum Street, same being the southwest corner of said Block 121, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 01" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 67.67 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southwest corner of said 2.2455 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89 degrees, 56' 01" E, across said Block 121, along the common line of said 2.2455 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 0.3884 acres or 16,917 square feet of land, more or less.

TRACT 2:

A TRACT OR PARCEL OF LAND CONTAINING 2.2455 ACRES, (97,813 SQUARE FEET), BEING LOTS 1 THROUGH 10, INCLUSIVE, BLOCK 117, AUGUSTA ADDITION, A SUBDIVISION IN HARRIS COUNTY, TEXAS ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 56, PAGE 139, OF THE HARRIS COUNTY DEED RECORDS, ALONG WITH AND IN ADDITION TO A

PORTION OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, ALONG WITH AND IN ADDITION TO THAT CERTAIN TRACT OF LAND FORMERLY KNOWN AS FARMER AVENUE LOCATED BETWEEN SAID BLOCKS 117 AND 121 AND BEING BOUNDED BY THE EAST LINE OF ST. ELIZABETH STREET (30.00 FOOT RIGHT-OF-WAY, ALSO KNOWN AS DAN STREET) AND THE WEST LINE OF YATES STREET, (60.00 FOOT RIGHT-OF-WAY, FORMERLY KNOWN AS HOUSE STREET), AS DESCRIBED BY INSTRUMENT RECORDED IN VOLUME 1396, PAGE 161, OF THE HARRIS COUNTY DEED RECORDS, SAID 2.2455 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

BEGINNING at a 1/2 " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 foot Right-of-Way, Formerly known as 29th Street), with the west right-of-way line Yates Street, same being the northeast corner of said Block 117, same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00 sec W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, pass at a distance of 200.00 feet a calculated point for the southeast corner of said Block 117, same being the northeast corner of said Farmer Avenue Tract, pass at a distance of 260.00 feet a calculated point for the southeast corner of said Farmer Avenue Tract, same being the northeast corner of said Block 121, and continuing for a total distance of 391.25 feet to a capped, (Precision Surveyors); iron rod set on the common line of said Block 121 for the northeast corner of that certain called 0.3884 acre tract of land out of said 2.634 Acre Tract, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, across said Block 121, along the common line of said 0.3884 Acre Tract, a distance of 250.00 feet to a capped, (Precision Surveyors), iron rod set on the east right-of-way line of St. Elizabeth Street, same being the common line of said Block 121, for the northwest corner of said 0.3884 Acre Tract, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 00" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, pass at a distance of 131.25 feet a calculated point for the northwest corner of said Block 121, same being the southwest corner of said Farmer Avenue Tract, pass at a distance of 191.25 feet a calculated point for the northwest corner of said Farmer Avenue Tract, same being the southwest corner of said Block 117, and continuing for a total distance of 391.25 feet to a capped, (Precision Surveyors), iron found for the intersection of the east right-of-way line of St. Elizabeth Street with the south right-of-way line of Lyons Avenue, for the northwest corner of said Block 117, same being the northwest corner of said 2.634 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89° 56' 01" E, along the south right-of-way line of Lyons Avenue, same being the common line of said Block 117, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 2.2455 acres or 97,813 square feet of land, more or less

ATTACHMENT O
TO LOAN AGREEMENT

FORM OF THE PERFORMANCE BOND, MAINTENANCE BOND, AND PAYMENT BOND

TEXAS STATUTORY PAYMENT BOND
(Property Code - Private Work)

[NOTE: Penalty of this bond must be 100% of Contract amount. This bond and copy or memorandum of the construction contract must be filed with County Clerk of County where owner's property is located.]

KNOW ALL MEN BY THESE PRESENTS:

That, Humphries Construction Corporation
North American Specialty Insurance Company, the original contractor (hereinafter called the "Principal"), as Principal, and
North American Specialty Insurance Company, a corporation organized and existing under the laws of the State of NH with its principal office in the City of _____ and duly authorized and admitted to do business in, and licensed to execute surety bonds by, the State of Texas (hereinafter called the "Surety"), as Surety, are held and firmly bound unto Fifth Ward Community Redevelopment Corporation (hereinafter called the "Owner"), as Owner, in the amount of *See Below Dollars (\$ *See Below) for the payment whereof the said Principal and Surety bind themselves and their heirs, administrators, executors, successors and assigns, jointly and severally, firmly by these presents. *Nineteen Million One Hundred Thirty Seven Thousand Six Hundred Seventy and 00/100 Dollars (\$19,137,670.00)

WHEREAS, the Principal has entered into a certain written contract with the Owner, dated the 19th day of July, 2021, to St. Elizabeth Place, to be located on the land described in Exhibit "A" attached hereto (hereinafter called the "Contract"), which Contract is hereby referred to and made a part hereof as fully and to the same extent as if copied at length hereto, and a copy of said Contract (but without the plans, specifications and general conditions of said Contract) or a memorandum of the Contract is attached hereto as Exhibit "B".

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, That if the said Principal shall well and faithfully make prompt payment to each and every claimant for labor, subcontracts, materials, and specially fabricated materials performed or furnished under or by virtue of said contract and duly authorized normal and usual extras thereto (not to exceed 15% of said contract price), then this obligation shall be void; otherwise to remain in full force and effect; labor, subcontracts, materials and specially fabricated materials shall be construed in accordance with Sections 53.001, *et seq.* of the Texas Property Code, as amended.

PROVIDED, HOWEVER, that the Owner having required the said Principal to furnish this bond in order to comply with the provisions of Sections 53.201 *et seq.* of the Texas Property Code, as currently amended, all rights and remedies under this bond shall be determined in accordance with the provisions, conditions, and limitations of said statute to the same extent as if it were copied at length herein.

Any notices of claims under this Bond should be sent to:

North American Specialty Insurance Company Insurance Company
[Mailing & Physical Address]
1200 Main Street, Suite 800, Kansas City, MO 64105
Telephone No. for Claims: (800) - 338 - 0753

STATEMENT: The address of the Surety to which any notices of claim should be sent may be obtained from the Texas Department of Insurance by calling the toll-free telephone number maintained by the Texas Department of Insurance as follows:

Texas Department of Insurance
Toll free Telephone Number: 800-252-3439

RP-2021-529547

[The undersigned Surety hereby certifies that it currently holds a certificate of authority from the United States Secretary of the Treasury to qualify as a surety on obligations permitted or required under federal law.]

IN WITNESS WHEREOF, the said Principal and Surety have signed and sealed this instrument, this 31st day of August, 2021.

PRINCIPAL:

Humphries Construction Corporation
a corporation

By: [Signature] (Seal)
Name: KENNETH M HUMPHRIES
Title: PRESIDENT

SURETY:

North American Specialty Insurance Company
a corporation

By: [Signature]
Name: David T. Milette
Title: Attorney-In-Fact

[Attach Power of Attorney for Surety's Attorney-in-Fact.]

The foregoing bond is hereby approved.

OWNER:

Fifth Ward Community Redevelopment Corporation
a corporation

By: [Signature]
Name: Charles E. Turner
Title: Chairman

RP-2021-529547

SWISS RE CORPORATE SOLUTIONS

NORTH AMERICAN SPECIALTY INSURANCE COMPANY
WASHINGTON INTERNATIONAL INSURANCE COMPANY
WESTPORT INSURANCE CORPORATION

GENERAL POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, THAT North American Specialty Insurance Company, a corporation duly organized and existing under laws of the State of New Hampshire, and having its principal office in the City of Kansas City, Missouri and Washington International Insurance Company a corporation organized and existing under the laws of the State of New Hampshire and having its principal office in the City of Kansas City, Missouri, and Westport Insurance Corporation, organized under the laws of the State of Missouri, and having its principal office in the City of Kansas City, Missouri, each does hereby make constitute and appoint:

DAVID T. MICLETTTE, BARRY K. McCORD, ROBERT C. DAVIS, ASHLEY BRITT, ALYSON CARMICHAEL, LACEY MAYFIELD, TABITHA DORMAN
NIKOLE JEANNETTE, HEATHER NOLES, ROBERT M. OVERBEY, JR., AND LAUREN O. MOUDY, JOINTLY OR SEVERALLY

Its true and lawful Attorney(s)-in-Fact, to make, execute, seal and deliver, for and on its behalf and as its act and deed, bonds or other writings obligatory in the nature of a bond on behalf of each of said Companies, as surety, on contracts of suretyship as are or may be required or permitted by law, regulation, contract or otherwise, provided that no bond or undertaking or contract or suretyship executed under this authority shall exceed the amount of: ONE HUNDRED TWENTY FIVE MILLION (\$125,000,000.00) DOLLARS

This Power of Attorney is granted and is signed by facsimile under and by the authority of the following Resolutions adopted by the Boards of Directors of North American Specialty Insurance Company and Washington International Insurance Company at meetings duly called and held on March 24, 2000 and Westport Insurance Corporation by written consent of its Executive Committee dated July 18, 2011.

"RESOLVED, that any two of the President, any Senior Vice President, any Vice President, any Assistant Vice President, the Secretary or any Assistant Secretary be, and each or any of them hereby is authorized to execute a Power of Attorney qualifying the attorney named in the given Power of Attorney to execute on behalf of the Company bonds, undertakings and all contracts of surety, and that each or any of them hereby is authorized to attest to the execution of any such Power of Attorney and to attach therein the seal of the Company; and it is

FURTHER RESOLVED, that the signature of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be binding upon the Company when so affixed and in the future with regard to any bond, undertaking or contract of surety to which it is attached."



By [Signature]
Steven P. Anderson, Senior Vice President of Washington International Insurance Company
& Senior Vice President of North American Specialty Insurance Company
& Senior Vice President of Westport Insurance Corporation

By [Signature]
Michael A. Ito, Senior Vice President of Washington International Insurance Company
& Senior Vice President of North American Specialty Insurance Company
& Senior Vice President of Westport Insurance Corporation

IN WITNESS WHEREOF, North American Specialty Insurance Company, Washington International Insurance Company and Westport Insurance Corporation have caused their official seals to be hereunto affixed, and these presents to be signed by their authorized officers this 2ND day of SEPTEMBER, 20 20.

North American Specialty Insurance Company
Washington International Insurance Company
Westport Insurance Corporation

State of Illinois
County of Cook

ss:

On this 2ND day of SEPTEMBER, 20 20, before me, a Notary Public personally appeared Steven P. Anderson, Senior Vice President of

Washington International Insurance Company and Senior Vice President of North American Specialty Insurance Company and Senior Vice President of Westport Insurance Corporation and Michael A. Ito Senior Vice President of Washington International Insurance Company and Senior Vice President of North American Specialty Insurance Company and Senior Vice President of Westport Insurance Corporation, personally known to me, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as officers of and acknowledged said instrument to be the voluntary act and deed of their respective companies.



[Signature]
M. Konny, Notary Public

I, Jeffrey Goldberg, the duly elected Vice President and Assistant Secretary of North American Specialty Insurance Company, Washington International Insurance Company and Westport Insurance Corporation do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney given by said North American Specialty Insurance Company, Washington International Insurance Company and Westport Insurance Corporation which is still in full force and effect.

IN WITNESS WHEREOF, I have set my hand and affixed the seals of the Companies this 31st day of August, 2011

Jeffrey Goldberg, Vice President & Assistant Secretary of Washington International Insurance Company & North American Specialty Insurance Company & Vice President & Assistant Secretary of Westport Insurance Corporation

RP-2021-529547

GF 3070921.01856



Swiss Re
Corporate Solutions

Bond # 2320925

PERFORMANCE BOND

CONTRACTOR:

(Name, legal status and address)

Humphries Construction Corporation
8323 Westglen Drive, Houston, TX 77063-6309

OWNER:

(Name, legal status and address)

Fifth Ward Community Redevelopment Corporation
4300 Lyons Avenue, Houston, TX 77020

SURETY:

North American Specialty Insurance Company
1200 Main Street, Suite 800, Kansas City, MO 64105

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

This document combines two separate bonds, a Performance Bond and a Payment Bond, into one form. This is not a single combined Performance and Payment Bond.

CONSTRUCTION CONTRACT

Date: July 19, 2021

Amount: Nineteen Million One Hundred Thirty Seven Thousand Six Hundred Seventy and 00/100 Dollars (\$19,137,670.00)

Description: St. Elizabeth Place
(Name and location) 4514 Lyons Avenue
Houston, TX 77020

BOND

Date: August 31, 2021

(Not earlier than Construction Contract Date)

Amount: Nineteen Million One Hundred Thirty Seven Thousand Six Hundred Seventy and 00/100 Dollars (\$19,137,670.00)

Modifications to this Bond: None See Section 16

CONTRACTOR AS PRINCIPAL *(Corporate Seal)*
Company: Humphries Construction Corporation

Signature:
Name: **KENNETH N. HUMPHRIES**
and Title: **PRESIDENT**

SURETY *(Corporate Seal)*
Company: North American Specialty Insurance

Signature:
Name: **David T. Miclette**
and Title: **Attorney-in-Fact**



(Any additional signatures appear on the last page of this Performance Bond.)

(FOR INFORMATION ONLY – Name, address and telephone)

AGENT or BROKER:

Bowen, Miclette & Britt Insurance Agency, LLC.
1111 North Loop West, Suite 400
Houston, TX 77008
713-880-7100

OWNER'S REPRESENTATIVE:

(Architect, Engineer or other party;)
Van Meter Williams Pollack LLP
1738 Wynkoop Street, Suite 203
Denver, CO 80202

RP-2021-529547

RP-2021-529547

1. The Contractor and Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to the Owner for the performance of the Construction Contract, which is incorporated herein by reference.
2. If the Contractor performs the Construction Contract, the Surety and the Contractor shall have no obligation under this bond, except when applicable to participate in a conference as provided in Section 3.
3. If there is no Owner Default under the Construction Contract, the Surety's obligation under this Bond shall arise after
 - .1 the Owner first provides notice to the Contractor and the Surety that the Owner is considering declaring a Contractor Default. Such notice shall indicate whether the Owner is requesting a conference among the Owner, Contractor and Surety to discuss the Contractor's performance. If the Owner does not request a conference, the Surety may, within five (5) business days after receipt of the Owner's notice, request such a conference. If the Surety timely requests a conference, the Owner shall attend. Unless the Owner agrees otherwise, any conference requested under this Section 3.1 shall be held within ten (10) business days of the Surety's receipt of the Owner's notice. If the Owner, the Contractor and the Surety agree, the Contractor shall be allowed a reasonable time to perform the Construction Contract, but such an agreement shall not waive the Owner's right, if any, subsequently to declare a Contractor Default;
 - .2 the Owner declares a Contractor Default, terminates the Construction Contract and notifies the Surety; and
 - .3 the Owner has agreed to pay the Balance of the Contract Price in accordance with the terms of the Construction Contract to the Surety or to a contractor selected to perform the Construction Contract.
4. Failure on the part of the Owner to comply with the notice requirement in Section 3.1 shall not constitute a failure to comply with a condition precedent to the Surety's obligations, or release the Surety from its obligations, except to the extent the Surety demonstrates actual prejudice.
5. When the Owner has satisfied the conditions of Section 3, the Surety shall promptly and at the Surety's expense take one of the following actions:
 - 5.1 Arrange for the Contractor, with the consent of the Owner, to perform and complete the Construction Contract;
 - 5.2 Undertake to perform and complete the Construction Contract itself, through its agents or independent contractors;
 - 5.3 Obtain bids or negotiated proposals from qualified contractors acceptable to the Owner for a contract for performance and completion of the Construction Contract, arrange for a contract to be prepared for execution by the Owner and a contractor selected with the Owner's concurrence, to be secured with performance and payment bonds executed by a qualified surety equivalent to the bonds issued on the Construction Contract, and pay to the Owner the amount of damages as described in Section 7 in excess of the Balance of the Contract Price incurred by the Owner as a result of the Contractor Default; or
 - 5.4 Waive its right to perform and complete, arrange for completion, or obtain a new contractor and with reasonable promptness under the circumstances:
 - .1 After investigation, determine the amount for which it may be liable to the Owner and, as soon as practicable after the amount is determined, make payment to the Owner; or
 - .2 Deny liability in whole or in part and notify the Owner, citing the reasons for denial.
6. If the Surety does not proceed as provided in Section 5 with reasonable promptness, the Surety shall be deemed to be in default on this Bond seven days after receipt of an additional written notice from the Owner to the Surety demanding that the Surety perform its obligations under this Bond, and the Owner shall be entitled to enforce any remedy available to the Owner. If the Surety proceeds as provided in Section 5.4, and the Owner refuses the payment or the Surety has denied liability, in whole or in part, without further notice the Owner shall be entitled to enforce any remedy available to the Owner.

7. If the Surety elects to act under Section 5.1, 5.2 or 5.3, then the responsibilities of the Surety to the Owner shall not be greater than those of the Contractor under the Construction Contract, and the responsibilities of the Owner to the Surety shall not be greater than those of the Owner under the Construction Contract. Subject to the commitment by the Owner to pay the Balance of the Contract Price, the Surety is obligated, without duplication, for
- .1 the responsibilities of the Contractor for correction of defective work and completion of the Construction Contract;
 - .2 additional legal, design professional and delay costs resulting from the Contractor's Default, and resulting from the actions or failure to act of the Surety under Section 5; and
 - .3 liquidated damages, or if no liquidated damages are specified in the Construction Contract, actual damages caused by delayed performance or non-performance of the Contractor.
8. If the Surety elects to act under Section 5.1, 5.3 or 5.4, the Surety's liability is limited to the amount of this Bond.
9. The Surety shall not be liable to the Owner or others for obligations of the Contractor that are unrelated to the Construction Contract, and the Balance of the Contract Price shall not be reduced or set off on account of any such unrelated obligations. No right of action shall accrue on this Bond to any person or entity other than the Owner or its heirs, executors, administrators, successors and assigns.
10. The Surety hereby waives notice of any change, including changes of time, to the Construction Contract or to related subcontracts, purchase orders and other obligations.
11. Any proceeding, legal or equitable, under this Bond may be instituted in any court of competent jurisdiction in the location in which the work or part of the work is located and shall be instituted within two years after a declaration of Contractor Default or within two years after the Contractor ceased working or within two years after the Surety refuses or fails to perform its obligations under this Bond, whichever occurs first. If the provisions of this Paragraph are void or prohibited by law, the minimum period of limitation available to sureties as a defense in the jurisdiction of the suit shall be applicable.
12. Notice to the Surety, the Owner or the Contractor shall be mailed or delivered to the address shown on the page on which their signature appears.
13. When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. When so furnished, the intent is that this Bond shall be construed as a statutory bond and not as a common law bond.
14. **Definitions**
- 14.1 **Balance of the Contract Price.** The total amount payable by the Owner to the Contractor under the Construction Contract after all proper adjustments have been made, including allowance to the Contractor of any amounts received or to be received by the Owner in settlement of insurance or other claims for damages to which the Contractor is entitled, reduced by all valid and proper payments made to or on behalf of the Contractor under the Construction Contract.
- 14.2 **Construction Contract.** The agreement between the Owner and Contractor identified on the cover page, including all Contract Documents and changes made to the agreement and the Contract Documents.
- 14.3 **Contractor Default.** Failure of the Contractor, which has not been remedied or waived, to perform or otherwise to comply with a material term of the Construction Contract.
- 14.4 **Owner Default.** Failure of the Owner, which has not been remedied or waived, to pay the Contractor as required under the Construction Contract or to perform and complete or comply with the other material terms of the Construction Contract.
- 14.5 **Contract Documents.** All the documents that comprise the agreement between the Owner and Contractor.
15. If this Bond is issued for an agreement between a Contractor and subcontractor, the term Contractor in this Bond shall be deemed to be Subcontractor and the term Owner shall be deemed to be Contractor.

16. Modifications to this bond are as follows:

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(Space is provided below for additional signatures of added parties, other than those appearing on the cover page.)

CONTRACTOR AS PRINCIPAL *(Corporate Seal)*
Company:

SURETY
Company:

(Corporate Seal)

Signature: _____
Name and Title:
Address

Signature: _____
Name and Title:
Address

MAINTENANCE BOND FORM SAMPLE

Bond No. 2320925

KNOW ALL MEN BY THESE PRESENTS:

That Humphries Construction Corporation, 8323 Westglon Drive, Houston, TX 77063-6309
(Contractor name, complete address including ZIP Code and legal title)

as Principal, hereinafter called Contractor, and North American Specialty Insurance Company, 1200 Main St, Suite 800, Kansas City, MO 64105 - 2478
(Surety name and complete address including ZIP Code)

_____ a corporation organized and existing under
the laws of the State of NH, with its principal office in the City of Kansas City

as Surety, hereinafter called Surety, are held firmly bound unto Fifth Ward Community Redevelopment Corporation
(Owner name, complete address including ZIP Code and legal title)

4300 Lyons Avenue, Houston, TX 77020

as Oblige, hereinafter called Owner, in the amount of Nineteen Million One Hundred Thirty Seven Thousand Six Hundred Seventy and 00/100 Dollars
Dollars (\$19,137,670.00), for the payment whereof Contractor and Surety bind themselves, their heirs, executors,

administrators, successors, and assigns, jointly and severally, firmly by these
presents. WHEREAS, Contractor has by written agreement dated July 19, 2021

_____ entered into a contract with Owner for St. Elizabeth Place

in accordance with drawings and specifications prepared by Van Meter Williams Pollack LLP

which contract is by reference made a part hereof, and is hereinafter referred to as the CONTRACT.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION is such that if Contractor shall, for a period of one (1) years from and after the date of completion and acceptance of same by Owner, replace any and all defects arising in the Work, whether resulting from defective materials or defective workmanship, after such period this obligation shall be null and void; otherwise it will remain in full force and effect.

The Surety hereby waives notice of any alteration or extension of time made by the Owner.

Whenever Contractor shall be, and declared by Owner to be in default under the CONTRACT, the Owner having performed Owner's obligations thereunder, the Surety may promptly remedy the default, or shall promptly:

1. Complete the CONTRACT in accordance with its terms and conditions, and

2. Shall save the Owner harmless from any claims, judgments, or liens arising from the Surety's failure to either remedy the default or to complete the CONTRACT in accordance with its terms and conditions in a timely manner.

No right of action shall accrue on this bond to or for the use of any person or corporation other than the Owner named herein or the successors of Owner.

Signed and sealed this * 31st day of August 20 21

Principal Corporate Seal

Humphries Construction Corporation
(Contractor Name)

BY: [Signature] (Seal)
(Must be President, Vice President, Owner, Partner, Manager, Member, or other duly Authorized Agent)

PRESIDENT
(Title)

Surety Corporate Seal

North American Specialty Insurance Company
(Surety)

BY: [Signature] (Seal)
David T. Miclette, Attorney-In-Fact

NOTE: Please attach Power of Attorney.

NOTE: Applicable sections of attached acknowledgments must be completed and returned as part of the bond.

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Power of Attorney must be certified on this date or later.

APPROVED AG 09-12-16

RP-2021-529547

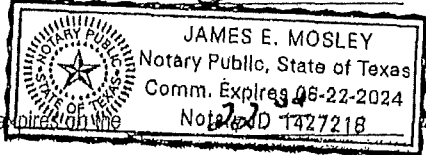
ACKNOWLEDGMENTS

Acknowledgment by Principal if individual or Partnership

1. STATE OF _____
2. County of _____ to-wit:
3. I, _____ a Notary Public in and for the
4. county and state aforesaid, do hereby certify that _____
whose name is signed to the foregoing writing, has this day acknowledged the same before me in my said county.
5. Given under my hand this _____ day of _____ 20 _____
6. Notary Seal 7. _____
(Notary Public)
8. My commission expires on the _____ day of _____ 20 _____

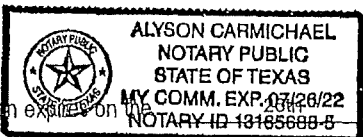
Acknowledgment by Principal if Corporation

9. STATE OF TEXAS
10. County of HARRIS to-wit:
11. I, JAMES E. MOSLEY, a Notary Public in and for the
12. county and state aforesaid, do hereby certify that KENNETH M. HUMPHRIES
13. who as, PRESIDENT signed the foregoing writing for
14. a corporation, has this day, in my said county, before me, acknowledged the said writing to be the act and deed of the said corporation.
15. Given under my hand this 24 day of SEPTEMBER 20 21
16. Notary Seal 17. James E. Mosley
(Notary Public)
18. My commission expires on the 22 day of August 20 24



Acknowledgment by Surety

19. STATE OF Texas
20. County of Harris to-wit:
21. I, Alyson Carmichael, a Notary Public in and for the
22. county and state aforesaid, do hereby certify that David T. Miclette
23. who as, Attorney-in-Fact signed the foregoing writing for
24. North American Specialty Insurance Company a corporation,
has this day, in my said county, before me, acknowledged the said writing to be the act and deed of the said corporation.
25. Given under my hand this 31st day of August 20 21
26. Notary Seal 27. Alyson Carmichael
(Notary Public)
28. My commission expires on the 31st day of June 20 22



Sufficiency in Form and Manner
of Execution Approved

Attorney General

This _____ day of _____ 20 _____

By: _____

(Deputy Attorney General)

RP-2021-529547

ACKNOWLEDGMENT PREPARATION INSTRUCTIONS

1. IF PRINCIPAL IS AN INDIVIDUAL OR PARTNERSHIP, HAVE NOTARY COMPLETE LINES (1) THROUGH (8).
2. IF PRINCIPAL IS A CORPORATION, HAVE NOTARY COMPLETE LINES (9) through (18).
3. SURETY MUST HAVE NOTARY COMPLETE LINES (19) through (28).
4. Notaries must:

ACKNOWLEDGMENT BY PRINCIPAL, IF INDIVIDUAL OR PARTNERSHIP

1. Enter name of State.
2. Enter name of County.
3. Enter name of Notary Public witnessing transactions.
4. Enter name of principal covered by bond if individual or partnership. (Must be Owner or General Partner of Sole Proprietorship or Partnership)
5. Notary enters date bond was witnessed. Must be the same as or later than signature date.
6. Affix Notary Seal.
7. Notary affixes his/her signature.
8. Notary enters commission expiration date.

ACKNOWLEDGMENT BY PRINCIPAL IF CORPORATION

9. Enter name of State.
10. Enter name of County.
11. Enter name of Notary Public witnessing transactions.
12. Enter name of Corporate Officer signing bond.
13. Enter Title of Corporate Officer signing bond. (Must be President or Vice President of Corporation; Manager or Managing Member of Limited Liability Company)
14. Enter name of Company or Corporation.
15. Notary enters date bond was witnessed. Must be the same as or later than signature date.
16. Affix notary Seal.
17. Notary affixes his/her signature.
18. Notary enters commission expiration date.

ACKNOWLEDGMENT BY SURETY

19. Enter name of State.
20. Enter name of County.
21. Enter name of Notary Public witnessing transactions.
22. Enter name of person having power of attorney to bind Surety Company.
23. Enter Title of person binding Surety Company.
24. Enter name of Insurance Company (Surety).
25. Notary enters date bond was witnessed. Must be the same as or later than signature date.
26. Affix Notary Seal.
27. Notary affixes his/her signature.
28. Notary enters commission expiration date.

POWER OF ATTORNEY INSTRUCTIONS

Power of attorney for surety must be attached showing that it was in full force and effect on signature date indicated on the face of the bond. A corporate seal must also be affixed to the Power of Attorney form.

- a. Name of attorney in fact must be listed.
- b. Power of Attorney may not exceed imposed limitations.
- c. Certificate date, the signature date of bond must be entered.
- d. Signature of authorizing official must be affixed. (Signature may be facsimile).
- e. Seal must be affixed.

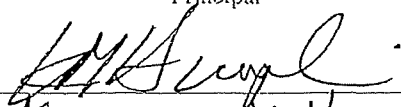
MULTIPLE OBLIGEE RIDER

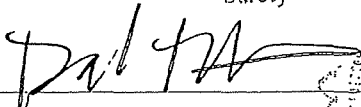
To be attached to and form a part of Bond number 2320925 issued by the
Bond Number
North American Specialty Insurance Company as Surety, on behalf of Humphries Construction Corporation,
as Principal, in favor of Fifth Ward Community Redevelopment Corporation, as Obligee in the amount of
Nineteen Million One Hundred Thlty Seven Thousand Six Hundred Seventy and 00/100 Dollars Dollars (\$19,137,670.00) and
dated July 19, 2021

In consideration of the sum of One Dollar (\$1.00), and other good and valuable consideration receipt of which is hereby
acknowledged, the Undersigned hereby agree as follows:

1. City of Houston – Housing and Community Development Department, Foss Mid-Cap Historic Fund III, LLC, Foss Texas Fund, LLC, Foss Bridge
Credit, LLC and Self-Help Credit Union ISACA ATIMA
are hereby added to said Bond as additional Obligees.
2. The Surety shall not be liable under this Bond to the Obligee(s), unless the Obligee(s), or any of them, shall make payments to
the Principal (or in the case the Surety arranges for completion of the contract, to the Surety) strictly in accordance with the
terms of said contract as to payments, and shall perform all other obligations to be performed under said contract at the time
and in the manner therein set forth.
3. The aggregate liability of Surety under the Bond to the Obligee(s), as their interests may appear, is limited to the penal sum of
the Bond. The Surety, upon making payment hereunder, shall be subrogated to and shall be entitled to, an assignment of all
rights of the payee with respect to the particular obligation discharged by the payment, either against Principal or against any
other party liable to the payee on the discharged obligation.
4. The Surety may, at its sole option, make any payments due under the Bond by joint check payable to the Obligees.

Signed and Dated this 31st day of August, 2021

Humphries Construction Corporation
Principal
By: 
BERNETA M HUMPHRIES (Name)
PRESIDENT (Title)

North American Specialty Insurance Company
Surety
By: 
David T. Mclette (Name)
Attorney-In-Fact (Title)

RP-2021-529547

AFTER RECORDING, RETURN TO:

Catherine L. York
American Title Company
440 Louisiana, Suite 1880
Houston, TX 77002

**MEMORANDUM OF CONSTRUCTION CONTRACT,
NO COMMENCEMENT, AND PAYMENT BOND**

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This Memorandum of Construction Contract, No Commencement, and Payment Bond (this "Memorandum") is executed to be effective as of August 30, 2021, by (a) **FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION**, a Texas nonprofit corporation ("Contractor"), whose address is 4514 Lyons Avenue, Houston, Texas 77020; (b) **ST. ELIZABETH PLACE LP**, a Texas limited partnership ("Owner"), whose address is 4514 Lyons Avenue, Houston, Texas 77020; and (c) **HUMPHRIES CONSTRUCTION CORPORATION**, a Tennessee corporation ("Subcontractor"), whose address is 8323 Westglenn Drive, Houston, Texas 77063. Owner, Subcontractor, and Contractor are collectively referred to as the "Parties."

1. Contractor and Owner executed that certain AIA Document A101 – 2017 Standard Form of Agreement Between Owner and Contractor dated as of July 16, 2021 (the "Contract"), in connection with the project known as the renovation of the St. Elizabeth Hospital as an 85-unit multifamily residential project to be known as "St. Elizabeth Place" (the "Project") located on a tract of land more particularly described on Exhibit A, attached hereto and made a part hereof (the "Land").

2. Contractor and Subcontractor executed that certain AIA Document A401 - 2017 Standard Form of Agreement Between Contractor and Subcontractor dated as of July 19, 2021, as amended by that certain Amendment to Construction Subcontract dated as of July 19, 2021 (collectively, the "Subcontract").

3. The Contract and Subcontract are available for inspection by interested persons at the offices of Owner, which is currently 4514 Lyons Avenue, Houston, Texas 77020.

4. Owner and Contractor hereby certify that no construction has begun on, nor have any materials been delivered to, the Land.

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5. The parties hereto desire to enter into this Memorandum for the purpose of meeting the requirements Section 53.201, *et seq.*, of the Texas Property Code.

6. Pursuant to the Subcontract, Subcontractor will (a) perform all of the covenants and obligations of Contractor under, and comply with all of the conditions imposed upon Contractor in, the Contract in the manner, to the standards, and within the time limits set forth in the Contract, (b) owe all of the same duties to Contractor and Owner as Contractor owes to Owner under the Contract, and (c) have all of the same rights and remedies with respect to Contractor as Contractor has with respect to Owner in the Contract.

7. In the event of any conflict or any inconsistency between the terms and provisions of the Contract and the terms and provisions of this Memorandum, the terms and provisions of the Contract shall control. Nothing contained in this Memorandum shall alter, modify, or amend the provisions of the Contract, which remains in full force and effect according to all of the terms and provisions thereof.

[Signatures begin on the following page]

Executed in multiple counterparts to be effective as of the date first set forth above.

OWNER: ST. ELIZABETH PLACE LP, a Texas limited partnership

By: St. Elizabeth Place GP, LLC
Its: General Partner

By: St. Elizabeth 2020 Investments, LLC
Its: Manager

By: [Signature]
Name: Kathy Flanagan Payton
Its: Manager

By: Cloudbreak Development LLC
Its: Manager

By: [Signature]
Name: Thomas R. Cantwell, Jr.
Its: Manager

STATE OF TEXAS

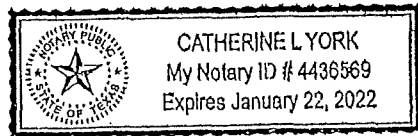
COUNTY OF HARRIS

I HEREBY CERTIFY that on or about this 30th day of August, 2021, before me, a notary public, personally appeared KATHY FLANAGAN PAYTON, known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing, who acknowledged that she is the manager of St. Elizabeth 2020 Investments, LLC, a Texas limited liability company, and the manager of St. Elizabeth Place GP, LLC, a Texas limited liability company and general partner of ST. ELIZABETH PLACE LP, a Texas limited partnership, that she has been duly authorized to execute, and has executed, such instrument on its behalf for the purposes therein set forth; and that the same is its act and deed.

IN WITNESS WHEREOF, I have set my hand and Notarial Seal, the day and year first above written.

[Signature]
Notary Public – State of Texas

My commission expires 1/22/2022



RP-2021-529547

A Notary Public officer completing this Certificate verifies only the identity of the individual who signed the document to which this Certificate is attached, and not to the truthfulness, accuracy, or validity of that document

STATE OF CALIFORNIA

COUNTY OF _____

On _____, 2021 before me, _____, a notary public, personally appeared **THOMAS R. CANTWELL, JR.** who proved to me on the basis of satisfactory evidence to be the person(s) whose name is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

RP-2021-529547

ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }

County of Los Angeles }

On 8/28/2021 before me, Yolanda J. Oliver, Public Notary
(Here Insert name and title of the officer)

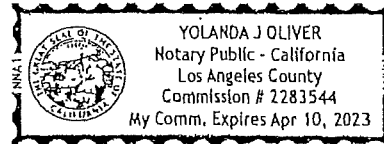
personally appeared Thomas R. Cantwell Jr.,
who proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) ~~(s)~~ (is) are subscribed to the within instrument and acknowledged to me that
~~he~~ she/they executed the same in ~~his~~ her/their authorized capacity(ies), and that by
~~his~~ her/their signature(s) on the instrument the person(s), or the entity upon behalf of
which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Yolanda J. Oliver
Notary Public Signature

(Notary Public Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

Memo of Construction Construction
(Title or description of attached document)

Contract - St Elizabeth Place
(Title or description of attached document continued)

Number of Pages Document Date

CAPACITY CLAIMED BY THE SIGNER

Individual (s)
 Corporate Officer

_____ (Title)

Partner(s)
 Attorney-in-Fact
 Trustee(s)
 Other Manager

INSTRUCTIONS FOR COMPLETING THIS FORM

This form complies with current California statutes regarding notary wording and, if needed, should be completed and attached to the document. Acknowledgments from other states may be completed for documents being sent to that state so long as the wording does not require the California notary to violate California notary law.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he~~/~~she~~/~~they~~, is /~~are~~) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document with a staple.

KF-2021-529547

CONTRACTOR:

FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas nonprofit corporation

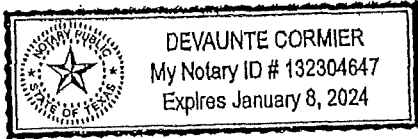
By: *[Signature]*
Charles Turner, Chairman

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on Aug 27, 2021, by Charles Turner, Chairman of FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas nonprofit corporation, on behalf of said nonprofit corporation.

[SEAL]



Devaunte Cormier
Notary Public, State of Texas
Devaunte Cormier
Jan 8, 2024

RP-2021-529547

SUBCONTRACTOR:

HUMPHRIES CONSTRUCTION CORPORATION, a
Tennessee corporation

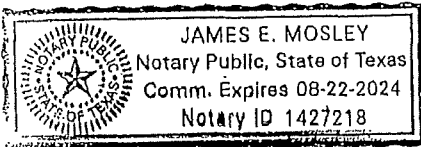
By: *Kenneth M. Humphries*
Kenneth M. Humphries, President

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on Aug 24, 2021, by Kenneth M. Humphries, the President of HUMPHRIES CONSTRUCTION CORPORATION, a Tennessee corporation, on behalf of said corporation.

[SEAL]

James E. Mosley
Notary Public, State of



RP-2021-529547

EXHIBIT A

LAND

RP-2021-529547

EXHIBIT A

Legal Description of Property

UNRESTRICTED RESERVE "A", BLOCK 1 SAINT ELIZABETH PLACE, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN FILM CODE NO. 693272 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS, SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32 OF HARRIS COUNTY, TEXAS.

RP-2021-529547

RP-2021-529547

RP-2021-529547
Pages 22
09/15/2021 03:09 PM
e-Filed & e-Recorded in the
Official Public Records of
HARRIS COUNTY
TENESHIA HUDSPETH
COUNTY CLERK
Fees \$98.00

RECORDERS MEMORANDUM

This instrument was received and recorded electronically and any blackouts, additions or changes were present at the time the instrument was filed and recorded.

Any provision herein which restricts the sale, rental, or use of the described real property because of color or race is invalid and unenforceable under federal law.

THE STATE OF TEXAS
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me; and was duly RECORDED in the Official Public Records of Real Property of Harris County, Texas.



Tenesia Hudspeth
COUNTY CLERK
HARRIS COUNTY, TEXAS

ATTACHMENT P
TO LOAN AGREEMENT

LOAN AGREEMENT
(BORROWER/OWNER)

Loan Agreement
(Borrower/Owner)

This Loan Agreement ("**Agreement**") is made and entered into this the 7th day of August, 2020 by and between **FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION**, a Texas non-profit corporation ("**Lender**"), and **ST. ELIZABETH PLACE LP**, a Texas limited partnership ("**Borrower**"), for the purposes and consideration hereinafter set forth.

WHEREAS, Lender has agreed to make a loan ("**Borrower Loan**") to Borrower in the original principal sum of **FOURTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$14,874,622.00)**, as evidenced by a note ("**Borrower Note**") of even date herewith and secured by a Deed of Trust against the property described therein ("**Property**") and located on the Land, more particularly described in Exhibit A attached hereto;

WHEREAS, Borrower and Lender desire to enter into this Agreement to set forth certain terms and conditions of the Borrower Loan to supplement the provisions of the other documents executed in connection with or securing the Borrower Loan ("**Loan Documents**").

NOW THEREFORE, for and in consideration of the Borrower Loan and the mutual covenants contained herein, the parties agree as follows:

1. Terms of Borrower Loan. The terms of the Borrower Loan are as follows:

(a) Note. Borrower's obligation to repay Lender is evidenced by a promissory note of even date herewith, payable to Lender in the original principal amount of **FOURTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$14,874,622.00)** which shall be advanced in two tranches in accordance with such promissory note and the COH Loan Agreement (as defined below).

(b) Purpose. The purpose of the loan is to acquire, rehabilitate and construct family affordable housing located on the Property.

(c) Term. The term of the Loan shall commence on the date of Closing (as defined in the COH Loan Agreement (as defined below)) and shall mature on the Maturity Date (as defined in the Borrower Note).

(d) Interest. The Loan shall bear interest at the rate of one percent (1.00%) per annum payable after Project Completion (as defined in the COH Loan Agreement) until Maturity Date except that in the event of a Default (as defined below) under the Borrower Loan or any of the Loan Documents, at Lender's option the Borrower Loan shall accrue interest at default rate interest in the amount equal to the lower of the highest lawful rate or ten percent (10.0%) per annum. Interest shall be payable as set out in Borrower's Note and COH Loan Agreement.

2. COH Loan and COH Loan Agreement. The Borrower, Lender and the City of Houston ("**City**") have entered into one certain Loan Agreement ("**COH Loan Agreement**") dated July 23, 2020 with respect to a **FOURTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$14,874,622.00)**, loan ("**COH Loan**") from the City to Lender, the proceeds of which are funding the Borrower Loan. The Borrower Loan, this Agreement, the promissory note evidencing the Borrower Loan and all the Loan Documents executed in connection with or securing the Borrower Loan (including, without limitation, the Deed of Trust securing the Borrower Loan) have been collaterally assigned to the City to secure the COH Loan. The covenants, obligations, requirements, representations and warranties of Borrower under the COH Loan Agreement, to the extent applicable to Borrower or the Property, or to the ability of the Parties to perform their obligations related to the Property and the COH Loan

Agreement, are incorporated in to and made a part of this Agreement and shall additionally constitute covenants, obligations, requirements, representations and warranties of Borrower to Lender and the City, as a third party beneficiary of this Agreement and as a collateral assignee of the Loan Documents. Borrower, the Borrower Loan and the Property shall be subject to all terms and conditions of the COH Loan Agreement. Borrower specifically assumes and agrees to perform all of the covenants, obligations, and requirements to be performed by Borrower as "Owner" set forth in the COH Loan Agreement for the benefit of the City and confirms the representations and warranties of Borrower as "Owner" thereunder for the benefit of the City and as a condition of the COH Loan and the Borrower Loan. In the event of a conflict between the terms and conditions of this Agreement and the COH Loan Agreement, the terms and conditions of the COH Loan Agreement shall control.

3. Funding.

(a) No Liability for Interruption of Funding. In the event that the City ceases funding the COH Loan to Lender in accordance with the COH Loan Agreement, Lender may cease funding the Borrower Loan to the Borrower without obligation to the Borrower and without being liable to the Borrower for any damages Borrower may incur as a result of such cessation in funding; provided, however, Lender agrees to deliver to Borrower reasonably satisfactory documentation evidencing City's decision to cease funding, and Lender agrees to use reasonable efforts to resolve any City concerns.

(b) Deemed Funding under Loan. Disbursements under the COH Loan will be by check by the City made payable to Lender, Borrower or the entity which has provided the services entitled to be funded under the COH Loan Agreement and this Agreement. The entire amount of any funding provided by the City to Lender under the COH Loan shall be used by Lender to fund the Borrower Loan and shall be deemed to be funding of the Borrower Loan.

4. Borrower's Representations and Warranties.

Borrower hereby each represents, warrants and agrees for the benefit of the City and the Lender that as of the date hereof and continuing during the entire term of this Agreement, and for so long as the City shall have any commitment or obligation to make any disbursements of the COH Loan, and during the Affordability Period as follows:

(a) Ownership of Property. Borrower will hold on the Closing Date (as defined in the COH Loan Agreement) of the COH Loan and thereafter fee simple title in and to the Property and shall provide the Director of the City's Housing and Community Development Department ("Director") with a copy of the deed thereto. Borrower discloses to the Director that Borrower purchased or will purchase the Land from 4514 Lyons, LLC, a Texas limited liability company that is an affiliate of Borrower and Lender.

(b) Information Submitted True and Correct. The information contained in or submitted in connection with Lender's application to the City for the COH Loan, as amended by further information provided and disclosed to the City, is true and correct.

(c) Taxes and Assessments. There are no delinquent taxes, assessments, or other impositions on the Property, or if there are any delinquent taxes, assessments, or other impositions on the Property, same will be paid prior to or simultaneously with Closing of the COH Loan. The Property has not been subject to any special (reduced) real estate appraisal, or abatement, exemption or deferral of ad valorem taxes (other than statutorily permitted challenges as to the amount) in the five (5) years preceding the date of Borrower's acquisition of title, unless Borrower has an effective agreement providing that another party is liable for all liability, accruing prior to Borrower's acquisition of the Property for ad valorem taxes owing as a result of an change or revocation of such special (reduced) real estate appraisal, or abatement, exemption or deferral of ad valorem taxes.

(d) Financial Capacity. The financial representations made by Lender to the City and by Borrower to Lender or the City) concerning Lender's and Borrower's financial condition are true and correct and, upon the Closing of the COH Loan and the Borrower loan, Lender and Borrower have the financial capacity to carry out their respective obligations under this Agreement, the Loan Documents and the COH Loan Agreement and related documentation. If any material negative change in either Lender's or Borrower's financial condition occurs, Lender and Borrower shall report such change to the City within five (5) business days.

(e) Authorization. All action on the part of Borrower necessary to authorize the transactions contemplated by this Agreement and the COH Loan Agreement has been taken, and upon execution of this Agreement and the COH Loan Agreement, this Agreement shall constitute the binding and enforceable obligation of Borrower which shall be enforceable by the Lender and City in accordance with their terms. In addition, all of the covenants, obligations, and requirements set forth herein to be assumed by Borrower and the representations and warranties made hereunder by Borrower shall constitute the binding and enforceable covenants, obligations and requirements and representations and warranties of Borrower which shall be enforceable by the Lender and City in accordance with their terms.

(f) Mechanics' and Materialmen's Liens. As of the Closing Date, there are no existing or threatened mechanics' and materialmen's liens against the Property, and the Borrower does not know of any reason such liens may be filed or threatened against the Project (as defined in the COH Loan Agreement). As of the date of disbursement of COH Loan funds, no work will have been performed on or materials incorporated into the Project by Borrower, Lender or Borrower's or Lender's contractors or subcontractors that could result in the imposition of a lien against the Project. No work shall commence on the Project prior to the disbursement of COH Loan funds.

(g) Approved Final Construction Budget Contents. The Approved Final Construction Budget (as defined in the COH Loan Agreement) specifies (a) a listing of all costs necessary to (i) complete the Work (as defined in the COH Loan Agreement) on the Project and (ii) reach a 92% occupancy level, and (b) the sources of funding which will be used to complete the Work and reach 92% occupancy;

(h) Expertise. Borrower has engaged competent persons and firms for the purpose of constructing, leasing and managing the Project.

(i) Legal Existence. Borrower is a Texas limited partnership duly created, validly existing and in good standing under the laws of the State of Texas.

(j) Access. Access by vehicles to the Project for the full utilization of the Project for its intended purposes either (a) exists over paved roadways dedicated to the public and accepted by the appropriate governmental authority, or (b) the necessary rights-of-way for such roadways have been acquired by the appropriate governmental authority and all necessary steps have been taken by Borrower and/or such governmental authority to assure the construction and installation of such roadways.

(k) Use of Project. During the Affordability Period, that portion of the Project specified in Section 6.8 of the COH Loan Agreement hereof shall be used solely for the purpose of housing for low and very low income residents in accordance with Section 6.8 thereof, and for no other purpose.

(l) No Religious Affiliation. Borrower is not a religious organization and no portion of the proceeds of the COH Loan will be used to construct or acquire housing to be owned, operated or used by a religious organization.

(m) Compliance with Federal, State, and Local Laws and Regulations. Borrower shall construct, lease and operate the Project in accordance with all applicable

law including, without limitation, the Model Energy Code, the Americans with Disabilities Act of 1990 and the Architectural Barriers Act of 1968.

5. Default under this Agreement. The Lender may declare a default ("Default") under this Agreement or any one or more of the Loan Documents upon the occurrence of any one or more of the following circumstances:

(a) Monetary Default. If Borrower fails to pay when due any portion of the sums owing under the Borrower Note, this Agreement and/or any of the Loan Documents and such failure continues for ten (10) business days after written notice thereof from the Lender or any holder of the Borrower Loan;

(b) Non-Monetary Default. If Borrower fails, refuses or neglects to perform fully and timely any obligation or breaches and covenant, condition, representation or warranty under this Agreement or any other Borrower Loan Document and such failure continues for thirty (30) days following written notice from Lender to Borrower, or, if the failure is not susceptible to cure within said 30-day period, such greater period of time (not to exceed sixty (60) days) as is necessary to cure such failure provided Borrower commences to cure such failure within said 30-day period and diligently works to cure such failure, provided however, that in the event that any such cure periods would cause a material violation to occur under applicable law or cause a recapture of any tax credits the notice and cure period shall be reduced to a length of time that would not cause a material violation of applicable law or cause such a recapture;

(c) Default under COH Loan Agreement by Borrower. Notwithstanding the foregoing, a "Default" (as defined by the COH Loan Agreement) under the COH Loan Agreement by Borrower shall immediately constitute a Default by Borrower under this Agreement. Notwithstanding the provisions of Subparagraphs 4(a) and 4(b) above, in the event of a conflict between the available notice and cure periods under the COH Loan Agreement and this Agreement, the COH Loan Agreement shall control, and upon the occurrence of a Default under the COH Loan Agreement, no further notice and/or cure periods shall be available under this Agreement for such event and such event shall immediately be deemed a Default by Borrower under this Agreement.

6. Notice and Cure Rights. Notwithstanding anything to the contrary contained in the Loan Documents, Lender hereby agrees that any cure of any default or Default made or tendered by a Tax Credit Investor (as defined in the COH Loan Agreement) shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower. Copies of all notices which are sent to Borrower or any other party under the terms of the Loan Documents shall also be sent to:

7. Lender's Remedies. If a Default exists under this Agreement and is continuing, Lender shall be entitled to exercise all rights and remedies available under the Loan Documents, without further notice or opportunity to cure by Borrower except as may be required by applicable law.

8. Amendments and Waivers. Borrower and Lender acknowledge and agree that the terms and provisions of this Agreement and the Loan Documents may not be amended and no waivers of any provisions of this Agreement or any Loan Document shall be effective without the prior written consent of the City as the collateral assignee of Lender. In addition, any prepayment of the Borrower Note shall require the prior written consent of the City as the collateral assignee of the Lender.

9. Limit to Indemnification. Notwithstanding anything to the contrary set forth in any of the Loan Documents, no indemnity obligation set forth in any Loan Document shall extend to or

be enforceable against any limited partner of Borrower (in its capacity as limited partner) including any Tax Credit Investor in its capacity as a limited partner of Borrower (but not otherwise).

10. Amendments to Organizational Documents. Borrower shall not have the right to amend its organizational documents without Lender's and the City's prior written approval.

11. Removal of Borrower's General Partner (if any). Notwithstanding anything to the contrary contained in the Loan Documents but subject to the requirements of the COH Loan Agreement, if Borrower is a limited partnership, the removal and/or replacement of Borrower's general partner for cause in accordance with the terms of Borrower's partnership agreement shall not require Lender's consent, constitute a default under the Loan Documents or accelerate the maturity of the Loan, but shall be subject to the terms and conditions of the COH Loan Agreement.

12. Transfer of Borrower's Partnership Interest. Subject to the terms of the COH Loan Agreement, but notwithstanding anything to the contrary contained in this Agreement and/or in any of the other Loan Documents, if Borrower is a limited partnership, Lender's consent shall not be required (and it shall be expressly permitted and not be deemed a Default under any of the Loan Documents), in connection with:

(a) The transfer and/or the assignment by the Tax Credit Investor (if any) of its interest in Borrower to an entity controlled or managed by an entity that is related to or under common control with the Tax Credit Investor;

(b) The transfer and/or assignment by any Tax Credit Investor of its interest in Borrower to Lender, a separate legal entity controlled by Lender or an affiliate in which Lender holds a controlling interest at the end of the Tax Credit Compliance Period (as defined in the COH Loan Agreement) applicable to Borrower, provided that as a condition of and prior to such transfer, the entity acquiring such interest execute any documentation required by the City; (ii) assumes in writing all obligations and covenants of the Tax Credit Investor in connection with Borrower; and (iii) the City's collateral position remains unimpaired as determined in the reasonable discretion of the City attorney;

(c) A change in the beneficial ownership of any Tax Credit Investor so long as such entity remains controlled by an affiliate thereof;

(d) The pledge and encumbrance of the interests of any Tax Credit Investor to or for the benefit of any financial institution that enables such Tax Credit Investor to make its capital contributions to Borrower;

(e) The initial issuance of partnership interests in Borrower equal to 99.99% of the profits, losses, credits, distributions and other interests in Borrower to the limited partners of Borrower; and/or

(f) The exercise by Lender or an affiliate of Lender in which Lender owns a controlling interest of a right of first refusal to acquire the Limited Partners' interest in Borrower.

13. Insurance. Borrower shall, prior to or concurrently with the closing of the Borrower's Loan, deliver to Lender and City insurance policies evidencing the insurance coverages and requirements set forth in Section 6.25 and Appendix 2 of the COH Loan Agreement and which policies shall name Lender and the City as additional insureds thereunder. In the event of a conflict between the insurance requirements of the Deed of Trust and the COH Loan Agreement, the COH Loan Agreement will control.

14. Miscellaneous.

(a) This Agreement as supplemented by the Loan Documents contains the entire agreement between the parties hereto relating to the Loan and shall be amended only by an instrument in writing executed by the parties hereto.

(b) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns, as the case may require.

(c) This Agreement shall be governed by the law of the State of Texas. Any dispute arising out of or in connection with this Agreement shall be resolved in the state courts located in Harris County, Texas.

(d) This Agreement may be executed in multiple counterparts, each of which shall constitute an original.

(e) Notices under the Loan Documents shall be effective in the case of utilization of the U.S. Mail Service, upon the earlier of (i) three days after deposit of such notice in the mail, return receipt requested or (ii) actual delivery. Notices sent by overnight courier services shall be effective one day after deposit with such service. All other notices shall be effective upon delivery. Notwithstanding the foregoing, any foreclosure notices shall be effective upon deposit with the U.S. Mail Service.

15. Recourse. This Loan is recourse to Borrower.

(SIGNATURES ON THE NEXT PAGE)

**SIGNATURE PAGE
LOAN AGREEMENT (BORROWER/OWNER)**

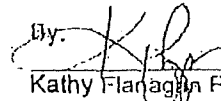
Executed effective as of the date set forth above.

BORROWER:

ST. ELIZABETH PLACE LP,
a Texas limited partnership

By: **St. Elizabeth Place GP LLC,**
a Texas limited liability company,
its general partner

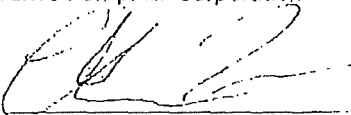
By: **St. Elizabeth 2020 Investments,**
LLC, a Texas limited liability
company, its manager

By: 

Kathy Flanagan Payton,
Manager

LENDER:

**FIFTH WARD COMMUNITY
REDEVELOPMENT CORPORATION,**
a Texas non-profit corporation

By: 

Charles Turner,
Chairman

**EXHIBIT A
LEGAL DESCRIPTION**

TRACT 1:

A TRACT OR PARCEL OF LAND CONTAINING 0.3884 ACRES, (16,917 SQUARE FEET), BEING OUT OF AND A PART OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS; (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

COMMENCING at a ½ " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29" Street), with the west right-of-way line Yates Street, (60 Foot Right-of-Way, Formerly known as House Street), same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner of that certain called 2.2455 acre tract of land being the remainder of said 2.634 Acre Tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said 2.2455 Acre Tract, a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southeast corner of said 2.2455 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said Block 121, a distance of 67.67 feet to a capped, (Landtech), iron rod found for the intersection of the west right-of-way line of Yates Street with the north right-of-way line of Chisum Street, (50 Foot Right-of-Way, Formerly known as Division Avenue), same being the southeast corner of said Block 121, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, along the north right-of-way line of Chisum Street, same being the south line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to a capped, (Landtech), iron rod found for the intersection of the east right-of-way line of St. Elizabeth Street with the north right-of-way line of Chisum Street, same being the southwest corner of said Block 121, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 01" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 67.67 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southwest corner of said 2.2455 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89 degrees, 56' 01" E, across said Block 121, along the common line of said 2.2455 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 0.3884 acres or 16,917 square feet of land, more or less.

TRACT 2:

A TRACT OR PARCEL OF LAND CONTAINING 2.2455 ACRES, (97,813 SQUARE FEET), BEING LOTS 1 THROUGH 10, INCLUSIVE, BLOCK 117, AUGUSTA ADDITION, A SUBDIVISION IN

HARRIS COUNTY, TEXAS ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 56, PAGE 139, OF THE HARRIS COUNTY DEED RECORDS, .ALONG WITH AND IN ADDITION TO A PORTION OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, ALONG WITH AND IN ADDITION TO THAT CERTAIN TRACT OF LAND FORMERLY KNOWN AS FARMER AVENUE LOCATED BETWEEN SAID BLOCKS 117 AND 121 AND BEING BOUNDED BY THE EAST LINE OF ST. ELIZABETH STREET (30.00 FOOT RIGHT -OF-WAY, ALSO KNOWN AS DAN STREET) AND THE WEST LINE OF YATES STREET, (60.00 FOOT RIGHT-OF-WAY, FORMERLY KNOWN AS HOUSE STREET), AS DESCRIBED BY INSTRUMENT RECORDED IN VOLUME 1396, PAGE 161, OF THE HARRIS COUNTY DEED RECORDS, SAID 2.2455 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

BEGINNING at a 1/2 " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 foot Right-of-Way, Formerly known as 29th Street), with the west right-of-way line Yates Street, same being the northeast corner of said Block 117, same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00 sec W, along with the west right-of-way line of Yates Street, same being the common line of said .2.634 Acre Tract, pass at a distance of 200.00 feet a calculated point for the southeast corner of said Block 117, same being the northeast corner of said Farmer Avenue Tract, pass at a distance of 260.00 feet a calculated point for the southeast corner of said Farmer Avenue Tract, same being the northeast corner of said Block 121, and continuing for a total distance of 391.25 feet to a capped, (Precision Surveyors); iron rod set on the common line of said Block 121 for the northeast corner of that certain called 0.3884 acre tract of land out of said 2.634 Acre Tract, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, across said Block 121, along the common line of said 0.3884 Acre Tract, a distance of 250.00 feet to a capped, (Precision Surveyors), iron rod set on the east right-of-way line of St. Elizabeth Street, same being the common line of said Block 121, for the northwest corner of said 0.3884 Acre Tract, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 00" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121 , same being the common line of said 2.634 Acre Tract, pass at a distance of 131.25 feet a calculated point for the northwest corner of said Block 121, same being the southwest corner of said Farmer Avenue Tract, pass at a distance of 191.25 feet a calculated point for the northwest corner of said Farmer Avenue Tract, same being the southwest corner of said Block 117, and continuing for a total distance of 391.25 feet to a capped, (Precision Surveyors), iron rod found for the intersection of the east right-of-way line of St. Elizabeth Street with the south right-of-way line of Lyons Avenue, for the northwest corner of said Block 117, same being the northwest corner of said 2.634 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89° 56' 01" E, along the south right-of-way line of Lyons Avenue, same being the common line of said Block 117, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 2.2455 acres or 97,813 square feet of land, more or less.

ATTACHMENT Q
TO LOAN AGREEMENT

SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT

3070921-01856

SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT

THIS SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT (this "Agreement") is made and entered into as of August 30, 2021 by and among ST. ELIZABETH PLACE MASTER TENANT LLC, a Texas limited liability company ("Lessee"); ST. ELIZABETH PLACE LP, a Texas limited partnership ("Owner"); FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas nonprofit corporation ("Lender") THE CITY OF HOUSTON (together with any permitted successors or assigns, the "City"); and FOSS MID-CAP HISTORIC FUND III, LLC, a Delaware limited liability company ("Investor").

RECITALS

WHEREAS, Owner is the owner of a building located at 4514 Lyons Avenue, Houston, Texas and commonly known as St. Elizabeth Place (the "Building"), which Owner intends to rehabilitate; and

WHEREAS, Owner is the owner of the certain tract(s) of land upon which the Building is located, together with certain other improvements and all appurtenances, easements, rights of way and other rights belonging to or in any way pertaining thereto or to the Building, more particularly described on Exhibit A attached hereto (collectively, the "Land" and, together with the Building, the "Property"); and

WHEREAS, Owner intends to rehabilitate the Building in a manner that qualifies for the historic rehabilitation tax credit allowed for qualified rehabilitation expenditures incurred in connection with the "certified rehabilitation" of a "certified historic structure" (the "Historic Tax Credit") pursuant to the Section 47 of the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of prior or succeeding law (the "Code"); and

WHEREAS, Lessee has been formed to lease the Property including the rehabilitated Building from Owner pursuant to the terms of that certain Master Lease dated as of August 30, 2021 between Owner, as landlord, and Lessee, as lessee (the "Lease"); and

WHEREAS, pursuant to that certain Company Agreement of Lessee dated as of August 30, 2021 (the "Lessee's Company Agreement"), Investor has acquired a 99% interest in Lessee and has made a substantial investment therein; and

WHEREAS, Owner and Lessee have executed or will execute that certain HTC Pass-Through Agreement (the "Pass-Through Agreement") dated as of August 30, 2021 pursuant to which Owner has elected under Section 50 of the Code to pass-through to Lessee the Historic Tax Credit to which Owner would otherwise have been entitled as a result of the rehabilitation of the Building; and

WHEREAS, City is the lender under that certain loan to Lender in the amount of Fourteen Million Eight Hundred Seventy Four Thousand Six Hundred Twenty Two and No/100 Dollars (\$14,874,622.00) ("City Loan"), which was made pursuant to a Loan Agreement ("City Loan Agreement") between City, Lender, and Owner and the proceeds of which City Loan were utilized by Lender to make a Fourteen Million Eight Hundred Seventy Four Thousand Six Hundred

3070921-01856

SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT

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RECITALS

WHEREAS, Owner is the owner of a building located at 4514 Lyons Avenue, Houston, Texas and commonly known as St. Elizabeth Place (the "Building"), which Owner intends to rehabilitate; and

WHEREAS, Owner is the owner of the certain tract(s) of land upon which the Building is located, together with certain other improvements and all appurtenances, easements, rights of way and other rights belonging to or in any way pertaining thereto or to the Building, more particularly described on Exhibit A attached hereto (collectively, the "Land" and, together with the Building, the "Property"); and

WHEREAS, Owner intends to rehabilitate the Building in a manner that qualifies for the historic rehabilitation tax credit allowed for qualified rehabilitation expenditures incurred in connection with the "certified rehabilitation" of a "certified historic structure" (the "Historic Tax Credit") pursuant to the Section 47 of the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of prior or succeeding law (the "Code"); and

WHEREAS, Lessee has been formed to lease the Property including the rehabilitated Building from Owner pursuant to the terms of that certain Master Lease dated as of August 30, 2021 between Owner, as landlord, and Lessee, as lessee (the "Lease"); and

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WHEREAS, Owner and Lessee have executed or will execute that certain HTC Pass-Through Agreement (the "Pass-Through Agreement") dated as of August 30, 2021 pursuant to which Owner has elected under Section 50 of the Code to pass-through to Lessee the Historic Tax Credit to which Owner would otherwise have been entitled as a result of the rehabilitation of the Building; and

WHEREAS, City is the lender under that certain loan to Lender in the amount of Fourteen Million Eight Hundred Seventy Four Thousand Six Hundred Twenty Two and No/100 Dollars (\$14,874,622.00) ("City Loan"), which was made pursuant to a Loan Agreement ("City Loan Agreement") between City, Lender, and Owner and the proceeds of which City Loan were utilized by Lender to make a Fourteen Million Eight Hundred Seventy Four Thousand Six Hundred

Twenty Two and No/100 Dollars (\$14,874,622.00) loan ("Mortgage Loan") to Owner for the acquisition and rehabilitation of the Property; and

WHEREAS, the Mortgage Loan is evidenced by a Promissory Note made by Owner for the benefit of Lender dated as of August 7, 2020 (the "Note") and a Loan Agreement dated as of August 7, 2020 by and between Lender and Owner relating to the Mortgage Loan as amended (the "Mortgage Loan Agreement"), which Mortgage Loan is secured by means of a mortgage or deed of trust on the Property dated as of August 7, 2020 (the "Mortgage") and other related security documents and financing statements given by Owner in favor of Lender, as amended (collectively, the "Mortgage Loan Documents"); and

WHEREAS, Lender has collaterally assigned the Note, Mortgage Loan Agreement, Mortgage and other Mortgage Loan Documents to the City to secure the City Loan pursuant to a Collateral Assignment of Note and Liens dated August 7, 2020; and

WHEREAS, the Mortgage Loan Documents and City Loan Agreement require that Lender and the City consent to any lease of the Property; and

WHEREAS, Investor has required that Lender and City provide certain assurances as to non-disturbance of Lessee's rights under the Lease.

NOW, THEREFORE, in consideration of the forgoing, of mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, Lender hereby agrees as follows:

1. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Lease. In addition to the defined terms set forth in the Recitals to this Agreement, the following defined terms used herein shall have the meanings specified below:

"Affordability Requirements" means all covenants and restrictions contained in the Restrictive Covenants and the affordability requirements and the operational covenants set forth in the City Loan Agreement relating to providing housing to LMI persons including without limitation those set forth in Sections Three, Paragraphs 3.22, 3.23 and 3.28 and Section Six, Paragraphs 6.6.3, 6.6.4, 6.6.5, 6.8-6.11, and 6.13-6.28 of the City Loan Agreement.

"Disqualified Transferee" means any of the following:

(a) a tax exempt organization described in Section 50(b)(3) of the Code unless the property is used by such organization predominantly in an unrelated trade or business the income of which is subject to tax under Section 511 of the Code; or

(b) the United States, any State or political subdivision thereof, any possession of the United States, or any agency or instrumentality of any of the foregoing; or

(c) a foreign person or entity (as defined in Section 168(h)(2)(C) of the Code) unless more than 50 percent of the gross income derived by the foreign person or entity is subject to U.S. tax or included under Section 951 of the Code in the gross income of a United States shareholder

for the taxable year with or within which ends the taxable year of the controlled foreign corporation in which such income was derived; or

(d) a mutual savings bank, cooperative bank, or domestic building and loan association to which Section 593 of the Code applies; or

(e) a regulated investment company or real estate investment trust subject to taxation under subchapter M, Chapter 1 of the Code (but not including a "taxable REIT subsidiary," as defined in Section 856(1) of the Code; or

(f) a cooperative organization described in Section 1381(a) of the Code; or

(g) a partnership or other pass-thru entity in which any Disqualified Transferee described in subparts (a) through (f), above, owns a direct or indirect partner or member interest.

"Distribution Covenants" mean the covenants limiting distributions to the partners of Owner and the members of Lessee under Section 6.28 of the City Loan Agreement and Section 19 of Exhibit D of the Lease.

"LMI Persons" mean shall mean low- or moderate-income households whose annual incomes do not exceed eighty (80%) percent of the Area Median Income, as determined by HUD with adjustments for family size.

"Recapture Event" means any action, happening or event which would cause (i) any recapture of the Historic Tax Credits under Section 50 of the Code, (ii) any disallowance of Historic Tax Credits previously claimed by Investor, or (iii) any imposition of additional tax under Section 49 of the Code.

"Recapture Period" means the period commencing as of the date hereof and ending on the next business day after the fifth (5th) anniversary of the date on which the last "qualified rehabilitation expenditure" as defined in Section 47(c)(3) of the Code with respect to the Property is first placed in service.

"Restrictive Covenants" mean the Restrictive Covenants encumbering the Property dated August 7, 2020 executed by Owner and filed for record under Clerk's File No. RP- in the Official Re

2020-363056

cords of Harris County.

“Transfer” means (a) the institution of any foreclosure, trustee’s sale or other like proceeding, (b) the appointment of a receiver for Owner or the Property, (c) the exercise of rights to collect rents under the Mortgage Loan Documents or an assignment of rents, (d) the recording by the City, Lender or any of their respective successor or assignee of a deed in lieu of foreclosure for the property, or (e) any transfer or abandonment of possession of the Property to Lender, City or any of their respective successors or assigns, or any other person or entity, including, but not limited to, transfers or abandonments of possession in connection with any proceedings affecting Owner under the Bankruptcy Code, 11 U.S.C. §101 et seq., or (f) taking direct or indirect ownership of any member interest (“Ownership Interest”) in the Owner.

“Transferee” means Lender or City, their respective successors and assigns, any designee of Lender or City or any other party taking title to the Property or an Ownership Interest in connection with or following a Transfer.

2. Lender Consent. Lender and City hereby consent to the Lease and to the acquisition by Investor of an interest in the Lessee and to the execution of the Lessee’s Company Agreement and related documents, and agrees that the execution and delivery thereof by Owner and/or the Lessee, as the case may be, shall not constitute a default under the Mortgage Loan or the City Loan.

3. Subordination. The Restrictive Covenants and Mortgage are and shall unconditionally be and remain at all times liens or charges upon the Property prior and superior to the Lease and all rights and privileges of Lessee or any subtenant under the Lease, and the Lease and all rights and privileges of Lessee or any subtenant thereunder are hereby unconditionally subjected and made subordinate to the liens or charges of the Restrictive Covenants and Mortgage.

4. Lender's Exercise of Remedies: Non-Disturbance.

Until the end of the Recapture Period and subject to the provisions hereof, none of Lender, City, Owner or Transferee shall terminate the Lease (even in the event of a default by the Lessee under the Lease) or take any action or exercise any remedy (at law or in equity) that would cause a Recapture Event, including, without limitation, permitting any Transfer to a Disqualified Transferee. This provision shall not preclude Lender or Transferee from exercising its rights and remedies (i) to effectuate a Transfer or exercise any other right or remedy, provided such Transfer or exercise of such right or remedy does not cause a Recapture Event; or (ii) under any guarantees of the Mortgage Loan. Notwithstanding the foregoing, this Section shall not apply and Lender, City, Owner or any Transferee may (i) terminate the Lease and/or (ii) effectuate a Transfer which causes a Recapture Event if any of the following events occur and continue to exist after providing the Lessee and Investor with at least thirty (30) days advance notice and a reasonable opportunity to cure, provided that if Lessee or the Investor have promptly commenced to cure within such 30-day period and diligently prosecute such cure to completion within sixty (60) days following such notice, then the foregoing restrictions of this Section shall remain in force (such events, the "Non-Disturbance Exceptions"):

- (i) Failure to comply with Affordability Requirements set forth in the Restrictive Covenants or in the City Loan Agreement and all related covenants such as lease requirements, monitoring and income reports, annual income re-evaluation, etc.;
- (ii) Failure to comply with the City's Minimum Property Standards;
- (iii) Failure to comply with Applicable Laws (including, without limitation, those set forth in Appendix 1 of City Loan Agreement);
- (iv) Failure to maintain insurance (Appendix 2 of City Loan Agreement) or to apply condemnation proceeds or insurance proceeds as required by the Loan Agreement. Failure to pay deductible on insurance claims;
- (v) Failure to pay taxes;
- (vi) Failure to comply with other reporting requirements of the Lease as incorporated from the City Loan Agreement;
- (vii) Breach of distribution covenants in City Loan Agreement or the Lease; and/or
- (viii) Except as allowed by the City Loan Agreement or hereunder, assignment of interests in Lease, Owner or Lessee without City consent.

Notwithstanding the foregoing, to the extent that compliance with the Non-Disturbance Exceptions requires the payment of money, the Lessee shall not be deemed in default of the Non-Disturbance Exceptions if 100% of net operating income from operating the Building is applied towards satisfying such monetary obligations, it being agreed that the Lessee's failure to generate sufficient revenue to pay all rent and expenses under the Lease shall not be grounds for termination of the Lease during the Recapture Period. Notwithstanding the foregoing, this exception shall not

apply to the failure to pay taxes and insurance and or pay costs necessary for maintenance of the property condition as set forth in items (ii), (iv) and (v) above.

(a) Prior to commencing efforts to effectuate a Transfer during the Recapture Period, Lender, Owner or Transferee, as the case may be, shall provide written notice to Investor of its intention to effectuate a Transfer. Neither Lender, Owner nor Transferee shall effectuate such Transfer unless Lender, Owner or Transferee, as the case may be, shall have received, within thirty (30) business days after such notice to Investor, either (i) the consent of Investor to such Transfer, which consent shall be given if the Transfer does not cause a Recapture Event; or (ii) an opinion of Investor's counsel that (a) such Transfer, in and of itself, will not cause a Recapture Event and (b) in the case of the appointment of a receiver for Owner or the Property, that the restrictions on permitting any Transfer to a Disqualified Transferee will be binding in such receiver. Any attempted Transfer in violation of this Section 4(b) shall be void *ab initio*.

(b) After the expiration of the Recapture Period, any limitations on Lender's or City's right to effectuate a Transfer, exercise remedies or terminate the Lease under this Section 4 will expire and be of no force and effect. Prior to commencing any action to effect a termination of the Lease upon a default by Lessee thereunder, Lender shall first give the Investor the written notice and opportunity to cure required by Section 6 hereof.

(c) Subject to the limitations contained herein, Investor shall have the right to collect the Asset Management Fee, the Priority Return, the annual tax equivalency payment and tax credit adjustment payments (in such capacity, together with its successors and assigns, the "Lessee's Managing Member") and/or any guarantor of such obligations to Investor; provided that any payment or collection from Lessee (but not Lessee's Managing Member or any guarantor) shall be prohibited when there is a monetary default under the Lease, and provided further that the payment of such sums do not violate the Distribution Covenants of the City Loan Agreement or the Lease. However, if, at any time during the Recapture Period, Lessee is in default of its obligations to pay (i) rent, (ii) additional rent or (iii) any other amounts due under the Lease (collectively, the "Amounts Due"), then no distributions of cash flow may be made to any member of Lessee under Lessee's Company Agreement and Lessee shall pay to Owner or Transferee, as applicable, all amounts of cash flow available from any source after the payment of reasonable and necessary operating expenses. Such amounts paid will be applied to Lessee's obligations to pay Amounts Due with any unsatisfied obligations accruing until Lessee has cash flow available to pay all such Amounts Due.

(d) No event of default under the Mortgage Loan Documents or any replacement documents with any Transferee will result from the exercise of the "Put Option" as described in the Lessee's Company Agreement. The removal and/or replacement of Lessee's managing member for cause in accordance with its Lessee's Company Agreement shall not require the consent of the Lender or City, shall not constitute a default under the City Loan or the Mortgage Loan or accelerate the maturity of the City Loan or the Mortgage Loan. The consent of the Lender and City shall be required for the appointment of a new managing member, but if the Investor exercises its right to remove the Lessee's managing member for cause, Lender and City will not unreasonably withhold their consent to the substitute managing member; provided however, the consent of the Lender and City shall not be required if the substitute managing member is an

affiliate of the Investor. The substitute managing member shall assume all of the rights and obligations of the removed managing member.

(e) After a Transfer, if Owner has not yet received approval by the National Park Service of Part 3 of the Historic Preservation Certification Application – Request for Certification of Completed Work, then Lender and/or Transferee agree to take all commercially reasonable actions requested by Lessee and Investor to obtain such approval (at the sole expense of Lessee or Investor), including, without limitation, the execution of the Part 3 application (provided that the application exposes the Transferee to no liability) and providing access to the Property for inspection by the Investor, its consultants, the National Parks Service, and any similar state agency.

(f) During the Recapture Period without the prior written consent of Investor, neither Lender, Owner nor any Transferee shall take any action, authorize or consent to any action or otherwise permit any physical alterations to Property that might reasonably impact the status of the Building as a certified historic structure or that violate or conflict with the Part 2 approval provided that the Property complies with the City's Minimum Property Standards. Such alterations include, but are not limited to (a) alteration of the façade of the Building including the alteration, repair or replacement of window and door elements, (b) construction of a new building addition which overshadows the historic structure, or (c) the demolition or destruction of any portion of the Building. The provisions of this Agreement are binding on Lender and City shall also be binding on any Transferee.

5. Attornment.

(a) Lessee shall attorn to any Transferee, including Lender if Lender becomes a Transferee, as the landlord under the Lease, provided such Transfer complies with the provisions of this Agreement. Said attornment is subject to the limitation of Transferee's obligations set forth in Section 5(b) below and shall be effective and self-operative without the execution of any further instruments upon Transferee succeeding to the interest of the landlord under the Lease. Within ten (10) days after receipt of a written request therefor from a Transferee, Lessee agrees to provide such Transferee with a written confirmation of its attornment and any other matter set forth in this Agreement.

(b) Upon a Transfer of the Property to a Transferee, which Transfer complies with the provisions of this Agreement, the Lease will be recognized as a direct lease from Transferee to Lessee upon such Transfer for the balance of the term thereof. In the event that the Lease is recognized as a direct lease from a Transferee as aforesaid, then the liability of a Transferee under the Lease shall exist only so long as such Transferee is the owner of the Property, and such liability shall not continue or survive with respect to claims accruing after further transfer of ownership. A Transferee shall not be: (i) liable for any act or omission of any prior landlord (including Owner), (ii) subject to any offsets or counterclaims which Lessee may have against a prior landlord (including Owner) or liable for any tenant concessions, buildout allowances or other sums due to Lessee under the Lease which first arose prior to the Transfer, (iii) bound by any prepayment of Base Rent which Lessee may have made in excess of the amounts then due for the next succeeding month, unless specifically approved in writing by Lender and City, or be liable or responsible for any security deposit or other sums which Lessee may have paid under the Lease unless such deposit

or other sums have been physically delivered to Transferee, (iv) bound by any notices given by Lessee to Owner of which it did not also receive notice, (v) required after a fire, casualty or condemnation of the Property to repair or rebuild the same to the extent that such repair or rebuilding requires funds in excess of the insurance or condemnation proceeds specifically allocable to the Property and arising out of such fire, casualty or condemnation which have actually been received by a Transferee, and then only to the extent required by the terms of the Lease, (vi) bound by any modification to the Lease made without Lender's and City's consent, or (vii) required to undertake or complete any of Landlord's Work.

6. Notice and Cure Rights.

(a) Lessee and Owner each agrees, simultaneously with the giving of any notice under the Lease, to give a duplicate copy thereof to Lender and City. Should either Owner or Lessee default in respect of any of the provisions of the Lease, Lender and City shall have the right, but not the obligation, to cure such default, and either Lessee or Owner, as the case may be, shall accept performance by or on behalf of Lender or City as though, and with the same effect as if, it had been done or performed by the defaulting party. Lender and City will have thirty (30) days after the service of such notice upon it within which to cure the default specified in such notice, or cause it to be cured.

(b) Lender, City and Owner each agrees, simultaneously with the giving of any notice with respect to the Mortgage Loan or the City Loan, to give a duplicate copy thereof to Lessee and to Investor. Should (i) Owner default in respect of any of the provisions of the Mortgage Loan or if there is a default under the City Loan or (ii) Owner or Lessee default in respect of any of the provisions of the Lease, Investor shall have the right, but not the obligation, to cure such default or cause it to be cured, and Lender, City and Owner, as the case may be, shall accept performance by or on behalf of Investor as though, and with the same effect as if it had been done or performed by Owner or Lessee, as the case may be. Lessee and Investor each will have thirty (30) days (conterminously) after the service of such notice upon it within which to cure or cause to be cured the default specified in such notice, or cause it to be cured.

7. Miscellaneous.

(a) This Agreement shall inure to the benefit of, and be binding upon, the parties hereto, their successors and assigns (including all Transferees); provided, however, that in the event of the assignment or transfer of the interest of a Transferee, all obligations and liabilities of such Transferee under this Agreement shall terminate, and thereupon all such obligations and liabilities shall be the responsibility of the party to whom the Transferee's interest is assigned or transferred; and provided further that the interest of Lessee under this Agreement may not be assigned or transferred except to the extent the assignment of Lessee's interest in the Lease is permitted hereunder.

(b) This Agreement is the whole and only agreement among the parties hereto with regard to the subordination of the Lease to the lien or charge of the Mortgage and the Restrictive

Covenants, and shall supersede all other subjection or subordination agreements, including, but not limited to, those provisions, if any, contained in the Lease that provide for the subjection or subordination of said Lease to a deed of trust or to a mortgage or mortgages, or other similar mortgage loan documents to the extent inconsistent with this Agreement. This Agreement may not be modified in any manner or terminated except by an instrument in writing executed by the parties hereto.

(c) This Agreement shall be governed by, construed, applied and enforced in accordance with the laws of the State where the Property is located. The invalidity, legality or enforceability of any provision of this Agreement shall not affect or impair the validity, legality or enforceability of the remainder of this Agreement, and to this end, the provisions of this Agreement are declared to be severable.

(d) In the event any legal action or proceeding is commenced to interpret or enforce the terms of, or obligations arising out of, this Agreement, or to recover damages for the breach thereof, the party or parties prevailing in any such action or proceeding shall be entitled to recover from the non-prevailing party or parties all reasonable attorneys' fees, costs and expenses incurred by the prevailing party or parties.

(e) The Lease may not be modified or amended without the consent of Lender and City.

(f) Any notices required hereunder will be in writing and will be either given by U.S. registered or certified mail, return receipt requested, with postage prepaid (except in the event of a postal disruption, by strike or otherwise, in the United States), or sent by personal delivery by a nationally recognized courier service for next day delivery. The current addresses and telecopy numbers of the parties to which any notice provided for herein shall be sent, are as follows:

If to Owner:

St. Elizabeth Place LP
4300 Lyons Avenue, Suite 300
Houston, Texas 77020
Attention: Kathy Flanagan Payton

If to Lessee:

St. Elizabeth Place Master Tenant LLC
4300 Lyons Avenue, Suite 300
Houston, Texas 77020
Attention: Kathy Flanagan Payton

With a copy to:

Coats Rose P.C.
9 Greenway Plaza, Suite 1000
Houston, Texas 77046

Attention: Barry Palmer

If to Investor:

Foss Mid-Cap Historic Fund III, LLC
c/o Foss and Company, Inc.
832 Sansome Street, Second Floor
San Francisco, CA 94111
Attn: Asset Management

With a copy to:
Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, MN 55402
Attention: Kevin McLain
Email: kmclain@winthrop.com

If to City:

City of Houston
c/o Department of Housing and Community Development
2100 Travis Street, 9th Floor
Houston, TX 77002
Attention: Assistant Director, Multifamily

With copy to:

City of Houston Legal Department
900 Bagby, 4th Floor
Houston, TX 77002
Attention: City Attorney

If to Lender:

Fifth Ward Community Redevelopment Corporation
4300 Lyons Avenue, Suite 300
Houston, Texas 77020
Attention: President

Any party may designate another addressee (and/or change its address or telecopy number) for notices hereunder by a notice given pursuant to this Section 7(f). Notices delivered personally will be effective upon delivery to an authorized representative of the party at the designated address; notices sent by mail in accordance with the above paragraph will be effective upon execution by the addressee of the return receipt requested.

(g) This Agreement may be executed in several counterparts and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the original or the same counterpart.

[The remainder of this page has been left blank intentionally.]

IN WITNESS WHEREOF, the parties have hereunto set their signatures and seals to this Subordination, Non-Disturbance and Attornment Agreement as of the date first above written.

OWNER:

ST. ELIZABETH PLACE LP, a Texas limited partnership

By: St. Elizabeth Place GP LLC
Its: General Partner

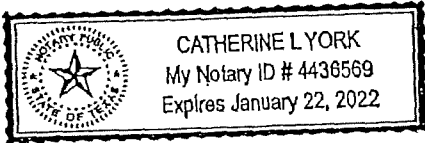
By: St. Elizabeth 2020 Investments, LLC,
its Manager
By: [Signature]
Kathy Flanagan Payton, Manager

By: Cloudbreak Development, LLC,
its Manager
By: [Signature]
Thomas R. Cantwell, Manager

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

In said county and state, on this 30th day of August, 2021, before me personally appeared Kathy Flanagan Payton, Manager of St. Elizabeth 2020 Investments, LLC, manager of St. Elizabeth Place GP LLC, the general partner of St. Elizabeth Place LP, as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed of said limited liability companies and limited partnership.

[Signature]
Notary Public, State of Texas

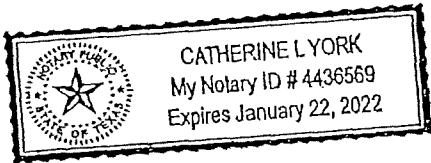


Catherine L. York
Printed Name of Notary
My commission expires: 1/22/2022

STATE OF TEXAS §
 §

COUNTY OF Harris §

In said county and state, on this 30th day of August, 2021, before me personally appeared Thomas R. Cantwell, Manager of Cloudbreak Development, LLC, manager of St. Elizabeth Place GP LLC, the general partner of St. Elizabeth Place LP, as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed of said limited liability companies and limited partnership.



Catherine L. York
Notary Public, State of Texas

Catherine L. York
Printed Name of Notary
My commission expires: 1/22/2022

LESSEE:

ST. ELIZABETH PLACE MASTER TENANT LLC,

By: St. Elizabeth Place MT MM LLC, Manager

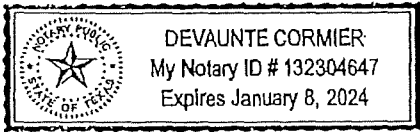
By St. Elizabeth 2020 Investments LLC
Its: Manager

By: [Signature]
Kathy Flanagan Payton
Its: Manager

STATE OF TEXAS)
) ss.
COUNTY OF HARRIS)

In said county and state, on this 15 day of July, 2021, before me personally appeared Kathy Flanagan Payton, Manager of St. Elizabeth 2020 Investments LLC, the Manager of St. Elizabeth Place MT MM LLC, the Manager of St. Elizabeth Place Master Tenant LLC, as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed of said limited liability companies.

DeVaunte Cormier
Notary Public, State of Texas



DeVaunte Cormier
Printed Name of Notary
My commission expires: 1/8/2024

CITY:

SEAL/ATTEST:

Pat J. Daniel
Pat J. Daniel
Interim City Secretary

CITY OF HOUSTON, TEXAS

Sylvester Turner
Sylvester Turner, Mayor
Annmaria Washburn
8-4-2021

APPROVED:

Keith W. Bynum
On Behalf of:
Tom McCasland, Director
Housing and Community Development
Department
APPROVED AS TO FORM:

COUNTERSIGNED:

Chris Brown
Chris Brown, City Controller Jerald Pitt

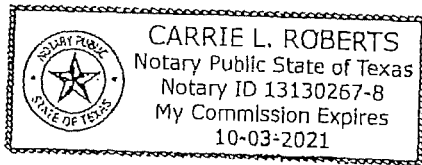
COUNTERSIGNATURE DATE:

8-5-21

[Signature]
Senior Assistant City Attorney
LD# 029800719001

STATE OF TEXAS §
§
COUNTY OF HARRIS §

The foregoing instrument was acknowledged before me on the 4th day of August, 2021, by Sylvester Turner, Mayor of the CITY OF HOUSTON, State of Texas.



Carrie L. Roberts
Notary Public, State of Texas
Carrie L. Roberts
Printed Name of Notary
My commission expires: 10-3-21

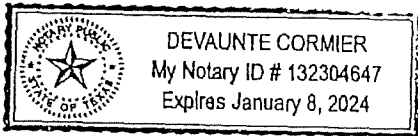
LENDER:

FIFTH WARD COMMUNITY
REDEVELOPMENT CORPORATION,
a Texas nonprofit corporation

By: [Signature]
Name: Charles Turner
Title: Chairman

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

The foregoing instrument was acknowledged before me on the 15th day of July, 2021, by Charles Turner, Chairman of FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas nonprofit corporation.



DeVaunte Cormier
Notary Public, State of Texas
DeVaunte Cormier
Printed Name of Notary
My commission expires: 1/8/2024

Exhibit A

LEGAL DESCRIPTION

A TRACT OF LAND CONTAINING 2.634 ACRES (114,730 SQUARE FEET), SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, IN HARRIS COUNTY, TEXAS, COMPRISING OF ALL OF LOTS 1 THROUGH 10, INCLUSIVE, BLOCK 117, AUGUSTA ADDITION RECORDED IN VOLUME 56, PAGE 139 OF THE HARRIS COUNTY DEED RECORDS (H.C.D.R.); ALL OF THAT LAND COMMONLY KNOWN AS LOTS 1 THROUGH 10, INCLUSIVE, BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION, IN HARRIS COUNTY, TEXAS AND ALL OF THAT CERTAIN TRACT FORMERLY KNOWN AS FARMER AVENUE LOCATED BETWEEN SAID BLOCKS AND BOUNDED BY THE EAST LINE OF ST. ELIZABETH STREET (ALSO KNOWN AS DAN STREET) AND THE WEST LINE OF YATES STREET AS DESCRIBED IN QUITCLAIM DEED RECORDED IN VOLUME 1396, PAGE 161 H.C.D.R. SAID 2.634 ACRE TRACT ALSO BEING THAT SAME TRACT RECORDED IN HARRIS COUNTY CLERKS FILE NUMBER (H.C.C.F. NO.) R865982 AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (BEARINGS ARE BASED IN H.C.C.F. NO. R865982)

BEGINNING at a 1/2 inch iron rod found at the intersection of the south right-of-way (R.O.W.) line of Lyons Avenue (60 feet R.O.W.) with the west R.O.W. Yates Street (60 feet R.O.W.) marking the northeast corner of said Block 117 and the herein described tract;

THENCE S 00 08 00 W, along with the west R.O.W. line of said Yates Street and the east line of the herein described tract, at 200.00 feet passing the southeast corner of said Block 117 and the north line of said Farmer Avenue tract as quitclaimed in the above reference deed, at 260.00 feet passing the northeast corner of said Block 121 and the south line of said Farmer Avenue and continuing for a total distance of 458.92 feet to a 3/8 inch capped iron rod found (Landtech) marking the southeast corner of said Block 121 and the herein described tract and the intersection of the west R.O.W. line of said Yates Street with the north R.O.W. line of Chisum Street (50 feet R.O.W.) from which an iron pipe found at South, a distance of 1.44 feet;

THENCE N 89 56 01 W, along with the south line of said Block 121 and the herein described tract and the north R.O.W. line of said Chisum Street, a distance of 250.00 feet to a 3/8 inch iron rod found (Landtech) marking the southwest corner of said Block 121 and the herein described tract and the intersection of the east R.O.W. line of St. Elizabeth Street (30 feet R.O.W.) with the north R.O.W. line of said Chisum Street;

THENCE N 00 08 00 E, along with the east R.O.W. line of said St. Elizabeth Street and the west line of the herein described tract, at 198.92 feet passing the northwest corner of said Block 121 and the south line of said Farmer Avenue, at 258.92 feet passing the southwest corner of said Block 117 and the north line of said Farmer Avenue and continuing for a total distance of 458.92 feet to a 1/2 inch capped rod found (Precision) marking the northwest corner of said Block 117 and the herein described tract and the intersection of the east R.O.W. line of said St. Elizabeth Street with the south R.O.W. line of said Lyons Avenue;

THENCE S 89 56 01 E, along with the north line of said Block 117 and the herein described tract and the south R.O.W. line of said Lyons Avenue, a distance of 250.00 feet to the POINT OF BEGINNING containing 2.634 acres of land.

RP-2021-502849
Pages 20
09/01/2021 05:15 PM
e-Filed & e-Recorded in the
Official Public Records of
HARRIS COUNTY
TENESHIA HUDSPETH
COUNTY CLERK
Fees \$90.00

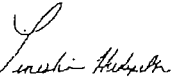
RECORDERS MEMORANDUM

This instrument was received and recorded electronically and any blackouts, additions or changes were present at the time the instrument was filed and recorded.

Any provision herein which restricts the sale, rental, or use of the described real property because of color or race is invalid and unenforceable under federal law.
THE STATE OF TEXAS
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me; and was duly RECORDED in the Official Public Records of Real Property of Harris County, Texas.




COUNTY CLERK
HARRIS COUNTY, TEXAS

ATTACHMENT R TO LOAN AGREEMENT
TRANCHE 3 NOTE

THIRD TRANCHE NOTE

\$1,577,744.40

_____, 2022

I. PROMISE TO REPAY.

FOR VALUE RECEIVED, FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas non-profit corporation ("Maker"), hereby agrees and promises to pay to the order of **THE CITY OF HOUSTON, TEXAS**, a home-rule city organized under the laws of the State of Texas ("Payee"), at City Hall Annex, 900 Bagby, City of Houston, Harris County, Texas 77002 or at any other place as the holder hereof may from time to time in writing designate, on the Maturity Date, in coin or currency, which at the time of payment shall constitute legal tender of the United States of America, the principal sum of ONE MILLION FIVE HUNDRED SEVENTY SEVEN THOUSAND SEVEN HUNDRED FORTY FOUR AND 40/100 DOLLARS (\$1,577,744.40), or so much thereof as may be advanced, together with interest on the principal balance from time to time remaining unpaid at the rates set forth below.

The loan ("Loan") evidenced by this Note is subject to the terms and conditions of that one certain Amended and Restated Loan Agreement ("Loan Agreement") between Maker, Payee and **ST. ELIZABETH PLACE LP**, a Texas limited partnership ("Owner") of even date herewith. All capitalized terms used herein that are not defined herein shall have the same meaning as given in the Loan Agreement.

The proceeds of the Loan will be used to fund a loan from Maker to Owner ("Owner Loan") for the costs for the acquisition, construction, repair, renovation and/or rehabilitation of certain improvements located on the property located at 4514 Lyons Avenue, Houston, Harris County, Texas 77020 ("Project") which houses or is to house low- or moderate-income persons. Funding for the City Loan is being provided to the City pursuant to a 2002 and 2017 Community Development Block Grant Disaster Recovery program funds awarded by the United States Department of Housing and Urban Development through the Texas General Land Office ("GLO") and is subject to the terms and conditions of a contract between GLO and the City. The Loan is a community development activity undertaken by the City and authorized under Chapter 373 or Chapter 374 of the Texas Local Government Code.

II. TERM.

The term of the Loan shall commence on the date on which Tranche 3 Loan Documents (as defined in the Loan Agreement) are executed (the "Closing Date") and shall mature upon the last day of the Affordability Period (as defined in the Loan Agreement) (the "Maturity Date"). This Note is secured by and entitled to the benefits of a Third Tranche Collateral Assignment of Note and Liens of even date herewith executed by Maker to the City covering the Third Owner Loan and the Third Tranche Owner Loan Documents, including the Third Tranche Deed of Trust executed by Owner to Keith W. Bynam, Trustee, covering fee ownership interest in the Project, together with the buildings and other improvements now or hereafter erected thereon and the personal property attached to or used in connection therewith.

III. PAYMENTS.

No payment of principal or interest shall accrue or be payable under this Note during the Approved Construction Period except in the event of a Default (as hereinafter defined) during the Term of this Note. Upon the expiration of the Affordability Period (as defined in the Loan Agreement), if no Default has occurred which remains uncured, the amount of the deferred principal and interest shall be deemed paid. The Maturity Date is the date of expiration of the Affordability Period. Upon the event of a Default, the outstanding deferred principal balance together with accrued interest thereon shall be immediately due and payable, without notice or opportunity to cure.

Notwithstanding the forgoing, after the expiration of the Approved Construction Period until the Maturity Date, Maker shall pay an annual installment equal to the lesser of (i) one percent (1%) annually on the outstanding balance of the loan plus accrued unpaid interest, if any, or (ii) fifty percent (50%) of net cash flow. The annual interest payment or non-payment of such interest shall be accompanied by evidence acceptable to the Director documenting cash flow or lack of sufficient cash flow. The first installment of interest shall be due on the first anniversary date of Project Completion and subsequent installments of interest shall be due on the same day of each year thereafter. Upon the expiration of the Affordability Period (as defined in the Loan Agreement), if no Default has occurred which remains uncured, the amount of the deferred principal and interest shall be deemed paid. The Maturity Date is the date of expiration of the Affordability Period.

For purposes of this provision, available cash flow shall mean net cash flow as defined as follows:

Net Cash Flow shall mean all income and revenues actually received by Owner from the lease of the Project Units and other improvements, and all other income and revenues actually received by Owner in connection with the Project, excluding and deducting therefrom all (1) Operating Expenses; (2) security, pet or cleaning deposits, if any; (3) payments from the Replacement Reserve or from Operating Reserves; (4) payments or reimbursements from insurers or other third parties and used or to be used for restoration, repair or remodeling of any of the Project Units or other improvements; (5) capital contributions, grants, proceeds of any permitted sale, transfer, exchange, refinancing or other disposition or encumbrance of all or a portion of the Project; (6) condemnation proceeds and awards in place of them; (7) tax reduction or abatement proceeds; (8) loan proceeds; (9) deposits made to operating reserves and to the replacement operating reserves; and (10) payments of the deferred developer fee.

For purposes of this Note, the Approved Construction Period shall mean twenty-four months from the Second Tranche Closing (as defined in the Loan Agreement) which shall be no later than July 31, 2022.

IV. DEFAULT; ACCELERATION.

If a Default exists, the entire debt represented by this Note, consisting of the outstanding principal balance and all accrued interest thereon, shall, at the option of the holder hereof, become immediately due and payable, and except as provided in the Loan Agreement, without notice, presentment for payment, demand, notice of nonpayment, notice of intention to accelerate, acceleration, or other notices of any type which are specifically waived, time being of the essence hereof. Payee's rights under this paragraph shall be in addition to any other rights or remedies it may have under any of the Loan Documents, at law or in equity, to enforce Maker's obligations under the Loan Documents. During the continuance of any Default, interest shall accrue on the outstanding balance of this Note at a rate equal to the lower of the highest rate permitted by applicable law or ten percent (10%) per annum ("Default Rate"). This Note shall be recourse to the Maker. For purposes of this Note, the term "Default" shall mean a default in payment of the Note or a default under the terms of this Note, the Deed of Trust, the Loan Agreement, or any of the other Loan Documents that continues beyond the expiration of all applicable notice and cure periods.

V. PREPAYMENT/MODIFICATION.

THIS NOTE MAY NOT BE PREPAID OR MODIFIED WITHOUT THE PRIOR WRITTEN CONSENT OF THE PAYEE, WHICH CONSENT MAY BE WITHHELD OR GRANTED IN THE SOLE DISCRETION OF THE PAYEE.

VI. APPLICATION OF PAYMENTS.

Each payment made on this Note shall be credited first to accrued, unpaid interest and the remainder to principal.

VII. WAIVER.

Maker hereby waives presentment for payment, protest and demand, notice of protest, demand and dishonor, and non-payment of this Note, and except as otherwise specified in the Loan Agreement between the parties, waives notice of default, notice of acceleration, and notice of intent to accelerate, and hereby consents that the holder hereof may extend the time of payment or otherwise modify the terms of payment of any part or the whole of the debt evidenced by this Note, at the request of any other person liable hereon, and such consent shall not alter nor diminish the liability of any person. The failure to exercise any remedy available to Payee shall not be deemed to be a waiver of any rights or remedies of Payee under this Note or under any of the other Loan Documents, or at law or in equity. No extension of the time for the payment of this Note or any installment due hereunder, made by agreement with any person now or hereafter liable for the payment of this Note, shall operate to release, discharge, modify, change or affect the original liability of Maker under this Note, either in whole or in part, unless Payee specifically, unequivocally and expressly agrees otherwise in writing. This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change or modification is sought.

VIII. COSTS OF COLLECTION; ATTORNEYS' FEES.

Maker agrees to pay all costs of collection, including reasonable attorneys' fees, if the principal of this Note or any payment on the principal or interest hereon is not paid at the respective maturity and to pay all reasonable costs including, attorneys' fees and court costs, if it becomes necessary to protect the security hereof, whether suit be brought or not, after default hereunder by Maker.

IX. USURY LIMITATIONS.

No provision of the Loan Agreement, this Note, or any instrument securing payment of or relating to the indebtedness, shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law ("Maximum Rate"). If any excess of interest in such respect is herein or in any other instrument provided for, or shall be adjudicated to be so provided for herein or in any other instrument, the provisions of this paragraph shall govern and neither Maker nor any guarantor or endorser of this Note nor their respective heirs, personal representatives, successors, or assigns shall be obligated to pay such interest to the extent it is in excess of the Maximum Rate. Any fees or other sums that under applicable law are deemed to constitute interest shall be or other sums so deemed interest shall be amortized, prorated, allocated and spread in equal parts over the full stated term of the loan evidenced hereby.

If the maturity of this Note is accelerated for any reason before the due date stated, or in the event of any prepayment by Maker, or in any other event, earned interest may never exceed the Maximum Rate, computed from the date of disbursement of the loan evidenced hereby until payment, and any unearned interest otherwise payable hereunder that is in excess of the Maximum Rate shall be cancelled automatically as of the date of the acceleration, prepayment, or other event, and if previously paid, shall at the option of the holder of this Note be either refunded to Maker or credited on the principal of this Note, provided that, if the holder elects to credit the unearned interest on the principal of this Note, and such unearned interest exceeds the principal balance, the excess shall be refunded to Maker. Any interest computation under this Note and the Loan Agreement shall be at not more than the Maximum Rate upon the portion of the face amount hereof representing principal that remains unpaid from time to time, it being the intention of the parties hereto to conform strictly to the laws applicable to the loan evidenced by this Note and the Loan Agreement, and should it be held that interest payable under this Note and the Loan Agreement is in excess of the Maximum Rate, the interest chargeable hereunder shall be reduced to the maximum amount permitted by law.

X. LATE PAYMENTS

If a payment is not received within ten (10) days of the due date, a late payment fee of five percent (5.0%) of the payment amount will be charged.

XI. GOVERNING LAW AND VENUE

This Note is made in the State of Texas and shall be governed by and construed in accordance with the internal laws of the State of Texas, without regard to conflicts of laws principles. Venue for any disputes relating in any way to this Note shall lie exclusively in Harris County, Texas.

XII. SUCCESSORS

This Note shall be binding upon the parties hereto and their respective successors and assigns.

XIII. JURY WAIVER

MAKER AND PAYEE ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED, EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THEIR MUTUAL BENEFIT, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS NOTE OR THE INDEBTEDNESS.

XIV. ENTIRE AGREEMENT

THIS WRITTEN LOAN AGREEMENT (AS DEFINED BY SECTION 26.02 OF THE TEXAS BUSINESS AND COMMERCE CODE) AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

XV. RECOURSE

This Note shall be recourse to its Maker.

If at any time any payment received by Payee hereunder shall be deemed by a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under any Debtor Relief Law (as defined below), then the obligation to make such payment shall survive any cancellation or satisfaction of this Note or return thereof to Payee and shall not be discharged or satisfied with any prior payment thereof or cancellation of this Note, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof, and such payment shall be immediately due and payable upon demand. For purposes of this Note, "**Debtor Relief Law**" shall mean Title 11 of the United States Code, as now or hereafter in effect, or any other applicable law, domestic or foreign, as now or hereafter in effect, relating to bankruptcy, insolvency, liquidation, receivership, reorganization, arrangement or composition, extension or adjustment of debts or similar laws affecting the rights of creditors.

XVI. SPECIAL PROVISIONS

As long as HUD is the insurer or holder of the Senior Loan, the following provisions ("HUD Provisions") shall be in full force and effect:

- (a) any payments due under the Note shall be payable only (i) from permissible distributions (as set forth under the Regulatory Agreement for the Senior Loan) from Surplus Cash (as defined in the City Loan Agreement) of the Project; but in no event greater than seventy- five percent

(75%) of the total amount of Surplus Cash; or (ii) from monies received from Non-Project Sources. In no event may payments due under this Note cumulatively exceed 75% of available Surplus Cash. The restriction on payment imposed by this paragraph shall not excuse any default caused by the failure of the Borrower to pay the indebtedness evidenced by the Subordinate Note. no prepayment of this Note shall be made until after final endorsement by HUD of the Senior Loan (as defined in the Loan Agreement), unless such prepayment is made from Non-Project Sources and is approved in writing by HUD.

(b) Except pursuant to a sale under the Collateral Assignment to the City, this Subordinate Note is deemed non-negotiable and may not be further sold, transferred, assigned, or pledged by the Subordinate Lender or the City except with the prior written approval of HUD;

(c) Note shall not be compounded as long as HUD is the insurer or holder of the Note secured by the Security Instrument;

(d) Maker hereby waives presentment, demand, protest and notice of demand, protest and nonpayment of this Subordinate Note;

(e) The terms and provisions of this Section are also for the benefit of and are enforceable by HUD against any party hereto, their successors and assigns. This Note may not be modified or amended without the written consent of HUD.

[EXECUTED ON THE FOLLOWING PAGE]

***Signature Page to
Promissory Note***

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

MAKER:

**FIFTH WARD COMMUNITY
REDEVELOPMENT CORPORATION,**
a Texas non-profit corporation

By: _____
Charles Turner
Its: Chairman

ATTACHMENT S
TO LOAN AGREEMENT

TRANCHE 3 OWNER NOTE

TRANCHE 3 OWNER NOTE

\$1,577,744.40

_____, 2022

I. PROMISE TO REPAY.

FOR VALUE RECEIVED, ST. ELIZABETH PLACE LP, a Texas limited partnership ("Maker"), hereby agrees and promises to pay to the order of FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas non-profit corporation ("Payee"), at 4300 Lyons Avenue Suite 300, Houston, Texas 77020 or at any other place as the holder hereof may from time to time in writing designate, on the times hereinafter provided, in coin or currency, which at the time of payment shall constitute legal tender of the United States of America, the principal sum of ONE MILLION FIVE HUNDRED SEVENTY SEVEN THOUSAND SEVEN HUNDRED FORTY FOUR AND 40/100 DOLLARS (\$1,577,744.40) or so much thereof as may be advanced, together with interest thereon as further delineated below.

The loan ("Loan") evidenced by this Note is subject to the terms and conditions of that one certain Amended and Restated Loan Agreement (Borrower/Owner) ("Owner Loan Agreement") between Maker and Payee of even date herewith which incorporates the terms and conditions of an Amended and Restated Loan Agreement between the City of Houston ("City"), Maker and Payee ("City Loan Agreement"). All capitalized terms used but not defined in this Note have the same meanings as assigned to such terms in the Owner Loan Agreement.

II. TERM.

The term of the Loan shall commence on the date of this Note ("Closing Date") and shall mature upon the date which is forty (40) years after Project Completion as defined in the City Loan Agreement (the "Maturity Date"). This Note is secured by and entitled to the benefits of a Deed of Trust, Security Agreement and Financing Statement of even date herewith ("Deed of Trust") executed by Maker to Keith W. Bynam, Trustee, covering fee ownership interest in the Property (as defined in the Deed of Trust).

III. PAYMENTS.

No payment of principal or interest shall accrue or be payable under this Note during the Approved Construction Period except in the event of a Default (as hereinafter defined) during the Term of this Note. The unpaid principal balance of the Note together with accrued interest thereon shall be due and payable on the Maturity Date. Upon the event of a Default, the Payee may declare the outstanding deferred principal balance together with accrued interest thereon to be immediately due and payable, without notice or opportunity to cure subject to the requirements stated in the Loan Documents or other legal requirements.

Notwithstanding the foregoing, following the expiration of the Approved Construction Period until the Maturity Date, Maker shall pay an annual installment equal to the lesser of (i) one percent (1%) annually on the outstanding balance of the loan, plus accrued unpaid interest, if any, or (ii) fifty percent (50%) of Net Cash Flow. The annual interest payment or non-payment of such interest shall be accompanied by evidence acceptable to the Director documenting available cash flow or lack of available cash flow. The first payment of accrued interest shall be due and payable on the first anniversary date of Project Completion and subsequent annual payments of interest shall be due on the same day of each year thereafter during the Term hereof.

For purposes of this provision Net Cash Flow as defined as follows:

Net Cash Flow shall mean all income and revenues actually received by Owner from the lease of the Project Units and other improvements, and all other income and revenues actually received by Owner in connection with the Project, excluding and deducting therefrom all (1) Operating Expenses; (2) security, pet or cleaning deposits, if any; (3)

payments from the Replacement Reserve or from Operating Reserves; (4) payments or reimbursements from insurers or other third parties and used or to be used for restoration, repair or remodeling of any of the Project Units or other improvements; (5) capital contributions, grants, proceeds of any permitted sale, transfer, exchange, refinancing or other disposition or encumbrance of all or a portion of the Project; (6) condemnation proceeds and awards in place of them; (7) tax reduction or abatement proceeds; (8) loan proceeds; (9) deposits made to operating reserves and to the replacement operating reserves; and (10) payments of the deferred developer fee.

For purposes of this Note, the Approved Construction Period shall mean twenty-four months from the Second Tranche Closing (as defined in the Loan Agreement) which shall be no later than July 31, 2022.

IV. DEFAULT; ACCELERATION.

If a Default exists the entire debt represented by this Note, consisting of the outstanding principal balance and all accrued interest thereon, shall, at the option of the holder hereof, become immediately due and payable, and except as otherwise provided herein or in any of the other Loan Documents, without notice, presentment for payment, demand, notice of nonpayment, notice of intention to accelerate, acceleration, or other notices of any type which are specifically waived. Time being of the essence hereof. Payee's rights under this paragraph shall be in addition to any other rights or remedies it may have under the Owner Loan Agreement and any other loan documents executed in connection therewith ("Loan Documents"), at law or in equity, to enforce Maker's obligations under the Loan Documents. At Payee's option during the continuance of any Default, interest shall accrue on the outstanding balance of this Note at a rate equal to the lower of ten percent (10%) per annum or the highest annual rate permitted by applicable law ("Default Rate"). For purposes of this Note, the term "Default" shall mean a default in payment of the Note or under the terms of this Note, the Deed of Trust, the Owner Loan Agreement, the City Loan Agreement or any other Loan Document securing or executed in connection with the Note that continues past the expiration of all applicable notice and cure periods. Should the terms of this paragraph IV conflict with the Intercreditor Agreement, the Intercreditor Agreement shall control in all respects.

V. PREPAYMENT/MODIFICATION.

THIS NOTE MAY NOT BE PREPAID OR MODIFIED WITHOUT THE PRIOR WRITTEN CONSENT OF THE PAYEE, WHICH CONSENT MAY BE WITHHELD OR GRANTED IN THE SOLE DISCRETION OF THE PAYEE.

VI. APPLICATION OF PAYMENTS.

Each payment made on this Note shall be credited first to accrued, unpaid interest and the remainder to principal.

VII. WAIVER.

Maker hereby waives presentment for payment, protest and demand, notice of protest, demand and dishonor, and non-payment of this Note, and except as otherwise specified in the Loan Agreement between the parties, waives notice of default, notice of acceleration, and notice of intent to accelerate, and hereby consents that the holder hereof may extend the time of payment or otherwise modify the terms of payment of any part or the whole of the debt evidenced by this Note, at the request of any other person liable hereon, and such consent shall not alter nor diminish the liability of any person. The failure to exercise any remedy available to Payee shall not be deemed to be a waiver of any rights or remedies of Payee under this Note or under any of the other Loan Documents, or at law or in equity. No extension of the time for the payment of this Note or any installment due hereunder, made by agreement with any person now or

hereafter liable for the payment of this Note, shall operate to release, discharge, modify, change or affect the original liability of Maker under this Note, either in whole or in part, unless Payee specifically, unequivocally and expressly agrees otherwise in writing. This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change or modification is sought.

VIII. COSTS OF COLLECTION; ATTORNEYS' FEES.

Maker agrees to pay all costs of collection, including reasonable attorneys' fees, if the principal of this Note or any payment on the principal or interest hereon is not paid at the respective maturity and to pay all reasonable costs including, attorneys' fees and court costs, if it becomes necessary to protect the security hereof, whether suit be brought or not, after default hereunder by Maker.

IX. USURY LIMITATIONS.

No provision of the Owner Loan Agreement, this Note, or any instrument securing payment of or relating to the indebtedness, shall require the payment or permit the collection of interest in excess of the Default Rate. If any excess of interest in such respect is herein or in any other instrument provided for, or shall be adjudicated to be so provided for herein or in any other instrument, the provisions of this paragraph shall govern and neither Maker nor any guarantor or endorser of this Note nor their respective heirs, personal representatives, successors, or assigns shall be obligated to pay such interest to the extent it is in excess of the Default Rate. Any fees or other sums that under applicable law are deemed to constitute interest shall be or other sums so deemed interest shall be amortized, prorated, allocated and spread in equal parts over the full stated term of the loan evidenced hereby.

If the maturity of this Note is accelerated for any reason before the due date stated, or in the event of any prepayment by Maker, or in any other event, earned interest may never exceed the Default Rate, computed from the date of disbursement of the loan evidenced hereby until payment, and any unearned interest otherwise payable hereunder that is in excess of the Default Rate shall be cancelled automatically as of the date of the acceleration, prepayment, or other event, and if previously paid, shall at the option of the holder of this Note be either refunded to Maker or credited on the principal of this Note, provided that, if the holder elects to credit the unearned interest on the principal of this Note, and such unearned interest exceeds the principal balance, the excess shall be refunded to Maker. Any interest computation under this Note and the Owner Loan Agreement shall be at not more than the Default Rate upon the portion of the face amount hereof representing principal that remains unpaid from time to time, it being the intention of the parties hereto to conform strictly to the laws applicable to the loan evidenced by this Note and the Owner Loan Agreement, and should it be held that interest payable under this Note and the Owner Loan Agreement is in excess of the Default Rate, the interest chargeable hereunder shall be reduced to the maximum amount permitted by law.

X. SPECIAL PROVISIONS

As long as HUD is the insurer or holder of the Senior Loan , the following provisions ("HUD Provisions") shall be in full force and effect:

(a) any payments due under the Note shall be payable only (i) from permissible distributions from Surplus Cash (as defined in the City Loan Agreement) of the Project; but in no event greater than seventy-five percent (75%) of the total amount of Surplus Cash; or (ii) from monies received from Non-Project Sources. In no event may payments due under this Note cumulatively exceed 75% of available Surplus Cash. The restriction on payment imposed by this paragraph shall not excuse any default caused by the failure of the Borrower to pay the indebtedness evidenced by the Subordinate Note. no prepayment of this Note shall be made until after final endorsement by HUD of the Senior Loan (as defined in the Loan Agreement), unless such prepayment is made from Non-Project Sources and is approved inwriting by HUD.

(b) Except pursuant to a sale under the Collateral Assignment to the City, this Subordinate Note is deemed non-negotiable and may not be further sold, transferred, assigned, or pledged by the Subordinate Lender or the City except with the prior written approval of HUD;

(c) Interest on this Note shall not be compounded as long as HUD is the insurer or holder of the Note secured by the Security Instrument;

(d) Maker hereby waives presentment, demand, protest and notice of demand, protest and nonpayment of this Subordinate Note;

(e) The terms and provisions of this Section are also for the benefit of and are enforceable by HUD against any party hereto, their successors and assigns. This Note may not be modified or amended without the written consent of HUD.

XI. GOVERNING LAW

This Note is made in the State of Texas and shall be governed by and construed in accordance with the internal laws of the State of Texas, without regard to conflicts of laws principles.

XII. SUCCESSORS

This Note shall be binding upon the parties hereto and their respective successors and assigns.

XIII. JURY WAIVER

MAKER AND PAYEE ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED, EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THEIR MUTUAL BENEFIT, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS NOTE OR THE INDEBTEDNESS.

XIV. ENTIRE AGREEMENT

THIS WRITTEN LOAN AGREEMENT (AS DEFINED BY SECTION 26.02 OF THE TEXAS BUSINESS AND COMMERCE CODE) AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

XV. BANKRUPTCY PREFERENCES

If at any time any payment received by Payee hereunder shall be deemed by a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under any Debtor Relief Law (as defined below), then the obligation to make such payment shall survive any cancellation or satisfaction of this Note or return thereof to Payee and shall not be discharged or satisfied with any prior payment thereof or cancellation of this Note, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof, and such payment shall be immediately due and payable upon demand. For purposes of this Note, "**Debtor Relief Law**" shall mean Title 11 of the United States Code, as now or hereafter in effect, or any other applicable law, domestic or foreign, as now or hereafter in effect, relating to bankruptcy, insolvency, liquidation, receivership, reorganization, arrangement or composition, extension or adjustment of debts or similar laws affecting the rights of creditors.

XVI. LIMITS ON PERSONAL LIABILITY

(a) Notwithstanding anything to the contrary set forth herein, or in the City Loan Agreement, or in any other documents executed in connection with the City Loan, upon the commencement of the Affordability Period, Maker and its Partners, except Guarantor during the effective period of the Guaranty Agreement (if Guarantor is a partner), shall have no personal liability under this Note, the Deed of Trust or the Loan Agreement for the repayment of the indebtedness or for the performance of any other obligations of Maker under the Loan Documents except as set forth below, and Payee's only recourse for the satisfaction of the indebtedness payable under the Loan Documents and the performance of such obligations shall be Payee's exercise of its rights and remedies with respect to the Project, Property and any other collateral held by Payee as security for the indebtedness except as set forth below. This limitation on Maker's liability shall not limit or impair Payee's enforcement of its rights against the Maker for any indebtedness or obligations of Maker under Section XVI(b) of below.

(b) Maker shall be personally liable to Payee for the repayment of a portion of the indebtedness payable under the Loan Documents equal to any loss or damage suffered by Payee as a result of:

(i) failure of Maker to pay to Payee upon demand after a Default, all rents, revenues and profits from the operation of the Project to which Payee is entitled under the Deed of Trust and the amount of all security deposits collected by Maker from tenants then in residence, subject to the rights of any senior lender with a first lien deed of trust on the Project;

(ii) failure of Maker to apply all insurance proceeds and condemnation proceeds as required by the Loan Documents, subject to the rights of any senior lender with a first lien deed of trust on the Project;

(iii) failure of Maker to comply with the requirements in the Deed of Trust relating to the delivery of books and records, statements, schedules and reports;

(iv) fraud or any written material misrepresentation by Maker or any officer, agent, director, partner, member or employee of Maker in connection with the application for the Loan, the Loan Documents, or any request by Payee;

(v) failure to apply rents, revenues and profits, first, to the payment of reasonable operating expenses (other than property management fees that are not currently payable) and then to debt service amounts due, except that Maker will not be personally liable (i) to the extent that Maker lacks the legal right to direct the disbursement of such sums because of a senior loan deed of trust encumbering the Project, or bankruptcy, receivership or similar judicial proceedings, or (ii) with respect to surplus cash distributed in any calendar year if Maker has paid all operating expenses and debt service amounts due for that calendar year, provided that such distribution does not violate the terms of the City Loan Agreement;

(vi) failure of Maker to pay all deductibles required under any of the insurance policies required to be maintained under the Loan Agreement;

(vii) the failure of the Maker to complete the construction of the Project by the date required under the Loan Agreement;

(viii) the failure of the Maker to qualify the Project as a “qualified low-income housing project” under Section 42(g) of the Code; or

(ix) Failure of Maker to comply with the Restrictive Covenants executed in connection with the City Loan Agreement.

**SIGNATURE PAGE
COLLATERAL NOTE**

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

MAKER:

ST. ELIZABETH PLACE LP,
a Texas limited partnership

By: St. Elizabeth Place GP LLC,
a Texas limited liability company,
its general partner

By: St. Elizabeth 2020 Investments, LLC, a
Texas limited liability company, its
manager

By: _____
Kathy Flanagan Payton, Manager

By: Cloudbreak Development, LLC,
its Manager

By: _____
Thomas R. Cantwell, Jr., Manager

FOR VALUE RECEIVED, PAY TO THE ORDER OF THE CITY OF HOUSTON, as collateral in accordance with the Collateral Assignment of Notes and Liens dated _____, 2022, between Payee and the City of Houston.

**FIFTH WARD COMMUNITY
REDEVELOPMENT CORPORATION,**
a Texas non-profit corporation

By: _____
Charles Turner
Its: Chairman

ATTACHMENT T TO LOAN AGREEMENT

TRANCHE 3 DEED OF TRUST, SECURITY AGREEMENT AND FINANCING STATEMENT

When recorded, return to:

THE CITY OF HOUSTON
P. O. Box 1562
Houston, TX 77251-1562
Attention: Director, Housing and Community Development Department

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

TRANCHE 3 DEED OF TRUST, SECURITY AGREEMENT AND FINANCING STATEMENT

From

ST. ELIZABETH PLACE LP
a Texas limited partnership,

as Grantor

to

KEITH W. BYNAM,
as Trustee

for the benefit of

FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION
as Beneficiary

TRANCHE 3 DEED OF TRUST, SECURITY AGREEMENT
AND FINANCING STATEMENT

THE STATE OF TEXAS §

COUNTY OF HARRIS §

That in consideration of certain indebtedness hereinafter described, justly owing by **ST. ELIZABETH PLACE LP**, a Texas limited partnership ("**Grantor**"), to **FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION**, a Texas nonprofit corporation ("**Beneficiary**") and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other valuable consideration paid to the Grantor, the receipt and sufficiency of which are hereby acknowledged, Grantor has GRANTED, ASSIGNED, TRANSFERRED and CONVEYED, and does hereby GRANT, ASSIGN, TRANSFER and CONVEY unto **KEITH W. BYNAM**, as trustee ("**Trustee**"), all of the following described property is collectively referred to herein as the "**Property**":

A. All of Grantor's right, title and interest, whether now or hereafter arising, in and to the real property situated in Harris County, Texas, described in **EXHIBIT A** hereto, together with all right, title and interest now and/or hereafter owned by Grantor, its successors and assigns, in the whole or any part of the above described real property and/or any street or road adjacent and/or contiguous to the above described real property ("**Land**").

B. All of Grantor's right, title and interest, whether now or hereafter arising, in and to all buildings and other improvements now or hereafter placed on the Land, as well as all appurtenances, betterments and additions thereto ("**Improvements**"); all and singular the rights, privileges, hereditaments and appurtenances in anywise incident or appurtenant to the Land and Improvements; and the rents, revenue, profits and income from the Land and Improvements.

C. All of Grantor's right, title and interest, whether now or hereafter arising, in and to any and all plumbing, electrical, heating, cooling and other equipment and all building materials and other goods of every type, kind and character that are now or hereafter situated upon the Land and which (i) are intended to be incorporated into the Improvements or (ii) are now, or hereafter become, fixtures attached to the Land or the Improvements; any and all other goods of every type, kind and character, including without limitation, all appliances, furniture, fixtures, inventory and equipment now owned or hereafter acquired by Grantor that are now or hereafter situated upon the Land (whether or not situated within or attached to the Improvements) and that facilitate the use and occupancy of the Improvements for the purpose for which they were or are to be constructed; all plans and specifications for the Improvements, all rights of Grantor under all existing and future leases, construction, maintenance and other contracts covering or relating to the Land or the Improvements, all tenants deposits made pursuant to or in connection with such leases, all rights of ingress and egress, easements, water and wastewater rights, and to the extent assignable, all licenses, permits, franchises, certificates, accounts, instruments, chattel paper, documents, agreements, contracts, including without limitation any agreements with the United States Department of Housing and Urban Development (to the extent assignable), and general intangibles, and all rights of Grantor in and to any development rights relating to the Land or the Improvements (including, without limitation, trade names and symbols used in connection therewith and any deposits with utility companies) and all other rights and privileges obtained in connection with, relating to or associated with the Land or the Improvements (collectively, the "**Personalty**") and all proceeds of the Personalty.

D. To the extent the assignment thereof is enforceable under applicable law, all of Grantor's right, title and interest, whether now or hereafter arising, in and to any tax refunds, including interest thereon, tax rebates, ad valorem tax credits, and tax abatements, and the right to receive the same, which may be payable or available with respect to the Property but excluding any Historic Tax Credits available pursuant to Federal law or any Historic Tax Credits available pursuant to the laws of Texas, each as amended.

E. All of Grantor's right, title and interest in the proceeds (including conversion to cash or liquidation claims) of (A) insurance relating to the Property and (B) all awards made for the taking by eminent domain (or by any proceeding or purchase in lieu thereof) of the Property, including awards resulting from a change of any streets (whether as to grade, access, or otherwise) and for severance damages.

F. All of Grantor's right, title and interest, if any, in and to all substances in, on, or under the Land which are now, or may become in the future, intrinsically valuable, that is, valuable in themselves, and which now or may be in the future enjoyed through extraction or removal from the property, including without limitation, oil, gas, and all other hydrocarbons, coal, lignite, carbon dioxide and all other nonhydrocarbon gases, uranium and all other radioactive substances, and gold, silver, copper, iron and all other metallic substances or ores (collectively, "**Minerals**").

G. All funds of Grantor that may be deposited with Beneficiary at any time and from time to time for any purpose, which funds shall be deemed to be part of the Personalty for purposes hereof. In the event of a conflict between the terms and conditions of this instrument and the instrument under which Beneficiary holds any funds of Grantor, the terms and conditions of the latter instrument shall prevail.

TO HAVE AND TO HOLD the Property unto the Trustee and the assigns of the Trustee, and Grantor does hereby bind Grantor and the successors and assigns of Grantor, to **WARRANT AND FOREVER DEFEND** all and singular the Property and title thereto unto the Trustee and unto the assigns of the Trustee, against every person or party whomsoever claiming or to claim the same, or any part thereof, subject, however, to the permitted encumbrances set forth on **EXHIBIT B** attached hereto (the "**Permitted Encumbrances**") and the liens securing the Senior Note (as described below).

I.

SECURITY FOR PERFORMANCE OF OBLIGATIONS

This conveyance is made in trust, however, to secure the performance of all covenants and agreements contained in this Deed of Trust, Security Agreement and Financing Statement ("**Deed of Trust**") and that one certain Amended and Restated Loan Agreement (the "**Loan Agreement**") executed or to be executed between Grantor and Beneficiary (which incorporates the terms of a certain other Amended and Restated Loan Agreement between Grantor, Beneficiary and the City of Houston ("**City Loan Agreement**") relating to the Property) and the full and prompt payment when due (by lapse of time or otherwise), of the following indebtedness (the "**Indebtedness**"):

A. Loan. All sums, including principal, interest and attorneys' fees, called for in that certain promissory note (the "**Note**") executed by Grantor payable to the order of Beneficiary, in the principal amount of ONE MILLION FIVE HUNDRED SEVENTY SEVEN THOUSAND SEVEN HUNDRED SEVENTY-FOUR AND 40/100 DOLLARS (\$1,577,774.40), which Note evidences that certain loan from Beneficiary to Grantor of the amount set forth in the Note (the "**Loan**"), and which Note bears interest at the rates therein stated and provides for acceleration of maturity should a Default (as defined in the Loan Agreement) occur.

B. Other Sums. All other sums owing by Grantor to Beneficiary or other holder(s) of any part of the Indebtedness or becoming due under the Loan Agreement or under the City Loan Agreement. (This Deed of Trust and all other instruments now or hereafter evidencing, governing or securing any part of the Indebtedness are hereinafter collectively referred to as the "**Loan Documents**").

C. Other Obligations. This Deed of Trust also secures Grantor's performance under certain Restrictive Covenants with respect to the Property executed by Grantor in connection with the City Loan Agreement.

II.

**PAYMENT OF THE INDEBTEDNESS;
DEFAULT; ENFORCEMENT OF TRUST**

A. Payments. If the indebtedness is fully paid and if all of Grantor's covenants and agreements herein and in the Loan Agreement (including the incorporated provisions of the City Loan Agreement and the other Loan Documents are fully kept and performed, and if no Default then exists, then this conveyance shall thereupon become of no further force and effect and shall be released by Beneficiary or other holder(s) of the Indebtedness upon the written request and at the expense of Grantor.

B. Enforcement. But if any Default (as defined in the Loan Agreement) exists, the whole of the Indebtedness shall at the option of Beneficiary, without notice to Grantor or any other person, which notice is hereby waived, become immediately due and payable and thereupon, or at any time thereafter that the Indebtedness or any part thereof remains unpaid, it shall be the duty of the Trustee, or the Substitute Trustee, as hereinafter defined, at the request of Beneficiary, or the holder(s) of the Indebtedness, which request shall be presumed, to enforce this Trust and to sell as an entirety, or in parcels, by one sale or by several sales, held at one time or at different times, as the Trustee acting may elect (all rights to a marshaling of Grantor's assets, including Property, or to a sale in inverse order of alienation, being hereby expressly waived by Grantor), the Property in the county in which the Property, or a part of the Property to be sold, is situated (the "**County**") at such area at the courthouse designated by the Commissioner's Court of the County as the area where sales are to take place, or if no area is designated, at the door of the County Courthouse, each sale to be made on the first Tuesday of a calendar month between the hours of 10:00 A.M. and 4:00 P.M. to the highest bidder for cash at public auction, after both posting or causing to be posted written or printed notice of the time (including the earliest time at which the sale will occur), place, and term of sale at the door of the Courthouse of the County and filing or causing to be filed a copy of the notice in the Office of the County Clerk of the County, for at least twenty-one (21) days preceding the day of sale, and to execute and to deliver to the purchaser(s) at each such sale proper conveyance(s) of the property interest sold, with general warranty of title binding upon Grantor and the successors and assigns of Grantor; or Beneficiary or other holder(s) of the Indebtedness may foreclose or cause to be foreclosed the Lien of this Deed of Trust, in whole or in part, through judicial foreclosure or in any manner as may at any time be authorized under the statutes of the State of Texas. In addition, the holder(s) of the Indebtedness to which the power is related shall, at least twenty-one (21) days preceding the date of sale, serve written notice of the proposed sale by certified mail on each person obligated to pay the Indebtedness according to the records of the holder(s). Service of the notice shall be completed upon deposit of the notice, enclosed in a postpaid wrapper, properly addressed to each debtor at the most recent address as shown by the records of the holder(s) of the Indebtedness, in a post office or official depository under the care and custody of the United States Postal Service. The Affidavit of any person having knowledge of the facts to the effect that service was completed shall be prima facie evidence of the fact of service. No notice of the sale or sales other than that herein provided for need be given to Grantor or any other person or party, and any other notice is hereby waived. Beneficiary or other holder(s) of the Indebtedness shall have the right to become the purchaser at any sale to the same extent as any other party, being the highest bidder, and in lieu of paying cash may credit the amount of the bid upon the Indebtedness up to the full amount of the Indebtedness then unpaid.

C. Proceeds. The Trustee acting shall apply the proceeds arising from each sale, first, to pay all reasonable expenses of the sale actually incurred, second, to reimburse Beneficiary for any expenses incurred by Beneficiary in protecting, administering or operating the Property after the occurrence of the applicable Default and prior to the foreclosure sale and third, to the payment of the Indebtedness (including all principal, interest and attorneys' fees owing as part of the Indebtedness). The proceeds of each sale paid to Beneficiary may be applied by Beneficiary on the Indebtedness in any order and manner as Beneficiary may elect. Any surplus funds from the foreclosure sale or sales hereunder shall be paid to Grantor or the person(s) lawfully entitled thereto.

III.

UNMATURED INDEBTEDNESS

If any Default exists, Beneficiary or other holder(s) thereof shall, in addition to any remedies available to Beneficiary at law or in equity, have the option to proceed with foreclosure in satisfaction of such item or items, either through the courts or by directing the Trustee, or the Substitute Trustee, as hereinafter provided for, to proceed as if under a foreclosure, conducting the sale as herein provided and without declaring the whole debt due, and if a sale is made because of such Default, the sale may be made subject to the unmatured part of the Indebtedness, but as to the unmatured part of the Indebtedness, this Deed of Trust shall remain in full force and effect just as though no sale had been made under the provisions of this paragraph. Several sales may be made hereunder without exhausting the right of sale for any unmatured part of the Indebtedness, it being the purpose hereof to provide for a foreclosure and sale of the Property, in whole or in part, for any matured portion of the Indebtedness without exhausting the power of foreclosure and the power to sell the Property, in whole or in part, for any other part of the Indebtedness subsequently maturing.

IV.

SUBSTITUTE TRUSTEE

In case of the resignation of the Trustee, or the inability (through death or otherwise), refusal or failure of the Trustee to act, or at the option of Beneficiary or the holder(s) of the Indebtedness for any other reason (which reason need not be stated), a substitute trustee ("**Substitute Trustee**") may be named, constituted and appointed by Beneficiary or the holder(s) of the Indebtedness, without other formality than an appointment and designation in writing; the appointment and designation shall be full evidence of the right and authority to make the same and of all facts therein recited; and this conveyance shall vest in the Substitute Trustee the title, power and duties herein conferred on the Trustee originally named herein and the conveyance of the Substitute Trustee to the purchaser(s) at any sale shall be equally valid and effective. The right to appoint a Substitute Trustee shall exist as often and whenever from any of said causes, the Trustee, original or Substitute, resigns, or cannot, will not, or does not act, or Beneficiary or the holder(s) of a majority of the Indebtedness desire to appoint a new Trustee. No bond shall ever be required of the Trustee, original or Substitute. The recitals in any conveyance made by the Trustee, original or Substitute, shall be accepted and construed in court and elsewhere as prima facie evidence and proof of the facts recited and no other proof shall be required as to the request by Beneficiary or the holder(s) of a majority of the Indebtedness to the Trustee to enforce this Trust, or as to the notice of or holding of the sale, or as to any particulars thereof, or as to the resignation of the Trustee, original or Substitute, or as to the inability, refusal or failure of the Trustee, original or Substitute, to act or as to the election of Beneficiary or the holder(s) of a majority of the Indebtedness to appoint a new Trustee, or as to appointment of a Substitute Trustee, and all prerequisites of the sale shall be presumed to have been performed; and each sale made under the powers herein granted shall be a perpetual bar against Grantor and the successors and assigns of Grantor.

V.

REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF GRANTOR

For the purpose of better securing to Beneficiary the payment of the Indebtedness, Grantor represents, warrants and covenants to Beneficiary as follows:

A. Title, Authority, and Performance under Leases. At the time of the execution and delivery of this Deed of Trust, Grantor is the sole and lawful owner of the Land in fee simple, and Grantor has the authority to execute this Deed of Trust. The Property is free from all encumbrances and charges whatsoever except for the liens securing the Senior Note and the Permitted Encumbrances. No assignments or pledges are currently in effect with respect to any leases of or rentals or income from the

Property except for assignments and/or pledges to Beneficiary and those expressly stated in EXHIBIT B and those securing the Senior Note, and until the Indebtedness is fully paid, at which time this Deed of Trust will be released. Grantor shall not make any additional assignment or pledge thereof without Beneficiary's prior written consent.

B. Tax and Insurance Escrow. Unless Grantor is already required to maintain an escrow account with the Senior Lender upon written request by Beneficiary, Grantor agrees to deposit with Beneficiary on a monthly basis, or at other intervals as specified, a sum that shall be sufficient to pay taxes, assessments, charges, and insurance premiums as they become due, all as reasonably estimated by Beneficiary, which sum shall be held by Beneficiary (or by a banking institution selected by Beneficiary whose funds are insured by a federal agency or instrumentality) in trust to pay taxes, assessments, charges and premiums, but which shall not bear interest and may be commingled with other funds. If at any time the funds so held by (or on behalf of) Beneficiary are insufficient to pay any tax, assessment, charge or insurance premium, Grantor shall, upon receipt of notice, deposit with Beneficiary (or such banking institution), all additional funds as are necessary to remove the deficiency. If the Indebtedness is for any reason declared immediately due and payable, funds held by (or on behalf of) Beneficiary for payment of taxes, assessments, charges or premiums as herein provided may, at Beneficiary's election, be applied on the Indebtedness in any manner as Beneficiary so elects. In the event that Grantor is escrowing with Senior Lender (as defined below) a sum for payment of taxes, assessments, charges and insurance premiums and such amount is sufficient to fully discharge such taxes, assessments, charges and insurance premiums, Beneficiary agrees not to require an additional escrow deposit under this paragraph. In the event that Beneficiary does not require the escrow deposits described in the paragraph, Grantor shall provide Beneficiary with written evidence that (i) all applicable taxes and assessments have been paid at least thirty (30) days prior to delinquency and (ii) all insurance premiums have been paid thirty (30) days before the renewal date of the applicable policies. Grantor shall duly pay and discharge, or cause to be paid and discharged, all taxes, assessments, charges, and insurance premiums before they become past due.

C. Insurance. Grantor shall, prior to or concurrently with the execution of this Deed of Trust, deliver to Beneficiary all of the following insurance policies together with evidence of such other insurance coverage as required pursuant to the Loan Agreement, accompanied by paid premium receipts evidencing payment in full of the required premiums for at least the first full year of coverage:

- (i) fire insurance with extended coverage and standard Beneficiary and replacement cost endorsement for the full insurable value of the insurable portion of the Property, but in no event for an amount less than the amount of the Note (90% shall be acceptable co-insurance rates for fire insurance); and
- (ii) public liability insurance in the amount of \$1,000,000.00 per occurrence and \$2,000,000.00 in the aggregate for a twelve (12) month policy period. Each renewal policy shall be delivered to Beneficiary not less than thirty (30) days before the termination of the prior policy and with each policy there shall be delivered to Beneficiary a receipt showing payment of the premium therefor.

Upon request, Grantor shall also carry additional insurance or additional reasonable amounts of insurance covering Grantor or the Property as Beneficiary shall reasonably require, insuring against such other insurable hazards which at the time are commonly insured against for property similar to the Property located in the region where the Property is located.

If the Property or any part thereof has been or at any time during the term of this Deed of Trust or any extension or renewal thereof is designated as a flood-prone or flood-risk area pursuant to the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, as each have been or may be amended, or any successor law, Grantor shall obtain flood insurance in such total amounts as Beneficiary may from time to time require and shall otherwise comply with the requirements of the National Flood Insurance Program as set forth in the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, or any successor law.

All insurance required under this Deed of Trust and the Loan Agreement shall be fully paid for, non-assessable, and such policies shall contain such provisions, endorsements, and expiration dates as Beneficiary shall reasonably require. Such policies shall be issued by insurance companies authorized and licensed to transact business in the State of Texas with ratings acceptable to Beneficiary in its sole and absolute discretion and shall name Beneficiary as an additional insured.

D. Operations. Grantor will abstain from and not permit the commission of waste in or about the Property, will maintain the Property in good operating condition and repair at all times, ordinary wear and tear and insured casualty excepted, will not remove or demolish the buildings or other improvements now or hereafter constituting a part of the Property, or alter the design or structural character of any buildings or improvements unless Beneficiary shall first consent thereto in writing, which consent shall be granted or denied in Beneficiary's reasonable discretion, and will comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property or the use thereof, which consent shall not be unreasonably withheld, delayed or conditioned. Grantor will not seek or acquiesce in a zoning reclassification of all or any portion of the Property or grant or consent to any easement, dedication, plat, or restriction (or allow any easement to become enforceable by prescription), or any amendment or modification thereof, covering all or any portion of the Property, without Beneficiary's prior written consent. Grantor will not, without the prior written consent of Beneficiary, permit any drilling or exploration for or extraction, removal, or production of, any Minerals from the surface or subsurface of the Land regardless of the depth thereof or the method of mining or extraction thereof.

E. Obligations Under Other Loan Documents. Grantor hereby agrees to comply with and perform all of its obligations under the other Loan Documents and agrees to be bound by the representations, warranties and covenants made by Grantor contained in the Loan Documents. All of representations, warranties and covenants contained in the other Loan Documents are hereby fully incorporated herein.

F. Casualty and Condemnation Proceeds. Subject to the terms of the Loan Agreement and the Intercreditor Agreement (as defined below), in the event of any fire or other casualty to the Property or eminent domain proceedings resulting in condemnation of the Property or any part thereof, Grantor shall have the right to rebuild the Property, and to use all available insurance or condemnation proceeds therefor, provided that (a) such proceeds are sufficient to keep the Indebtedness in balance and rebuild the affected portion of the Property in a manner that provides adequate security to Beneficiary for repayment of the Indebtedness or if such proceeds are insufficient then Grantor shall have funded any deficiency, (b) Beneficiary shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no Default then exists under the Loan Documents that will not be cured by rebuilding the affected portion of the Property. If the casualty or condemnation affects only part of the Property and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Indebtedness in a manner that provides adequate security to Beneficiary for repayment of the remaining balance of the Indebtedness.

G. Failure to Pay. All taxes and any assessments that are due and payable affecting the Property shall be paid and discharged in full prior to execution and delivery of this Deed of Trust, or as they subsequently become due and payable and prior to delinquency. If Grantor fails to pay any tax, assessment, charge or insurance premium affecting the Property in accordance with the terms of this Deed of Trust, Beneficiary may, at its option, pay the same, or if Grantor fails to perform any of Grantor's covenants or agreements set forth in this Deed of Trust in accordance with the terms hereof, Beneficiary may, at its option, correct or cause to be corrected the same and pay any sums in connection therewith as Beneficiary shall determine to be necessary or advisable, and all taxes, assessments, charges, insurance premiums and sums paid by Beneficiary in connection with such matters (collectively, whether one or more, an "Assessment") shall be immediately repayable by Grantor to Beneficiary, together with interest on each amount at the default rate provided in the Note from the date the sum is paid by Beneficiary, until the same is refunded to Beneficiary and all such amounts and interest thereon, shall be secured hereby as part of the Indebtedness. Notwithstanding the foregoing, Grantor shall have the right to object and protest to ad valorem taxes on the Property in good faith and with due diligence provided that (i) no Default exists under

this Deed of Trust or any of the other Loan Documents, (ii) Grantor gives Beneficiary prior written notice of its intent to contest an Assessment; (iii) Grantor demonstrates to Beneficiary's reasonable satisfaction that (A) the Property will not be sold to satisfy the Assessment prior to the final determination of the legal proceedings, (B) Grantor has taken such actions as are required or permitted to accomplish a stay of any such sale, and (C) Grantor has either (1) furnished a bond or surety (satisfactory to Beneficiary in form and amount) sufficient to prevent a sale of the Property or (2) at Beneficiary's option, deposited one hundred fifty percent (150%) of the full amount necessary to pay any unpaid portion of any Assessment with Beneficiary; and (iv) such proceeding shall be permitted under any other instrument to which Grantor or the Property is subject (whether superior or inferior to this Instrument).

H. Title Litigation. Subject to title insurance coverage, in case of any litigation involving the title to any part of the Property, or the validity of this Deed of Trust, Beneficiary may be represented in the litigation through attorneys of its own selection and Grantor shall, upon demand, promptly reimburse Beneficiary for all court costs and reasonable attorneys' fees incurred by Beneficiary in defending and/or protecting its rights in any litigation.

I. Default. Subject to applicable notice provisions and the other terms of this Deed of Trust and the other Loan Documents, if a Default (as defined in the Loan Agreement) occurs, the whole of the Indebtedness, at the option of Beneficiary, shall become immediately due and payable, without further notice or demand.

J. Tenancy at Sufferance. Following any sale of the Property, or any part thereof, under the provisions of this Deed of Trust, and to the extent permissible under applicable law, Grantor shall be obligated to immediately vacate the premises and prior to such vacation shall be a tenant at sufferance of the purchaser of the Property sold and shall be subject to eviction in an action of forcible detainer; provided, the provisions of this Subparagraph J shall be subject to any agreements made in writing by Beneficiary with reference to any existing and/or future leases; provided, further, to the extent permitted under applicable law, the purchaser at any foreclosure sale shall have the option to affirm any then existing leases or tenancies or otherwise to succeed to the rights of Grantor thereunder.

K. Subrogation. To the extent that any of the Indebtedness represents funds utilized to satisfy any outstanding Indebtedness or obligations secured by liens, rights, or claims against the Property or any part thereof, Beneficiary shall be subrogated to any and all liens, rights, superior titles and equities owned or claimed by the holder of any outstanding indebtedness or obligation so satisfied, however remote, regardless of whether the liens, rights, superior titles and equities are assigned to Beneficiary or released by the holder(s) thereof.

L. Homestead Disclaimer. Grantor represents and covenants that the Property forms no part of any property owned, used, or claimed by Grantor as a business or residential homestead, or as exempt from forced sale under the laws of the State of Texas and disclaims and renounces all and every such claim thereto.

M. Additional Transfers and Encumbrances. Beneficiary shall have the right to declare the Indebtedness secured hereby immediately due and payable in the event the Grantor sells, transfers, assigns, or conveys its interest, whether voluntarily or involuntarily, in the Property, or any part thereof, without the prior written consent of Beneficiary, such consent not to be unreasonably withheld, delayed or conditioned or in the event any junior or subordinate mortgage, lien, deed of trust, or other encumbrance is placed upon the Property without the prior written consent of Beneficiary, provided the foregoing shall not prohibit the removal of worn or obsolete Personalty that is replaced with new items of the same or similar quality. If Beneficiary consents to the sale, transfer, assignment, or conveyance of Grantor's interest in the Property, or any part thereof, and waives in writing its right to accelerate the Indebtedness secured hereby as provided in this Subparagraph M, Beneficiary may require that the transferee assume all the obligations of Grantor under this Deed of Trust, the Loan Agreement and the Note in a form reasonably acceptable to Beneficiary and its legal counsel. For purposes of this Subparagraph M, "transfer" of the Property includes any direct or indirect transfer of any beneficial ownership in Grantor (except as allowed by the City Loan Agreement) or the general partner or managing member of Grantor except to the extent that such transfer

is permitted under the Loan Agreement (including the incorporated provisions of the City Loan Agreement) after satisfaction of all requirements for such transfer including the consent of the City of Houston (the "City"), if required for such transfer.

Notwithstanding anything to the contrary contained in this Deed of Trust or the other Loan Documents, the removal and/or replacement of Grantor's general partner for cause in accordance with Grantor's partnership agreement shall not require the consent of the Beneficiary or the Trustee, shall not constitute a default or Default under this Deed of Trust or the Loan Documents or accelerate or give the Beneficiary the right to accelerate the maturity of the Loan. The consent of the Beneficiary and the City shall be required for the appointment of a new general partner, but if the Grantor's Tax Credit Investor (as defined in the Loan Agreement) exercises its right to remove the Grantor's general partner for cause, Beneficiary will not unreasonably withhold its consent to the substitute general partner; provided however, the consent of neither the Trustee nor the Beneficiary shall be required if the substitute general partner is an affiliate of such limited partner. The substitute general partner shall assume all of the rights and obligations of the removed general partner of Grantor hereunder.

N. No Reliance on Beneficiary. Grantor is experienced in the ownership and operation of properties similar to the Property, and Beneficiary is relying solely upon Grantor's expertise and business plan in connection with the construction of the Improvements and ownership and operation of the Property. Grantor is not relying on Beneficiary's expertise or business acumen in connection with the Property or in connection with the construction of the Improvements.

O. No Litigation. Except as disclosed in writing to Beneficiary, there are no (i) actions, suits, or proceedings, at law or in equity, before any Governmental Authority (as defined in the Loan Agreement) or arbitrator pending or threatened against or affecting Grantor, any guarantor, or involving the Property, (ii) outstanding or unpaid judgments against the Grantor or the Property, or (iii) defaults by Grantor with respect to any order, writ, injunction, decree, or demand of any Governmental Authority or arbitrator.

P. Payment for Labor and Materials. Grantor will timely pay all bills for labor, materials, and specifically fabricated materials incurred in connection with the Property (which shall be deemed an Assessment on the Property) and never permit to exist in respect of the Property or any part thereof any unbonded lien or security interest, even though inferior to the liens and security interests hereof, for any such bill, and in any event never permit to be created or exist in respect of the Property or any part thereof any other or additional lien or security interest on a parity with, superior, or inferior to any of the liens or security interests hereof, except for the Permitted Encumbrances and the liens securing the Senior Note. In the event that Grantor becomes aware that such lien has been recorded against the Property, Grantor shall have such lien released within thirty (30) days. If Grantor fails to pay or bond around any bills for labor, materials, and specifically fabricated materials incurred in connection with the Property, Beneficiary shall have the rights set forth in Section V.G for Grantor's failure to pay any Assessment, as well as the other rights and remedies provided under this Deed of Trust.

Q. Tax on Deed of Trust. At any time any law shall be enacted imposing or authorizing the imposition of any tax upon this Deed of Trust, or upon any rights, titles, liens, or security interests created hereby, or upon the Indebtedness or any part thereof, Grantor will pay when due all such taxes, provided that if such law as enacted makes it unlawful for Grantor to pay such tax, Grantor shall not pay nor be obligated to pay such tax. Nevertheless, if a law is enacted making it unlawful for Grantor to pay such taxes, then Grantor must prepay the Indebtedness in full within sixty (60) days after demand therefor by Beneficiary.

R. ERISA. If and to the extent that Grantor is obligated under any plan governed by or subject to the Employee Retirement Income Security Act, as amended ("ERISA"), Grantor shall fully discharge and satisfy all of its obligations and funding requirements under such plan, ERISA and the Internal Revenue Code, as amended ("IRC"). Furthermore, Grantor shall comply in all material respects with any and all applicable provisions of ERISA and the IRC and will not incur or permit to exist any unfunded liabilities to the Pension Benefit Guaranty Corporation or to such plan under ERISA or the IRC.

S. Disclosures. If at any time Grantor shall become aware of the existence or occurrence of any financial or economic conditions or natural disasters which are likely to have a material adverse effect on the Property or Grantor's financial condition, Grantor shall promptly notify Beneficiary of the existence or occurrence thereof and of Grantor's opinion as to what effect such may have on the Property or Grantor. Grantor shall also give prompt notice to Beneficiary of (i) the serious illness or death of any principal or key employee of Grantor, (ii) any litigation or dispute, threatened or pending against or affecting Grantor, the Property or any guarantor which could have a material adverse effect on the Property or the financial condition or business of any of the aforementioned parties, (iii) any Default, (iv) any default by Grantor or any acceleration of any indebtedness owed by Grantor under any contract to which Grantor is a party, and (v) any change in the character of Grantor's business as it existed on the date hereof.

VI.

CAPTIONS

The captions contained in this Deed of Trust are for convenience only and shall not be taken into account in determining the meaning of any provision of this Deed of Trust.

VII.

ASSIGNMENT OF LEASES

As further security for the payment of the Indebtedness, and subject to the rights of senior lienholders, Grantor hereby assigns to Beneficiary, its successors and assigns, all leases, whether now in existence or hereafter created, covering all or any portion of the Property together with all rents to become due under each such lease, subject, however, to any prior assignment in connection with senior indebtedness and including, without limitation, that one certain Master Lease between Grantor as landlord and St. Elizabeth Place Master Tenant LLC covering the Property. For so long as no Default exists, Grantor may collect the rents, but not more than one (1) month in advance, in the ordinary course of business, unless otherwise provided by the express terms of the leases and approved by Beneficiary. In the event of any Default and at any and all times during the continuance thereof, in addition to all other rights and remedies of Beneficiary, Beneficiary shall have the exclusive right and power (but not the obligation) to enter upon and take possession of the Property or any part thereof, to rent or re-rent the same, either in the name of Beneficiary or Grantor, to receive all rents, revenues, profits, or other income from the Property and to apply all amounts received first, to the costs and expenses incurred by Beneficiary in protecting and operating the Property and next, to the payment of the Indebtedness in any manner and in any order of priority as Beneficiary shall determine. This action by Beneficiary shall not operate as a waiver of the Default, or as an affirmation of any lease or of the rights of any tenant of title to that part of the Property covered by the lease or held by the tenant, should the Property, or any part thereof, be acquired by Beneficiary or other purchaser at a foreclosure sale. The right of Beneficiary to receive all rents, revenues, profits, or other income from the Property during the continuance of any Default shall be applicable whether Beneficiary has entered upon or taken possession of the Property, or has otherwise attempted to exercise its rights hereunder and if any rents, revenues, profits, or other income are paid to or received by Grantor, Grantor shall immediately pay the same to Beneficiary, without the necessity of any request or demand therefor. Grantor agrees at any time and from time to time until the indebtedness is paid in full to execute and to deliver any additional assignments of leases and/or rents, security agreements and other instruments as Beneficiary shall from time to time reasonably require. The substance, form, execution and delivery of additional assignments of leases and/or rents, security agreements and other instruments shall be reasonably satisfactory to Beneficiary.

VIII.

PERSONALTY

This Deed of Trust covers and includes, without limitation, Grantor's interest in the Personality hereinabove described.

IX.

USE OF PERSONALTY

Grantor represents that all Personality is property for business use and is not consumer goods. Grantor further covenants that there are and shall be no conditional sales contracts that cover any of the Personality.

X.

SECURITY INTEREST IN PERSONALTY

Without limiting any of the provisions of this instrument, Grantor, as referred to in this paragraph as "**Debtor**," expressly does the following:

A. Grant. Debtor hereby grants unto Beneficiary and its successors and assigns, described herein as Secured Party, and referred to in this paragraph as "**Secured Party**", a security interest in Debtor's interest in the Personality (subject to the Permitted Encumbrances and the security interests and rights granted to Senior Lender).

B. UCC Remedies. Debtor agrees, in addition to any other remedies granted in this instrument to Secured Party or the Trustee, that Secured Party may, during the existence of any Default, proceed under Chapter 9 of the Texas Uniform Commercial Code (the "**UCC**") as to all or any part of the Personality and shall have and may exercise with respect to the Personality all the rights, remedies and powers of a Secured Party under the UCC, including, without limitation, the right and power to sell at public or private sale or sales, or otherwise to dispose of, to lease, or to utilize the Personality and any part or parts thereof, in any manner authorized or permitted under the UCC after default by a debtor and to apply the proceeds thereof toward payment of any costs, expenses and attorneys' fees and legal expenses thereby incurred by Secured Party and toward the payment of Debtor's obligations, including the Note and all other Indebtedness described in this instrument in any order or manner as Secured Party may elect. Among the rights of Secured Party during the existence of a Default, and without limitation, Secured Party shall have the right to take possession of the Personality and to enter upon any premises where same may be situated for this purpose without being deemed guilty of trespass and without liability for damages thereby occasioned and to take any action deemed necessary or appropriate or desirable by Secured Party, at its option and in its discretion, to repair, refurbish or otherwise prepare the Personality for sale, lease, or other use or disposition as herein authorized. Debtor agrees that if any notice of sale required under the UCC is mailed, postage prepaid, to Debtor at the address shown herein at least ten (10) days before the time of the sale or disposition, the notice shall be deemed reasonable and shall fully satisfy any requirement for giving of the notice.

If a Default exists, and to the extent it may lawfully do so and without limiting any rights and/or privileges herein granted to Secured Party, Debtor agrees that Secured Party and/or the above Trustee and any Substitute Trustee, may dispose of any or all of the Personality at the same time and place and after giving the same notice provided for in this Deed of Trust in connection with a nonjudicial foreclosure sale under the terms and conditions set forth in this Deed of Trust. In this connection, Debtor agrees that the sale may be conducted by the Trustee or the Substitute Trustee; that the sale of the Land and Improvements described in this Deed of Trust and the Personality or any part thereof, may be sold separately and/or together; and that if the Land and Improvements described herein and the Personality or

any part thereof, are sold together, the Secured Party will not be obligated to allocate the consideration received as between the Land and Improvements and the Personality.

C. Possession. Debtor hereby grants to Secured Party the right, at its option upon a Default to transfer at any time to itself or to its nominee the Personality, or any part thereof and to receive the monies, income, proceeds or benefits attributable or accruing thereto and to hold the same as security for Debtor's obligations or to apply it on the principal and interest or other amounts owing on any of Debtor's obligations, whether or not then due, in any order or manner as Secured Party may elect. All rights with respect to marshalling of assets of Debtor, including with respect to the Personality, or to a sale in inverse order of alienation, are hereby waived.

D. Authority. Debtor hereby covenants, stipulates and agrees that all recitals in any instrument of assignment or any other instrument executed by Secured Party incident to the sale, transfer, assignment, lease or other disposition or utilization of the Personality or any part thereof hereunder shall be prima facie evidence of the matters stated therein and all prerequisites of the sale or other action taken by Secured Party or of any fact, condition or thing incident thereto shall be rebuttably presumed to have been performed or to have occurred.

E. Assembly and Expenses. Debtor hereby covenants and agrees that Secured Party, during a Default, may require Debtor to assemble the Personality and to make it available to Secured Party at a place to be designated by Secured Party that is reasonably convenient to both parties. All expenses of retaking, holding, preparing for sale, lease, or other use or disposition, selling, leasing or otherwise using or disposing of the Personality and the like that are incurred or paid by Secured Party as authorized or permitted hereunder, including also all attorneys' fees, legal expenses and costs, shall be added to the Indebtedness and Debtor shall be liable therefor.

F. Financing Statement. A carbon, photographic, or other reproduction of this Deed of Trust may be filed as a Financing Statement under the UCC between Debtor and Secured Party whose addresses are set forth below. Except for the security interest granted hereby in the Personality, the security interests and rights in the Personality granted to Senior Lender, or otherwise expressly stated in **EXHIBIT B** hereto, Debtor is owner and holder of the Personality free of any adverse claim, security interest or encumbrance, and Debtor will defend the Personality against all claims and demands of any person at any time claiming the same or any interest therein. Debtor has not heretofore signed any financing statement and no financing statement signed by Debtor is now on file in any public office except those statements, true and correct copies of which have been delivered to the Secured Party or in connection with the Senior Note (as defined below). So long as any amount remains unpaid on any Indebtedness described in this Deed of Trust, Debtor will not execute and there will not be filed in any public office any financing statement or statements affecting the Personality other than financing statements in favor of the Senior Lender or Secured Party hereunder, unless the prior written specific consent and approval of Secured Party shall have first been obtained. Debtor authorizes Secured Party to file, in jurisdiction where this authorization will be given effect, a financing statement signed only by Secured Party covering the Personality and at the request of Secured Party, Debtor will join Secured Party in executing one or more financing statements, pursuant to the UCC in form satisfactory to Secured Party and will pay the cost of filing the same or filing or recording this instrument as a financing statement, in all public offices at any time and from time to time whenever filing or recording of any financing statement or of this instrument is deemed by Secured Party to be necessary or desirable.

ADDRESSES

The addresses of Grantor and Beneficiary, are as follows:

Grantor: St. Elizabeth Place LP
4300 Lyons Avenue
Suite 300
Houston, Texas 77020
Attention: Kathy Flanagan Payton, Manager

Beneficiary: Fifth Ward Community Redevelopment Corporation
4300 Lyons Avenue, Suite 300
Houston, Texas 77020
Attention: Board Chairman

Trustee: The City of Houston
P. O. Box 1562
Houston, TX 77251-1562
Attention: Director, Housing and Community Development
Department

Each party shall have the right to designate from time to time another address within the continental United States for purposes of this Deed of Trust by written notice to the other party. Notwithstanding the foregoing agreement to provide courtesy copies, such copies shall be a courtesy only and failure to provide such copies shall have no effect on the validity of a notice properly given to Grantor.

Notices under this Deed of Trust shall be effective in the case of utilization of the U.S. Mail Service, upon the earlier of (i) three days after deposit of such notice in the mail, return receipt requested or (ii) delivery. Notices sent by overnight courier services shall be effective one day after deposit with such service. All other notices shall be effective upon delivery. Notwithstanding the foregoing, any foreclosure notices shall be effective upon deposit with the U.S. Mail Service.

XII.

RESTRICTIVE COVENANTS

Grantor has executed and filed of record or will execute and file of record a certain Restrictive Covenants dated of even date hereof (the "**Restrictive Covenants**") covering the Property. The Restrictive Covenants shall remain in full force and effect until expiration or termination in accordance with the provisions thereof and no invalidity, release or termination of this Deed of Trust shall operate to invalidate, release or terminate the Restrictive Covenants. The Restrictive Covenants shall not be deemed a "Loan Document" as such term is used herein or in any of the other Loan Documents.

XIII.

ENVIRONMENTAL MATTERS

A. Compliance with Laws. Grantor hereby represents, warrants, covenants and agrees to and with Beneficiary that:

- (i) Grantor will not and will not permit any tenant or occupant of the Property to, generate, store, handle or otherwise deal with hazardous or toxic substances in, on, about or under the Property; and
- (ii) Grantor has not at any time engaged in or permitted, nor, to the best of Grantor's knowledge after reasonable and prudent inquiry, which has consisted of the Phase I report previously delivered to Beneficiary, has any current or former tenant, occupant or owner of the Property, or any portion thereof, engaged in or permitted any generation, storage, handling, dumping, discharge, disposal, spillage or leakage of any hazardous or toxic substances, at, on, or about the Property, or any portion thereof, except as disclosed on the Phase I report previously delivered to Beneficiary.

Notwithstanding the foregoing, Grantor shall be permitted to have such chemicals, materials and supplies on the Property which are normally used in connection with the prudent operation, use, maintenance and ownership of a multi-family unit apartment complex and which are used in compliance with environmental laws.

B. Indemnification. GRANTOR HEREBY AGREES TO INDEMNIFY, PROTECT, DEFEND (WITH COUNSEL REASONABLY APPROVED BY BENEFICIARY) AND TO HOLD BENEFICIARY, ITS AGENTS, MEMBERS, OFFICERS, REPRESENTATIVES AND ITS EMPLOYEES FREE AND HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, ACTIONS, ADMINISTRATIVE PROCEEDINGS, JUDGMENTS, DAMAGES, PUNITIVE DAMAGES, PENALTIES, FINES, COSTS, LIABILITIES (INCLUDING SUMS PAID IN SETTLEMENT OF CLAIMS), INTEREST OR LOSSES, INCLUDING REASONABLE ATTORNEYS', CONSULTANTS' AND EXPERTS' FEES AND EXPENSES, OF ANY KIND OR NATURE (COLLECTIVELY, THE "COSTS") THAT ARISE DIRECTLY OR INDIRECTLY, FROM OR IN CONNECTION WITH THE PRESENCE, SUSPECTED PRESENCE, RELEASE OR SUSPECTED RELEASE (A "RELEASE") OF ANY HAZARDOUS OR TOXIC SUBSTANCE, FROM, ON, ABOUT, UNDER OR WITHIN THE PROPERTY, OR ANY PORTION THEREOF WHICH OCCURS DURING OR PRIOR TO SUCH TIME AS GRANTOR OWNS THE PROPERTY. NOTWITHSTANDING THE FOREGOING TO THE CONTRARY, GRANTOR'S LIABILITY HEREUNDER, SUBJECT TO THE DE MINIMIS PROVISIONS OF ARTICLE XIII(A)(ii) ABOVE, SHALL NOT INCLUDE ANY LOSS ARISING OUT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF BENEFICIARY OR ANY EMPLOYEE, AGENT OR REPRESENTATIVE OF BENEFICIARY OR RELEASE OF HAZARDOUS OR TOXIC SUBSTANCES BY BENEFICIARY OR ANY EMPLOYEE, AGENT OR REPRESENTATIVE OF BENEFICIARY AFTER BENEFICIARY HAS TAKEN POSSESSION OF THE PROPERTY.

C. Remediation. If any investigation or monitoring of site conditions, or any cleanup, containment, restoration, removal or other remedial work (collectively, the "remedial work") is required under any applicable federal, state or local law or regulation, by any judicial order, or by any governmental entity, or in order to comply with any agreements affecting the Property because of, or in connection with any release of hazardous or toxic substances, Grantor shall perform, or cause to be performed, the remedial work in compliance with such law, regulation, order or agreement. All remedial work shall be performed by one or more contractors selected by Grantor and approved in advance, in writing, by Beneficiary and under the supervision of a consulting engineer selected by Grantor and approved in advance, in writing, by Beneficiary. All costs of any remedial work shall be paid by Grantor, including, without limitation, the reasonable charges of contractor(s) and/or the consulting engineer and Beneficiary's reasonable attorneys' fees and costs incurred in connection with the monitoring or review of any remedial work. If Grantor shall fail to timely commence or cause to be timely commenced, or fail to diligently prosecute to completion, any remedial work, then Beneficiary may, but shall not be required to, cause such remedial work to be performed and all costs and expenses thereof, or incurred in connection therewith, shall be "Costs" within the meaning of Subparagraph B above. All costs shall be due and payable upon demand therefor by Beneficiary, together with interest thereon at the Default Rate provided in the Note from the date such costs are paid by

Beneficiary, until the same are refunded to Beneficiary and all such costs and the interest thereon shall be secured hereby.

D. Survival. Notwithstanding anything to the contrary contained herein, or in the Note or Loan Agreement, the obligations of Grantor under this Paragraph XIII shall survive any assumption of the Indebtedness by a successor to Grantor (whether or not the assumption has been approved or disapproved, or whether or not Grantor was released from liability on the Indebtedness), foreclosure of this Deed of Trust (or transfer of the Property in lieu of foreclosure) and release or termination of this Deed of Trust.

XIV.

MISCELLANEOUS

A. No Waiver. No delay by Beneficiary in exercising any right, option or remedy hereunder, or otherwise afforded by law, shall operate as a waiver thereof or preclude the exercise thereof during the continuance of any Default.

B. Cumulative Remedy. All rights and remedies of Beneficiary under this Deed of Trust and any and all other instruments evidencing or securing the Indebtedness, are cumulative and concurrent and may be exercised singularly, successively, or concurrently.

C. No Release. The granting to Grantor or to any other person or party of any extension(s) of time for payment of all or any part of the Indebtedness or the performance of any covenant or agreement contained herein, or the taking of other or additional security for the payment of the whole or any part of the Indebtedness, or the releasing of any part of the security at any time held in connection with the Indebtedness, shall not in any way release Grantor or any other person or party obligated for the payment of the Indebtedness, or release or impair this Deed of Trust or any other security held in connection with the Indebtedness, except to the extent of the person, party or property expressly released in writing by Beneficiary.

D. Severability. If any provision in this Deed of Trust is invalid or unenforceable in whole or in part, this instrument shall in all other respects remain in full force and effect.

E. Successors and Assigns. All of the provisions hereof shall apply to, inure to the benefit of, and be binding upon Grantor and the successors and assigns, provided the foregoing shall not be construed as consent to any transfer by Grantor of the Property.

F. Further Assurances and Corrections. From time to time, at the request of Beneficiary, Grantor will (i) promptly correct any defect, error, or omission which may be discovered in the contents of this Deed of Trust or in any other Loan Document or in the execution or acknowledgment thereof; (ii) execute, acknowledge, deliver, record and/or file such further instruments (including, without limitation, further deeds of trust, security agreements, financing statements, continuation statements and assignments of rents or leases) and perform such further acts and provide such further assurances as may be necessary, desirable, or proper, in Beneficiary's reasonable opinion, to carry out more effectively the purposes of this Deed of Trust and the Loan Documents and to subject to the liens and security interests hereof and thereof any property intended by the terms hereof or thereof to be covered hereby or thereby, including without limitation, any renewals, additions, substitutions, replacements, or appurtenances to the Property; (iii) execute, acknowledge, deliver, procure, file, and/or record any document or instrument (including without limitation, any financing statement) deemed advisable by Beneficiary to protect the liens and the security interests herein granted against the rights or interests of third persons; and (iv) pay all costs connected with any of the foregoing.

G. Choice of Law. This Deed of Trust shall be performable and enforced in Harris County, Texas, and shall be construed in accordance with the laws of the State of Texas from time to time in effect

except to the extent preempted by the United States federal law. Venue shall be appropriate in Harris County, as applicable.

H. Usury. In no event shall any provision of this Deed of Trust, the Note, the Loan Agreement or any other instrument evidencing or securing the Indebtedness ever obligate Grantor to pay interest on the Note secured hereby at a rate greater than that permitted by law, or obligate Grantor to pay any taxes, assessments, charges, insurance premiums, or other amounts to the extent that the payments constitute interest under applicable law and when added to the interest payable on the Note secured hereby, would be held to constitute the payment by Grantor of interest at a rate greater than that permitted by law; and this provision shall control over any provision to the contrary.

It is expressly stipulated and agreed to be the intent of Grantor and Beneficiary at all times to comply strictly with the applicable Texas law governing the maximum rate or amount of interest payable on the Note or the Indebtedness or applicable United States federal law to the extent that it permits Beneficiary to contract for, charge, take, reserve or receive a greater amount of interest than under Texas law ("Highest Lawful Rate"). If the applicable law is ever judicially interpreted so as to render usurious any amount (i) contracted for, charged, taken, reserved or received pursuant to the Note, any of the other Loan Documents or any other communication or writing by or between Grantor and Beneficiary related to the transaction or transactions that are the subject matter of the Loan Documents, (ii) contracted for, charged or received by reason of Beneficiary's exercise of the option to accelerate the maturity of the Note and/or the Indebtedness, or (iii) Grantor will have paid or Beneficiary will have received by reason of any voluntary prepayment by Grantor of the Note and/or the Indebtedness, then it is Grantor's and Beneficiary's express intent that all amounts charged in excess of the Highest Lawful Rate shall be automatically cancelled, ab initio, and all amounts in excess of the Highest Lawful Rate theretofore collected by Beneficiary shall be credited on the principal balance of the Note and/or the Indebtedness (or, if the Note and all Indebtedness have been or would thereby be paid in full, refunded to Grantor), and the provisions of the Note and the other Loan Documents immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder and thereunder. Grantor hereby agrees that as a condition precedent to any claim seeking usury penalties against Beneficiary, Grantor will provide written notice to Beneficiary, advising Beneficiary in reasonable detail of the nature and amount of the violation, and Beneficiary shall have sixty (60) days after receipt of such notice in which to correct such usury violation, if any, by either refunding such excess interest to Grantor, or crediting such excess interest against the Note and/or the Indebtedness then owing by Grantor to Beneficiary. All sums contracted for, charged or received by Beneficiary for the use, forbearance or detention of any debt evidenced by the Note and/or the Indebtedness shall, to the extent permitted by applicable law, be amortized or spread, using the actuarial method, throughout the stated term of the Note and/or the Indebtedness (including any and all renewal and extension periods) until payment in full so that the rate or amount of interest on account of the Note and/or the Indebtedness does not exceed the Highest Lawful Rate from time to time in effect and applicable to the Note and/or the Indebtedness for so long as debt is outstanding. In no event shall the provisions of Chapter 346 of the Texas Finance Code (which regulates certain revolving credit loan accounts and revolving triparty accounts) apply to the Note and/or the Indebtedness. Notwithstanding anything to the contrary contained herein or in any of the other Loan Documents, it is not the intention of Beneficiary to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration.

I. Covenants Run with the Land. All obligations contained in this Deed of Trust and the other Loan Documents are intended by Grantor, Beneficiary and Trustee to be, and shall be construed as, covenants running with the Property until the lien of this Deed of Trust has been fully released by Beneficiary.

J. **JURY WAIVER.** GRANTOR AND BENEFICIARY ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED, EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THEIR MUTUAL BENEFIT, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE

OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS NOTE, THE INDEBTEDNESS OR THIS DEED OF TRUST.

K. Entire Agreement. THIS DEED OF TRUST, TOGETHER WITH THE NOTE AND LOAN AGREEMENT, THE OTHER LOAN DOCUMENTS, AND THE RESTRICTIVE COVENANTS CONSTITUTE A WRITTEN LOAN AGREEMENT AS DEFINED IN SECTION 26.02 OF THE TEXAS BUSINESS AND COMMERCE CODE. THIS WRITTEN LOAN AGREEMENT CONSTITUTES THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

L. Reserved.

M. Extended Low Income Housing Commitment. Pursuant to the terms of that Collateral Assignment of Note and Liens dated of even date herewith executed by Beneficiary for the benefit of the City (the "**Collateral Assignment**"), the City agreed that the liens securing the City Loan and evidence by this Deed of Trust and collaterally assigned to the City pursuant to the Collateral Assignment shall be subordinate to any extended low income housing commitment (as such term is defined in Section 42(h)(6)(B) of the Internal Revenue Code)(the "Extended Use Agreement") recorded against the Land; provided that such Extended Use Agreement, by terms, must terminate upon foreclosure under this Deed of Trust or upon a transfer of the Land by instrument in lieu of foreclosure, in accordance with Section 42(h)(6)(E) of the Internal Revenue Code. The City's Restrictive Covenants shall not be subordinate to any extended low income housing commitment as such term is defined in the Extended Use Agreement.

[Signatures on following page]

Signature Page
Deed of Trust, Security Agreement and Financing Statement

IN WITNESS WHEREOF, Grantor has executed this Deed of Trust, Security Agreement and Financing Statement on the date set forth in the acknowledgments below but to be effective as of July ____, 2020.

GRANTOR:

ST. ELIZABETH PLACE LP,
a Texas limited partnership

By: **St. Elizabeth Place GP LLC**
a Texas limited liability company,
its general partner

By: St. Elizabeth 2020 Investments,
LLC, a Texas limited liability
company, its manager

By: _____
Kathy Flanagan Payton,
Manager

By: Cloudbreak Development, LLC,
its Manager

By: _____
Thomas R. Cantwell, Jr.
Manager

ATTACHMENTS:

EXHIBIT "A" Land

EXHIBIT "B" Permitted Encumbrances

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the ___ day of _____, 2022 by Kathy Flanagan Payton, Manager of **ST. ELIZABETH PLACE 2020 INVESTMENTS, LLC**, a Texas limited liability company, and the manager of **ST. ELIZABETH PLACE GP LLC**, a Texas limited liability company and general partner of **ST. ELIZABETH PLACE LP**, a Texas limited partnership, on behalf of such companies and limited partnership.

Notary Public, State of Texas

Printed Name of Notary
My commission expires: _____.

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

In said county and state, on this ____ day of _____, 2022, before me personally appeared Thomas R. Cantwell, Jr., Manager of **Cloudbreak Development, LLC**, manager of **St. Elizabeth Place GP LLC**, the general partner of **St. Elizabeth Place LP**, as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed of said limited liability companies and limited partnership.

Notary Public, State of _____

Printed Name of Notary
My commission expires: _____

**EXHIBIT A
PROPERTY DESCRIPTION**

TRACT 1:

A TRACT OR PARCEL OF LAND CONTAINING 0.3884 ACRES, (16,917 SQUARE FEET), BEING OUT OF AND A PART OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS; (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

COMMENCING at a ½ " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29" Street), with the west right-of-way line Yates Street, (60 Foot Right-of-Way, Formerly known as House Street), same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner of that certain called 2.2455 acre tract of land being the remainder of said 2.634 Acre Tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said 2.2455 Acre Tract, a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southeast corner of said 2.2455 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said Block 121, a distance of 67.67 feet to a capped, (Landtech), iron rod found for the intersection of the west right-of-way line of Yates Street with the north right-of-way line of Chisum Street, (50 Foot Right-of-Way, Formerly known as Division Avenue), same being the southeast corner of said Block 121, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, along the north right-of-way line of Chisum Street, same being the south line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to a capped, (Landtech), iron rod found for the intersection of the east right-of-way line of St. Elizabeth Street with the north right-of-way line of Chisum Street, same being the southwest corner of said Block 121, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 01" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 67.67 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southwest corner of said 2.2455 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89 degrees, 56' 01" E, across said Block 121, along the common line of said 2.2455 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 0.3884 acres or 16,917 square feet of land, more or less.

TRACT 2:

STATE OF TEXAS §
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COUNTY OF HARRIS §

A TRACT OR PARCEL OF LAND CONTAINING 2.2455 ACRES, (97,812 SQUARE FEET), BEING OUT OF AND A PART OF UNRESTRICTED RESERVE "A", BLOCK 1, SAINT ELIZABETH PLACE, A SUBDIVISION IN HARRIS COUNTY, TEXAS ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN FILM CODE NO. 693272 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING THAT CERTAIN CALLED 2.2455 ACRE TRACT OF LAND AS CONVEYED TO ST. ELIZABETH PLACE, LP BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2020-363055 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (BEARING BASIS: FILM CODE NO. 693272 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS)

BEGINNING at a ½" iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29th Street), with the west right-of-way line Yates Street, same being the northeast corner of said Unrestricted Reserve "A". same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 02° 11' 25" E, along the west right-of-way line of Yates Street, same being the common line of said Unrestricted Reserve "A", a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set for the southeast corner of the herein described tract;

Thence, S 87° 34' 37" W, across said Unrestricted Reserve "A", a distance of 250.00 feet to a capped, (Precision Surveyors), iron rod set on the east right-of-way line of St. Elizabeth Street, same being the common line of said Unrestricted Reserve "A", for the southwest corner of the herein described tract;

Thence, N 02° 11' 25" W, along the east right-of-way line of St. Elizabeth Street, same being the common line of said Unrestricted Reserve "A", a distance of 391.25 feet to a capped iron rod found at the intersection of the south right-of-way line of Lyons Avenue with the east right-of-way line of St. Elizabeth Street, same being the northwest corner of said Unrestricted Reserve "A", same being the northwest corner of the herein described tract;

Thence, N 87° 34' 37" E, along the south right-of-way line of Lyons Avenue, same being the common line of said Unrestricted Reserve "A", a distance of 250.00 feet to the POINT OF BEGINNING containing 2.2455 acres or 97,812 square feet of land, more or less.

EXHIBIT B
PERMITTED ENCUMBRANCES

1. All leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges, and immunities relating thereto, appearing in the Public Records.
2. Subject property is located within the City of Houston or within its extra territorial jurisdiction (within 5 miles of the city limits but outside another municipality) and is subject to the terms, conditions and provisions of City of Houston Ordinance No. 85-1878 and 99-262, pertaining to, among other things, the platting and re-platting of real property and to the establishment of building lines. A certified copy of said ordinance was filed of record on August 1, 1991, under Harris County Clerk's File No. N253886.
3. Any and all unrecorded leases and/or rental agreements, with right of tenants in possession.
4. Subject to the following item(s) as shown per survey prepared by James Moseley, R.P. L. S. No. 5912, dated February 14, 2018 and last revised on September 25, 2018:
 - a. Manholes located in the southwest and easterly portions in two separate locations of the subject property without benefit of recorded easements;
 - b. Sanitary sewer manholes located in the most westerly and northwesterly portions of the subject property in two separate locations without benefit of recorded easements.
5. Terms, conditions, provisions and restrictions contained in city of Houston, Resolution No. 2016-0051 designating the Saint Elizabeth Hospital located at 4514 Lyons Avenue, within the City of Houston as a Landmark, as set forth by Notice of Action by the City of Houston, Texas Affecting Real Property filed for record on October 20, 2019 under Harris County Clerk's File No. RP-2019-481074.
6. All real property taxes and assessments for the year 2022 and thereafter.
7. Restrictive Covenants executed by Grantor against the Property of approximate even date herewith and recorded in the Harris County Real Property Records.

**ATTACHMENT U
TO LOAN AGREEMENT**

TRANCHE 3 COLLATERAL ASSIGNMENT OF NOTE AND LIENS

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PROPERTY RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

TRANCHE 3 COLLATERAL ASSIGNMENT OF NOTE AND LIENS

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

THAT FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas non-profit corporation ("Assignor"), has collaterally TRANSFERRED AND ASSIGNED and by these presents does hereby collaterally TRANSFER AND ASSIGN unto CITY OF HOUSTON ("Assignee") a security interest (the "Security Interest") in all right, title and interest of Assignor in and to (a) the Promissory Note listed on Exhibit A attached hereto (the "Collateral Note"), (b) that Deed of Trust, Security Agreement and Financing Statement dated of even date herewith executed by ST. ELIZABETH PLACE LP, a Texas limited partnership ("Owner"), for the benefit of Assignor (the "Deed of Trust", and all documents and instruments securing, governing or evidencing the loan evidenced by the Collateral Note (collectively, the "Collateral Loan Documents"), and (c) all of the liens and security interests granted to Assignor in the Collateral Loan Documents or otherwise securing the Collateral Note including without limitation, the Deed of Trust and the Collateral Assignment of Property Management Agreement by and between Owner and Alpha Barnes Real Estate Services, LLC (collectively, the "Collateral Liens"); and, further, Assignor hereby collaterally TRANSFERS AND ASSIGNS unto Assignee a security interest in all of the rights, privileges, securities, equities, powers, benefits, claims, priorities, demands, titles, or interests now owned or held by Assignor in and to the Collateral Note, the Collateral Loan Documents, and the Collateral Liens.

This Collateral Assignment is made to secure performance of Assignor's obligations under and pursuant to that certain Amended and Restated Loan Agreement (the "Loan Agreement") dated _____, 2022 between Assignor, Assignee and Owner, including, without limitation, all renewals, replacements, rearrangements, substitutions, restatements, and extensions now or hereafter executed in connection therewith.

Assignor represents and warrants to Assignee that (A) Assignor is the sole legal and equitable owner and holder of the Collateral Note and the indebtedness evidenced thereby, (B) Assignor has not assigned, mortgaged, pledged, hypothecated or otherwise transferred its right, title or interest in and to the Collateral Note, any indebtedness evidenced thereby, the Collateral Loan Documents or any of the Collateral Liens to any party other than Assignee, (C) the Collateral Note is in all respects current and in good standing and is not overdue or subject to any credits or offsets, (D) neither the maker of the Collateral Note, nor any surety or guarantor of the Collateral Note, has raised any counterclaim, defense, allowance, adjustments, dispute, objection, or complaint regarding their respective liability on any of the Collateral Note or under any Collateral Loan Document, (E) the Collateral Note and the Collateral Loan Documents have not been amended, altered, or modified since the date of the execution thereof, (F) no default, or event which with notice, lapse of time, or both would constitute a default, under the Collateral Note or the Collateral Loan Documents has occurred, and (G) Assignor has the full right and authority to sell, assign, pledge, mortgage, hypothecate, transfer and grant a security interest in the Collateral Note, the Collateral Loan Documents, and the Collateral Liens.

When a Default exists under and as defined in the Loan Agreement, Assignee shall, in addition to the rights and remedies provided for (i) in the Loan Agreement, (ii) in the Loan Documents (as defined in the Loan Agreement), (iii) in the Collateral Note, (iv) any of the Collateral Loan Documents, and (v) at law

or in equity, have the right to sell the Collateral Note in any manner afforded to Assignee under the laws of the State of Texas including the exercise of all rights of a secured creditor under the UCC as defined below. The proceeds of the sale shall be applied toward the payment of all sums due and unpaid pursuant to the Loan Agreement.

The requirement of notice to Assignor of the time and place of any public sale of the Collateral Note, or of the time after which any private sale or any other intended disposition thereof is to be made, shall be met if such notice is mailed, postage prepaid, to Assignor at the following address:

If mailed/delivered: Fifth Ward Community Redevelopment Corporation
4300 Lyons Avenue, Suite 300
Houston, TX 77020
Attn: Board Chair

or such other address provided to Assignee by Assignor in writing, at least thirty (30) days before the date of any public sale or at least thirty (30) days before the time after which any private sale or disposition is to be made, unless a longer period of time is required pursuant to the Uniform Commercial Code as adopted in the State of Texas (the "UCC"), in which case, applicable provisions of the UCC shall control.

Assignor authorizes Assignee to give notice to the maker of the Collateral Note of the existence of this Collateral Assignment and to instruct such maker, when a Default exists under the Loan Agreement, or under this Collateral Assignment, to direct all payments due and payable under the Collateral Note to Assignee.

Assignor retains the right to collect and receive any and all sums becoming due upon the Collateral Note, unless and until a Default exists under the Loan Agreement. Assignor shall not agree to amend, alter, or modify the Collateral Note or the Collateral Loan Documents or accept prepayment of the Collateral Note without the prior written consent of the Assignee, which may be granted or denied in Assignee's sole discretion.

This Collateral Assignment shall in no manner impair or affect any of the other liens granted by Assignor to Assignee, and no security hereafter taken therefor shall in any manner impair or affect the security hereby given, it being agreed that all such present and future security shall be cumulative security and that Assignee may foreclose under any of such security, as Assignee may elect, without waiving the other.

This Collateral Assignment shall expire and be of no further effect once the Affordability Period (as defined in the Loan Agreement) requirements of the Loan Agreement have expired in the event Assignee has not previously executed a written release of this Collateral Assignment.

THIS COLLATERAL ASSIGNMENT CONSTITUTES THE ENTIRE AGREEMENT WITH RESPECT TO THE SUBJECT HEREOF AND SHALL SUPERSEDE ANY PRIOR AGREEMENT BETWEEN THE PARTIES, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT HEREOF. FURTHERMORE, IN THIS REGARD, THIS AGREEMENT AND THE OTHER WRITTEN LOAN DOCUMENTS REPRESENT, COLLECTIVELY, THE FINAL AGREEMENT AMONG THE PARTIES THERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENT OF SUCH PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

**SIGNATURE PAGE
COLLATERAL ASSIGNMENT OF NOTE AND LIEN**

EXECUTED to be effective as of the ___ day of _____, 2022.

**FIFTH WARD COMMUNITY
REDEVELOPMENT CORPORATION,**
a Texas non-profit corporation

By: _____
Charles Turner
Its: Chairman

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

The foregoing instrument was acknowledged before me on the ___ day of _____, 2022 by Charles Turner, the Chairman of **FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION**, a Texas non-profit corporation, on behalf of such corporation.,

Notary Public, State of Texas

Printed Name of Notary
My commission expires: ____.

EXHIBIT A

Promissory Note dated as of _____, 2022, executed by **ST. ELIZABETH PLACE LP**, a Texas limited partnership ("Borrower"), payable to the order of **FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION**, a Texas nonprofit corporation ("Lender"), in the original principal amount of \$1,577,744.40 which is secured by, among other things, a Deed of Trust, Security Agreement and Financing Statement, executed by Borrower to Keith W. Bynam, Trustee, for the benefit of Lender covering the real property more particularly described in the following legal description.

TRACT 1:

A TRACT OR PARCEL OF LAND CONTAINING 0.3884 ACRES, (16,917 SQUARE FEET), BEING OUT OF AND A PART OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS; (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

COMMENCING at a ½ " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29" Street), with the west right-of-way line Yates Street, (60 Foot Right-of-Way, Formerly known as House Street), same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner of that certain called 2.2455 acre tract of land being the remainder of said 2.634 Acre Tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said 2.2455 Acre Tract, a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southeast corner of said 2.2455 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said Block 121, a distance of 67.67 feet to a capped, (Landtech), iron rod found for the intersection of the west right-of-way line of Yates Street with the north right-of-way line of Chisum Street, (50 Foot Right-of-Way, Formerly known as Division Avenue), same being the southeast corner of said Block 121, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, along the north right-of-way line of Chisum Street, same being the south line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to a capped, (Landtech), iron rod found for the intersection of the east right-of-way line of St. Elizabeth Street with the north right-of-way line of Chisum Street, same being the southwest corner of said Block 121, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 01" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 67.67 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southwest corner of said 2.2455 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89 degrees, 56' 01" E, across said Block 121, along the common line of said 2.2455 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 0.3884 acres or 16,917 square feet of land, more or less.

TRACT 2:

UNRESTRICTED RESERVE "A", BLOCK 1 SAINT ELIZABETH PLACE, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN FILM CODE NO. 693272 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS, SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32 OF HARRIS COUNTY, TEXAS.

Also described as:

A TRACT OR PARCEL OF LAND CONTAINING 2.2455 ACRES, (97,812 SQUARE FEET), BEING OUT OF AND A PART OF UNRESTRICTED RESERVE "A", BLOCK 1, SAINT ELIZABETH PLACE, A SUBDIVISION IN HARRIS COUNTY, TEXAS ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN FILM CODE NO. 693272 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING THAT CERTAIN CALLED 2.2455 ACRE TRACT OF LAND AS CONVEYED TO ST. ELIZABETH PLACE, LP BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2020-363055 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (BEARING BASIS: FILM CODE NO. 693272 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS)

BEGINNING at a 1/2" iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29th Street), with the west right-of-way line Yates Street, same being the northeast corner of said Unrestricted Reserve "A", same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 02° 11' 25" E, along with the west right-of-way line of Yates Street, same being the common line of said Unrestricted Reserve "A", a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set for the southeast corner of the herein described tract;

Thence, S 87° 34' 37" W, across said Unrestricted Reserve "A", a distance of 250.00 feet to a capped, (Precision Surveyors), iron rod set on the east right-of-way line of St. Elizabeth Street, same being the common line of said Unrestricted Reserve "A", for the southeast corner of the herein described tract;

Thence, N 02° 11' 25" W, along the east right-of-way line of St. Elizabeth Street, same being the common line of said Unrestricted Reserve "A", a distance of 391.25 feet to a capped iron rod found at the intersection of the south right-of-way line of Lyons Avenue with the east right-of-way line of St. Elizabeth Street, same being the northwest corner of said Unrestricted Reserve "A", same being the northwest corner of the herein described tract;

Thence, N 87° 34' 37" E, along the south right-of-way line of Lyons Avenue, same being the common line of said Unrestricted Reserve "A", a distance of 250.00 feet to the POINT OF BEGINNING containing 2.2455 acres or 97,812 square feet of land, more or less.

ATTACHMENT V TO LOAN AGREEMENT
AMENDED AND RESTATED
SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT

AMENDED AND RESTATED

SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT

THIS **AMENDED AND RESTATED** SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT (this "Agreement") is made and entered into as of _____, 2022 by and among **ST. ELIZABETH PLACE MASTER TENANT LLC**, a Texas limited liability company ("Lessee"); **ST. ELIZABETH PLACE LP**, a Texas limited partnership ("Owner"); **FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION**, a Texas nonprofit corporation ("Lender") **THE CITY OF HOUSTON** (together with any permitted successors or assigns, the "City"); and **FOSS MID-CAP HISTORIC FUND III, LLC**, a Delaware limited liability company ("Investor").

RECITALS

WHEREAS, Owner is the owner of a building located at 4514 Lyons Avenue, Houston, Texas and commonly known as St. Elizabeth Place (the "Building"), which Owner intends to rehabilitate; and

WHEREAS, Owner is the owner of the certain tract(s) of land upon which the Building is located, together with certain other improvements and all appurtenances, easements, rights of way and other rights belonging to or in any way pertaining thereto or to the Building, more particularly described on Exhibit A attached hereto (collectively, the "Land" and, together with the Building, the "Property"); and

WHEREAS, Owner intends to rehabilitate the Building in a manner that qualifies for the historic rehabilitation tax credit allowed for qualified rehabilitation expenditures incurred in connection with the "certified rehabilitation" of a "certified historic structure" (the "Historic Tax Credit") pursuant to the Section 47 of the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of prior or succeeding law (the "Code"); and

WHEREAS, Lessee has been formed to lease the Property including the rehabilitated Building from Owner pursuant to the terms of that certain Master Lease dated as of August 30, 2021 between Owner, as landlord, and Lessee, as lessee as amended by the First Amendment to Master Lease of approximate even date herewith between Owner and Lessee (the "Lease"); and

WHEREAS, pursuant to that certain Company Agreement of Lessee dated as of August 30, 2021 as amended by the First Amendment to Company Agreement of approximate even date herewith (the "Lessee's Company Agreement"), Investor has acquired a 99% interest in Lessee and has made a substantial investment therein; and

WHEREAS, Owner and Lessee have executed or will execute that certain HTC Pass-Through Agreement (the "Pass-Through Agreement") dated as of August 30, 2021 pursuant to which Owner has elected under Section 50 of the Code to pass-through to Lessee the Historic Tax Credit to which Owner would otherwise have been entitled as a result of the rehabilitation of the Building; and

WHEREAS, City is the lender under that certain loan to Lender in the amount of Fourteen Million Eight Hundred Seventy Four Thousand Six Hundred Twenty Two and No/100 Dollars (\$14,874,622.00) ("First City Loan") and that certain loan ("Second City Loan" and collectively with the First City Loan, the "City Loan") to Lender in the original principal amount of One Million Five Hundred Seventy Seven Thousand Seven Hundred Forty Four and 40/100 Dollars (\$1,577,744.40), which was made pursuant to an Amended and Restated Loan Agreement ("City Loan Agreement") between City, Lender, and Owner and the proceeds of which City Loan were utilized by Lender to make a Fourteen Million Eight Hundred Seventy Four Thousand Six Hundred Twenty Two and No/100 Dollars (\$14,874,622.00) loan ("First Collateral Loan") and a One Million Five Hundred Seventy Seven Thousand Seven Hundred Forty Four and 40/100 Dollars (\$1,577,744.40) loan ("Second Collateral Loan" and collectively with the First Mortgage Loan, the "Mortgage Loan") to Owner for the acquisition and rehabilitation of the Property; and

WHEREAS, the Mortgage Loan is evidenced by a Promissory Note made by Owner for the benefit of Lender dated as of August 7, 2020 and a Promissory Note made by Owner for the benefit of Lender dated _____, 2022 (collectively, the "Note") and an Amended and Restated Loan Agreement (Owner Loan) dated as of _____, 2022 by and between Lender and Owner relating to the Mortgage Loan as amended (the "Mortgage Loan Agreement"), which Mortgage Loan is secured by means of a mortgage or deed of trust on the Property, among other real property, dated as of August 7, 2020 and a mortgage or deed of trust on the Property, among other property, dated as of _____, 2022 (collectively, the "Mortgage") and other related security documents and financing statements given by Owner in favor of Lender, as amended (collectively, the "Mortgage Loan Documents"); and

WHEREAS, Lender has collaterally assigned the Note, Mortgage Loan Agreement, Mortgage and other Mortgage Loan Documents to the City to secure the City Loan pursuant to a Collateral Assignment of Note and Liens dated August 7, 2020 with respect to the First Collateral Loan and a Collateral Assignment of Note and Liens dated of approximate even date herewith with respect to the Second Collateral Loan; and

WHEREAS, the Mortgage Loan Documents and City Loan Agreement require that Lender and the City consent to any lease of the Property; and

WHEREAS, Investor has required that Lender and City provide certain assurances as to non-disturbance of Lessee's rights under the Lease.

NOW, THEREFORE, in consideration of the forgoing, of mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, Lender hereby agrees as follows:

1. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Lease. In addition to the defined terms set forth in the Recitals to this Agreement, the following defined terms used herein shall have the meanings specified below:

"Affordability Requirements" means all covenants and restrictions contained in the Restrictive Covenants and the affordability requirements and the operational covenants set forth in the City Loan Agreement relating to providing housing to LMI persons including without limitation those set forth in Sections Three, Paragraphs 3.22, 3.23 and 3.28 and Section Six, Paragraphs 6.6.3, 6.6.4, 6.6.5, 6.8-6.11, and 6.13-6.28 of the City Loan Agreement.

"Disqualified Transferee" means any of the following:

(a) a tax exempt organization described in Section 50(b)(3) of the Code unless the property is used by such organization predominantly in an unrelated trade or business the income of which is subject to tax under Section 511 of the Code; or

(b) the United States, any State or political subdivision thereof, any possession of the United States, or any agency or instrumentality of any of the foregoing; or

(c) a foreign person or entity (as defined in Section 168(h)(2)(C) of the Code) unless more than 50 percent of the gross income derived by the foreign person or entity is subject to U.S. tax or included under Section 951 of the Code in the gross income of a United States shareholder for the taxable year with or within which ends the taxable year of the controlled foreign corporation in which such income was derived; or

(d) a mutual savings bank, cooperative bank, or domestic building and loan association to which Section 593 of the Code applies; or

(e) a regulated investment company or real estate investment trust subject to taxation under subchapter M, Chapter 1 of the Code (but not including a "taxable REIT subsidiary," as defined in Section 856(1) of the Code; or

(f) a cooperative organization described in Section 1381(a) of the Code; or

(g) a partnership or other pass-thru entity in which any Disqualified Transferee described in subparts (a) through (f), above, owns a direct or indirect partner or member interest.

"Distribution Covenants" mean the covenants limiting distributions to the partners of Owner and the members of Lessee under Section 6.28 of the City Loan Agreement and Section 19 of Exhibit D of the Lease.

"LMI Persons" mean shall mean low- or moderate-income households whose annual incomes do not exceed eighty (80%) percent of the Area Median Income, as determined by HUD with adjustments for family size.

"Recapture Event" means any action, happening or event which would cause (i) any recapture of the Historic Tax Credits under Section 50 of the Code, (ii) any disallowance of Historic Tax Credits previously claimed by Investor, or (iii) any imposition of additional tax under Section 49 of the Code.

"Recapture Period" means the period commencing as of the date hereof and ending on the next business day after the fifth (5th) anniversary of the date on which the last "qualified rehabilitation expenditure" as defined in Section 47(c)(3) of the Code with respect to the Property is first placed in service.

"Restrictive Covenants" mean the Restrictive Covenants encumbering the Property dated August 7, 2020 executed by Owner and filed for record under Clerk's File No. RP2020-363056 in the Official Records of Harris County as amended by an Amendment to Restrictive Covenants executed by Owner of approximate even date herewith.

"Transfer" means (a) the institution of any foreclosure, trustee's sale or other like proceeding, (b) the appointment of a receiver for Owner or the Property, (c) the exercise of rights to collect rents under the Mortgage Loan Documents or an assignment of rents, (d) the recording by the City, Lender or any of their respective successor or assignee of a deed in lieu of foreclosure for the property, or (e) any transfer or abandonment of possession of the Property to Lender, City or any of their respective successors or assigns, or any other person or entity, including, but not limited to, transfers or abandonments of possession in connection with any proceedings affecting Owner under the Bankruptcy Code, 11 U.S.C. §101 et seq., or (f) taking direct or indirect ownership of any member interest ("Ownership Interest") in the Owner.

"Transferee" means Lender or City, their respective successors and assigns, any designee of Lender or City or any other party taking title to the Property or an Ownership Interest in connection with or following a Transfer.

2. Lender Consent. Lender and City hereby consent to the Lease and to the acquisition by Investor of an interest in the Lessee and to the execution of the Lessee's Company Agreement and related documents, and agrees that the execution and delivery thereof by Owner and/or the Lessee, as the case may be, shall not constitute a default under the Mortgage Loan or the City Loan.

3. Subordination. The Restrictive Covenants and Mortgage are and shall unconditionally be and remain at all times liens or charges upon the Property prior and superior to the Lease and all rights and privileges of Lessee or any subtenant under the Lease, and the Lease and all rights and privileges of Lessee

or any subtenant thereunder are hereby unconditionally subjected and made subordinate to the liens or charges of the Restrictive Covenants and Mortgage.

4. Lender's Exercise of Remedies: Non-Disturbance.

Until the end of the Recapture Period and subject to the provisions hereof, none of Lender, City, Owner or Transferee shall terminate the Lease (even in the event of a default by the Lessee under the Lease) or take any action or exercise any remedy (at law or in equity) that would cause a Recapture Event, including, without limitation, permitting any Transfer to a Disqualified Transferee. This provision shall not preclude Lender or Transferee from exercising its rights and remedies (i) to effectuate a Transfer or exercise any other right or remedy, provided such Transfer or exercise of such right or remedy does not cause a Recapture Event; or (ii) under any guarantees of the Mortgage Loan. Notwithstanding the foregoing, this Section shall not apply and Lender, City, Owner or any Transferee may (i) terminate the Lease and/or (ii) effectuate a Transfer which causes a Recapture Event if any of the following events occur and continue to exist after providing the Lessee and Investor with at least thirty (30) days advance notice and a reasonable opportunity to cure, provided that if Lessee or the Investor have promptly commenced to cure within such 30-day period and diligently prosecute such cure to completion within sixty (60) days following such notice, then the foregoing restrictions of this Section shall remain in force (such events, the "Non-Disturbance Exceptions"):

- (i) Failure to comply with Affordability Requirements set forth in the Restrictive Covenants or in the City Loan Agreement and all related covenants such as lease requirements, monitoring and income reports, annual income re-evaluation, etc.;
- (ii) Failure to comply with the City's Minimum Property Standards;
- (iii) Failure to comply with Applicable Laws (including, without limitation, those set forth in Appendix 1 of City Loan Agreement);
- (iv) Failure to maintain insurance (Appendix 2 of City Loan Agreement) or to apply condemnation proceeds or insurance proceeds as required by the Loan Agreement. Failure to pay deductible on insurance claims;
- (v) Failure to pay taxes;
- (vi) Failure to comply with other reporting requirements of the Lease as incorporated from the City Loan Agreement;
- (vii) Breach of distribution covenants in City Loan Agreement or the Lease; and/or
- (viii) Except as allowed by the City Loan Agreement or hereunder, assignment of interests in Lease, Owner or Lessee without City consent.

Notwithstanding the foregoing, to the extent that compliance with the Non-Disturbance Exceptions requires the payment of money, the Lessee shall not be deemed in default of the Non-Disturbance Exceptions if 100% of net operating income from operating the Building is applied towards satisfying such monetary obligations, it being agreed that the Lessee's failure to generate sufficient revenue to pay all rent and expenses under the Lease shall not be grounds for termination of the Lease during the Recapture Period. Notwithstanding the foregoing, this exception shall not apply to the failure to pay taxes and insurance and or pay costs necessary for maintenance of the property condition as set forth in items (ii), (iv) and (v) above.

(a) Prior to commencing efforts to effectuate a Transfer during the Recapture Period, Lender, Owner or Transferee, as the case may be, shall provide written notice to Investor of its intention to effectuate a Transfer. Neither Lender, Owner nor Transferee shall effectuate such Transfer unless Lender, Owner or Transferee, as the case may be, shall have received, within thirty (30) business days after such notice to Investor, either (i) the consent of Investor to such Transfer, which consent shall be given if the Transfer does not cause a Recapture Event; or (ii) an opinion of Investor's counsel that (a) such Transfer, in and of itself, will not cause a Recapture Event and (b) in the case of the appointment of a receiver for Owner or the Property, that the restrictions on permitting any Transfer to a Disqualified Transferee will be binding in such receiver. Any attempted Transfer in violation of this Section 4(b) shall be void *ab initio*.

(b) After the expiration of the Recapture Period, any limitations on Lender's or City's right to effectuate a Transfer, exercise remedies or terminate the Lease under this Section 4 will expire and be of no force and effect. Prior to commencing any action to effect a termination of the Lease upon a default by Lessee thereunder, Lender shall first give the Investor the written notice and opportunity to cure required by Section 6 hereof.

(c) Subject to the limitations contained herein, Investor shall have the right to collect the Asset Management Fee, the Priority Return, the annual tax equivalency payment and tax credit adjustment payments (in such capacity, together with its successors and assigns, the "Lessee's Managing Member") and/or any guarantor of such obligations to Investor; provided that any payment or collection from Lessee (but not Lessee's Managing Member or any guarantor) shall be prohibited when there is a monetary default under the Lease, and provided further that the payment of such sums do not violate the Distribution Covenants of the City Loan Agreement or the Lease. However, if, at any time during the Recapture Period, Lessee is in default of its obligations to pay (i) rent, (ii) additional rent or (iii) any other amounts due under the Lease (collectively, the "Amounts Due"), then no distributions of cash flow may be made to any member of Lessee under Lessee's Company Agreement and Lessee shall pay to Owner or Transferee, as applicable, all amounts of cash flow available from any source after the payment of reasonable and necessary operating expenses. Such amounts paid will be applied to Lessee's obligations to pay Amounts Due with any unsatisfied obligations accruing until Lessee has cash flow available to pay all such Amounts Due.

(d) No event of default under the Mortgage Loan Documents or any replacement documents with any Transferee will result from the exercise of the "Put Option" as described in the Lessee's Company Agreement. The removal and/or replacement of Lessee's managing member for cause in accordance with its Lessee's Company Agreement shall not require the consent of the Lender or City, shall not constitute a default under the City Loan or the Mortgage Loan or accelerate the maturity of the City Loan or the Mortgage Loan. The consent of the Lender and City shall be required for the appointment of a new managing member, but if the Investor exercises its right to remove the Lessee's managing member for cause, Lender and City will not unreasonably withhold their consent to the substitute managing member; provided however, the consent of the Lender and City shall not be required if the substitute managing member is an affiliate of the Investor. The substitute managing member shall assume all of the rights and obligations of the removed managing member.

(e) After a Transfer, if Owner has not yet received approval by the National Park Service of Part 3 of the Historic Preservation Certification Application – Request for Certification of Completed Work, then Lender and/or Transferee agree to take all commercially reasonable actions requested by Lessee and Investor to obtain such approval (at the sole expense of Lessee or Investor), including, without limitation, the execution of the Part 3 application (provided that the application exposes the Transferee to no liability) and providing access to the Property for inspection by the Investor, its consultants, the National Parks Service, and any similar state agency.

(f) During the Recapture Period without the prior written consent of Investor, neither Lender, Owner nor any Transferee shall take any action, authorize or consent to any action or otherwise permit any

physical alterations to Property that might reasonably impact the status of the Building as a certified historic structure or that violate or conflict with the Part 2 approval provided that the Property complies with the City's Minimum Property Standards. Such alterations include, but are not limited to (a) alteration of the façade of the Building including the alteration, repair or replacement of window and door elements, (b) construction of a new building addition which overshadows the historic structure, or (c) the demolition or destruction of any portion of the Building. The provisions of this Agreement are binding on Lender and City shall also be binding on any Transferee.

5. Attornment.

(a) Lessee shall attorn to any Transferee, including Lender if Lender becomes a Transferee, as the landlord under the Lease, provided such Transfer complies with the provisions of this Agreement. Said attornment is subject to the limitation of Transferee's obligations set forth in Section 5(b) below and shall be effective and self-operative without the execution of any further instruments upon Transferee succeeding to the interest of the landlord under the Lease. Within ten (10) days after receipt of a written request therefor from a Transferee, Lessee agrees to provide such Transferee with a written confirmation of its attornment and any other matter set forth in this Agreement.

(b) Upon a Transfer of the Property to a Transferee, which Transfer complies with the provisions of this Agreement, the Lease will be recognized as a direct lease from Transferee to Lessee upon such Transfer for the balance of the term thereof. In the event that the Lease is recognized as a direct lease from a Transferee as aforesaid, then the liability of a Transferee under the Lease shall exist only so long as such Transferee is the owner of the Property, and such liability shall not continue or survive with respect to claims accruing after further transfer of ownership. A Transferee shall not be: (i) liable for any act or omission of any prior landlord (including Owner), (ii) subject to any offsets or counterclaims which Lessee may have against a prior landlord (including Owner) or liable for any tenant concessions, buildout allowances or other sums due to Lessee under the Lease which first arose prior to the Transfer, (iii) bound by any prepayment of Base Rent which Lessee may have made in excess of the amounts then due for the next succeeding month, unless specifically approved in writing by Lender and City, or be liable or responsible for any security deposit or other sums which Lessee may have paid under the Lease unless such deposit or other sums have been physically delivered to Transferee, (iv) bound by any notices given by Lessee to Owner of which it did not also receive notice, (v) required after a fire, casualty or condemnation of the Property to repair or rebuild the same to the extent that such repair or rebuilding requires funds in excess of the insurance or condemnation proceeds specifically allocable to the Property and arising out of such fire, casualty or condemnation which have actually been received by a Transferee, and then only to the extent required by the terms of the Lease, (vi) bound by any modification to the Lease made without Lender's and City's consent, or (vii) required to undertake or complete any of Landlord's Work.

6. Notice and Cure Rights.

(a) Lessee and Owner each agrees, simultaneously with the giving of any notice under the Lease, to give a duplicate copy thereof to Lender and City. Should either Owner or Lessee default in respect of any of the provisions of the Lease, Lender and City shall have the right, but not the obligation, to cure such default, and either Lessee or Owner, as the case may be, shall accept performance by or on behalf of Lender or City as though, and with the same effect as if, it had been done or performed by the defaulting party. Lender and City will have thirty (30) days after the service of such notice upon it within which to cure the default specified in such notice, or cause it to be cured.

(b) Lender, City and Owner each agrees, simultaneously with the giving of any notice with respect to the Mortgage Loan or the City Loan, to give a duplicate copy thereof to Lessee and to Investor. Should (i) Owner default in respect of any of the provisions of the Mortgage Loan or if there is a default under the City Loan or (ii) Owner or Lessee default in respect of any of the provisions of the Lease, Investor

shall have the right, but not the obligation, to cure such default or cause it to be cured, and Lender, City and Owner, as the case may be, shall accept performance by or on behalf of Investor as though, and with the same effect as if it had been done or performed by Owner or Lessee, as the case may be. Lessee and Investor each will have thirty (30) days (co-terminously) after the service of such notice upon it within which to cure or cause to be cured the default specified in such notice, or cause it to be cured.

7. Miscellaneous.

(a) This Agreement shall inure to the benefit of, and be binding upon, the parties hereto, their successors and assigns (including all Transferees); provided, however, that in the event of the assignment or transfer of the interest of a Transferee, all obligations and liabilities of such Transferee under this Agreement shall terminate, and thereupon all such obligations and liabilities shall be the responsibility of the party to whom the Transferee's interest is assigned or transferred; and provided further that the interest of Lessee under this Agreement may not be assigned or transferred except to the extent the assignment of Lessee's interest in the Lease is permitted hereunder.

(b) This Agreement is the whole and only agreement among the parties hereto with regard to the subordination of the Lease to the lien or charge of the Mortgage and the Restrictive Covenants, and shall supersede all other subjection or subordination agreements, including, but not limited to, those provisions, if any, contained in the Lease that provide for the subjection or subordination of said Lease to a deed of trust or to a mortgage or mortgages, or other similar mortgage loan documents to the extent inconsistent with this Agreement. This Agreement may not be modified in any manner or terminated except by an instrument in writing executed by the parties hereto.

(c) This Agreement shall be governed by, construed, applied and enforced in accordance with the laws of the State where the Property is located. The invalidity, legality or enforceability of any provision of this Agreement shall not affect or impair the validity, legality or enforceability of the remainder of this Agreement, and to this end, the provisions of this Agreement are declared to be severable.

(d) In the event any legal action or proceeding is commenced to interpret or enforce the terms of, or obligations arising out of, this Agreement, or to recover damages for the breach thereof, the party or parties prevailing in any such action or proceeding shall be entitled to recover from the non-prevailing party or parties all reasonable attorneys' fees, costs and expenses incurred by the prevailing party or parties.

(e) The Lease may not be modified or amended without the consent of Lender and City.

(f) Any notices required hereunder will be in writing and will be either given by U.S. registered or certified mail, return receipt requested, with postage prepaid (except in the event of a postal disruption, by strike or otherwise, in the United States), or sent by personal delivery by a nationally recognized courier service for next day delivery. The current addresses and telecopy numbers of the parties to which any notice provided for herein shall be sent, are as follows:

If to Owner:

St. Elizabeth Place LP
4300 Lyons Avenue, Suite 300
Houston, Texas 77020
Attention: Kathy Flanagan Payton

If to Lessee:

St. Elizabeth Place Master Tenant LLC
4300 Lyons Avenue, Suite 300
Houston, Texas 77020
Attention: Kathy Flanagan Payton

With a copy to:
Coats Rose P.C.
9 Greenway Plaza, Suite 1000
Houston, Texas 77046
Attention: Barry Palmer

If to Investor:

Foss Mid-Cap Historic Fund III, LLC
c/o Foss and Company, Inc.
832 Sansome Street, Second Floor
San Francisco, CA 94111
Attn: Asset Management

With a copy to:
Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, MN 55402
Attention: Kevin McLain
Email: kmclain@winthrop.com

If to City:

City of Houston
c/o Department of Housing and Community Development
2100 Travis Street, 9th Floor
Houston, TX 77002
Attention: Assistant Director, Multifamily

With copy to:

City of Houston Legal Department
900 Bagby, 4th Floor
Houston, TX 77002
Attention: City Attorney

If to Lender:

Fifth Ward Community Redevelopment Corporation
4300 Lyons Avenue, Suite 300
Houston, Texas 77020
Attention: President

Any party may designate another addressee (and/or change its address or telecopy number) for notices hereunder by a notice given pursuant to this Section 7(f). Notices delivered personally will be effective upon delivery to an authorized representative of the party at the designated address; notices sent

by mail in accordance with the above paragraph will be effective upon execution by the addressee of the return receipt requested.

(g) This Agreement may be executed in several counterparts and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the original or the same counterpart.

[The remainder of this page has been left blank intentionally.]

SIGNATURE PAGE TO
AMENDED AND RESTATED
SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT

IN WITNESS WHEREOF, the parties have hereunto set their signatures and seals to this Subordination, Non-Disturbance and Attornment Agreement as of the date first above written.

OWNER: ST. ELIZABETH PLACE LP, a Texas limited partnership

By: St. Elizabeth Place GP LLC
Its: General Partner

By: St. Elizabeth 2020 Investments, LLC,
its Manager
By: [Signature]
Kathy Flanagan Payton, Manager

By: Cloudbreak Development, LLC,
its Manager
By: [Signature]
Thomas R. Cantwell, Jr., Manager

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

In said county and state, on this 23 day of June, 2022, before me personally appeared Kathy Flanagan Payton, Manager of St. Elizabeth 2020 Investments, LLC, manager of St. Elizabeth Place GP LLC, the general partner of St. Elizabeth Place LP, as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed of said limited liability companies and limited partnership.



[Signature]
Devaunte Cormier
Notary Public, State of Texas
[Signature]
Devaunte Cormier
Printed Name of Notary
My commission expires: 1/8/24

STATE OF TEXAS §
 §
COUNTY OF _____ §

In said county and state, on this ___ day of _____, 2022, before me personally appeared Thomas R. Cantwell, Jr., Manager of Cloudbreak Development, LLC, manager of St. Elizabeth Place GP LLC, the general partner of St. Elizabeth Place LP, as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed of said limited liability companies and limited partnership.

Notary Public, State of _____

Printed Name of Notary
My commission expires: _____

**SIGNATURE PAGE TO
AMENDED AND RESTATED
SUBORDINATION, NONDISTURBANCE AND ATTORNMENMENT AGREEMENT**

IN WITNESS WHEREOF, the parties have hereunto set their signatures and seals to this Subordination, Non-Disturbance and Attornment Agreement as of the date first above written.

OWNER: ST. ELIZABETH PLACE LP, a Texas limited partnership

By: St. Elizabeth Place GP LLC
Its: General Partner

By: St. Elizabeth 2020 Investments, LLC,
its Manager
By: _____
Kathy Flanagan Payton, Manager

By: Cloudbreak Development, LLC,
its Manager
By: _____
Thomas R. Cantwell, Jr., Manager

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

In said county and state, on this ____ day of _____, 2022, before me personally appeared Kathy Flanagan Payton, Manager of St. Elizabeth 2020 Investments, LLC, manager of St. Elizabeth Place GP LLC, the general partner of St. Elizabeth Place LP, as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed of said limited liability companies and limited partnership.

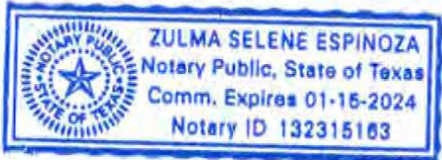
Notary Public, State of Texas

Printed Name of Notary
My commission expires: _____

STATE OF TEXAS §
 §
COUNTY OF Harris §

In said county and state, on this 24 day of June, 2022, before me personally appeared Thomas R. Cantwell, Jr., Manager of Cloudbreak Development, LLC, manager of St. Elizabeth Place GP LLC, the general partner of St. Elizabeth Place LP, as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed of said limited liability companies and limited partnership.

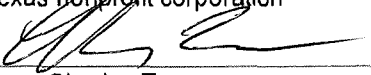
Notary Public, State of Texas
Zulma Selene Espinoza
Printed Name of Notary
My commission expires: 01/15/2024



SIGNATURE PAGE TO
AMENDED AND RESTATED
SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT

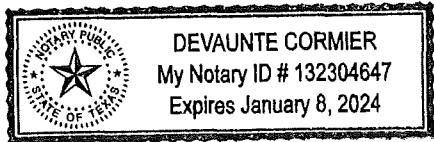
LENDER:

FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION,
a Texas nonprofit corporation

By: 
Name: Charles Turner
Title: Chairman

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

The foregoing instrument was acknowledged before me on the 23 day of June, 2022, by Charles Turner, Chairman of FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas nonprofit corporation.



Devaunte Cormier
Notary Public, State of Texas
Devaunte Cormier
Printed Name of Notary
My commission expires: 1/8/24

**SIGNATURE PAGE TO
AMENDED AND RESTATED
SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT**

CITY:

SEAL/ATTEST:



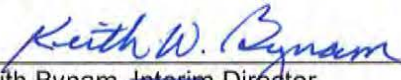
Pat J. Daniel
~~Interim~~ City Secretary

CITY OF HOUSTON, TEXAS



Sylvester Turner, Mayor

APPROVED:



Keith Bynam, ~~Interim~~ Director
Housing and Community Development
Department

COUNTERSIGNED:



Chris Brown, City Controller 

APPROVED AS TO FORM:



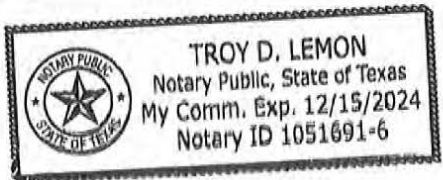
Senior Assistant City Attorney
LD# 029210023902


COUNTERSIGNATURE DATE:

6/30/2022

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

The foregoing instrument was acknowledged before me on the 30th day of JUNE, 2022, by Sylvester Turner, Mayor of the CITY OF HOUSTON, State of Texas.





Notary Public, State of Texas
Troy D LEMON
Printed Name of Notary
My commission expires: 12-15-2024

Exhibit A

LEGAL DESCRIPTION

UNRESTRICTED RESERVE "A", BLOCK 1 SAINT ELIZABETH PLACE, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN FILM CODE NO. 693272 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS, SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32 OF HARRIS COUNTY, TEXAS.

Also described as:

A TRACT OR PARCEL OF LAND CONTAINING 2.2455 ACRES, (97,812 SQUARE FEET), BEING OUT OF AND A PART OF UNRESTRICTED RESERVE "A", BLOCK 1, SAINT ELIZABETH PLACE, A SUBDIVISION IN HARRIS COUNTY, TEXAS ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN FILM CODE NO. 693272 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING THAT CERTAIN CALLED 2.2455 ACRE TRACT OF LAND AS CONVEYED TO ST. ELIZABETH PLACE, LP BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2020-363055 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (BEARING BASIS: FILM CODE NO. 693272 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS)

BEGINNING at a 1/2" iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29th Street), with the west right-of-way line Yates Street, same being the northeast corner of said Unrestricted Reserve "A", same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 02° 11' 25" E, along with the west right-of-way line of Yates Street, same being the common line of said Unrestricted Reserve "A", a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set for the southeast corner of the herein described tract;

Thence, S 87° 34' 37" W, across said Unrestricted Reserve "A", a distance of 250.00 feet to a capped, (Precision Surveyors), iron rod set on the east right-of-way line of St. Elizabeth Street, same being the common line of said Unrestricted Reserve "A", for the southeast corner of the herein described tract;

Thence, N 02° 11' 25" W, along the east right-of-way line of St. Elizabeth Street, same being the common line of said Unrestricted Reserve "A", a distance of 391.25 feet to a capped iron rod found at the intersection of the south right-of-way line of Lyons Avenue with the east right-of-way line of St. Elizabeth Street, same being the northwest corner of said Unrestricted Reserve "A", same being the northwest corner of the herein described tract;

Thence, N 87° 34' 37" E, along the south right-of-way line of Lyons Avenue, same being the common line of said Unrestricted Reserve "A", a distance of 250.00 feet to the POINT OF BEGINNING containing 2.2455 acres or 97,812 square feet of land, more or less.

ATTACHMENT W
TO LOAN AGREEMENT
AMENDMENT TO RESTRICTIVE COVENANTS

**FIRST AMENDMENT TO
RESTRICTIVE COVENANTS**

THIS FIRST AMENDMENT TO RESTRICTIVE COVENANTS (this "Amendment") is made and entered into effective as of _____, 2022 is made by **ST. ELIZABETH PLACE LP**, a Texas limited partnership ("Owner"); and is joined by **FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION**, a Texas nonprofit corporation ("Lender"); **THE CITY OF HOUSTON** (together with any permitted successors or assigns, the "City"); **GERSHMAN INVESTMENT CORP.**, an Arkansas corporation ("Senior Lender"); and **ST. ELIZABETH PLACE MASTER TENANT LLC**, a Texas limited liability company ("Lessee") to evidence their consent to this Amendment.

RECITALS

WHEREAS, the Owner has entered into that one certain Restrictive Covenants ("Agreement") dated effective August 7, 2020 recorded of record under Clerk's File No. RP 2020-363056 in the Real Property Records of Harris County which affects the real property described in Exhibit A attached hereto ("Property").

WHEREAS, the parties now desire to amend certain provisions of the Agreement as herein set forth.

NOW, THEREFORE, in consideration of the forgoing, of and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Owner agrees to amend the Agreement as follows:

1. Definitional Changes. References to the following terms in the Agreement are amended to have the following meanings:

- a. "City Loan" shall mean (i) that certain loan by the City to Lender in the amount of Fourteen Million Eight Hundred Seventy Four Thousand Six Hundred Twenty Two and No/100 Dollars (\$14,874,622.00); and (ii) that certain loan by the City to Lender in the amount of One Million Five Hundred Seventy Seven Thousand Seven Hundred Forty Four and 40/100 Dollars (\$1,577,744.40); the proceeds of which will be utilized to make the Owner Loan (as defined below) to Owner for the acquisition and rehabilitation of the Property;
- b. "City Loan Agreement" shall mean the Amended and Restated Loan Agreement between the City, Lender and Borrower;
- c. "Owner Loan" shall mean (i) that certain loan by the Lender to Owner in the amount of Fourteen Million Eight Hundred Seventy Four Thousand Six Hundred Twenty Two and No/100 Dollars (\$14,874,622.00); and (ii) that certain loan by the Lender to Owner in the amount of One Million Five Hundred Seventy Seven Thousand Seven Hundred Forty Four and 40/100 Dollars (\$1,577,744.40); the proceeds of which will be utilized by Owner for the acquisition and rehabilitation of the Property;

2. Consent. City, Lender, Senior Lender, and Lessee hereby consent to this Amendment and agree that the Property and the Master Lease dated August 30, 2021 between Owner and Lessee with respect to the Property shall be subject to the Agreement as amended hereby.

3. Full Force and Effect. Except as modified by this Amendment, all terms and conditions of the Agreement shall remain in full force and effect, and the parties hereto shall be bound thereby. The Agreement and this Amendment shall be construed as one instrument.

4. Authority. Each party represents and warrants that it has due power and lawful authority to execute and deliver this Amendment and to perform its obligations under the Agreement; and the Agreement contains the valid, binding and enforceable obligations of each such party.

5. Binding Effect. This Amendment shall be binding upon the parties hereto and their respective successors and assigns.


(SIGNATURE PAGES TO FOLLOW)

**SIGNATURE PAGE TO
FIRST AMENDMENT TO
RESTRICTIVE COVENANTS**

IN WITNESS WHEREOF, the parties have hereunto set their signatures and seals to this Amendment as of the date first above written.

SENIOR LENDER:

GERSHMAN INVESTMENT CORP., an Arkansas corporation

By: 

Name: Amy Michel

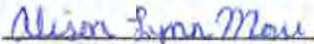
Title: Vice President

STATE OF Missouri

§
§
§
§
§

COUNTY OF St. Louis

SUBSCRIBED AND SWORN TO BEFORE ME on this 23 day of June, 2022 by Amy Michel, the Vice President of GERSHMAN INVESTMENT CORP., an Arkansas corporation, on behalf of such corporation.


Notary Public, State of Missouri

ALISON LYNN MORR
Notary Public - Notary Seal
State of Missouri
Commissioned for St. Louis County
My Commission Expires: March 02, 2025
Commission Number: 21432711

**SIGNATURE PAGE TO
FIRST AMENDMENT TO
RESTRICTIVE COVENANTS**

OWNER:

ST. ELIZABETH PLACE LP, a Texas limited partnership

By: St. Elizabeth Place GP LLC
Its: General Partner

By: St. Elizabeth 2020 Investments, LLC,
its Manager

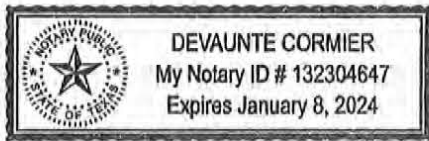
By: *[Signature]*
Kathy Flanagan Payton, Manager

By: Cloudbreak Development, LLC,
its Manager

By: _____
Thomas R. Cantwell, Jr., Manager

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

In said county and state, on this 23 day of June, 2022, before me personally appeared Kathy Flanagan Payton, Manager of St. Elizabeth 2020 Investments, LLC, manager of St. Elizabeth Place GP LLC, the general partner of St. Elizabeth Place LP, as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed of said limited liability companies and limited partnership.



Devaunte Cormier
Notary Public, State of Texas
Devaunte Cormier
Printed Name of Notary
My commission expires: 1/8/24

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

In said county and state, on this ___ day of _____, 2022, before me personally appeared Thomas R. Cantwell, Jr., Manager of Cloudbreak Development, LLC, manager of St. Elizabeth Place GP LLC, the general partner of St. Elizabeth Place LP, as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed of said limited liability companies and limited partnership.

Notary Public, State of _____

Printed Name of Notary
My commission expires: _____

**SIGNATURE PAGE TO
FIRST AMENDMENT TO
RESTRICTIVE COVENANTS**

OWNER:

ST. ELIZABETH PLACE LP, a Texas limited partnership

By: St. Elizabeth Place GP LLC
Its: General Partner

By: St. Elizabeth 2020 Investments, LLC,
its Manager
By: _____
Kathy Flanagan Payton, Manager

By: Cloudbreak Development, LLC,
its Manager
By: _____
Thomas R. Cantwell, Jr., Manager

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

In said county and state, on this ____ day of _____, 2022, before me personally appeared Kathy Flanagan Payton, Manager of St. Elizabeth 2020 Investments, LLC, manager of St. Elizabeth Place GP LLC, the general partner of St. Elizabeth Place LP, as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed of said limited liability companies and limited partnership.

Notary Public, State of Texas

Printed Name of Notary
My commission expires: _____

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

In said county and state, on this 24 day of June, 2022, before me personally appeared Thomas R. Cantwell, Jr., Manager of Cloudbreak Development, LLC, manager of St. Elizabeth Place GP LLC, the general partner of St. Elizabeth Place LP, as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed of said limited liability companies and limited partnership.


Notary Public, State of Texas
Zulma Selene Espinoza
Printed Name of Notary
My commission expires: 01/15/2024



**SIGNATURE PAGE TO
FIRST AMENDMENT TO
RESTRICTIVE COVENANTS**

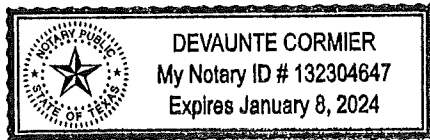
LENDER:

FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION,
a Texas nonprofit corporation

By: 
Name: Charles Turner
Title: Chairman

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

The foregoing instrument was acknowledged before me on the 23 day of June, 2022, by Charles Turner, Chairman of FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas nonprofit corporation.

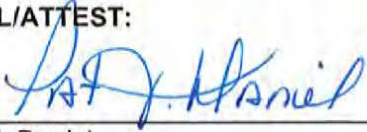


DeVaunte Cormier
Notary Public, State of Texas
DeVaunte Cormier
Printed Name of Notary
My commission expires: 1/8/24

**SIGNATURE PAGE TO
FIRST AMENDMENT TO
RESTRICTIVE COVENANTS**


CITY:

SEAL/ATTEST:



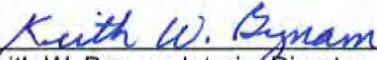
Pat J. Daniel
~~Interim~~ City Secretary

CITY OF HOUSTON, TEXAS



Sylvester Turner, Mayor

APPROVED:



Keith W. Bynam, ~~Interim~~ Director
Housing and Community Development
Department

COUNTERSIGNED:



Chris Brown, City Controller

APPROVED AS TO FORM:


Senior Assistant City Attorney
LD# 0292100239002

COUNTERSIGNATURE DATE:

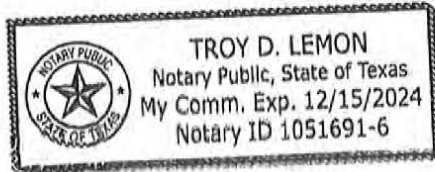
6/30/2022

STATE OF TEXAS

COUNTY OF HARRIS

§
§
§

The foregoing instrument was acknowledged before me on the 30th day of JUNE, 2022, by Sylvester Turner, Mayor of the **CITY OF HOUSTON**, State of Texas.





Notary Public, State of Texas
Troy D LEMON
Printed Name of Notary
My commission expires: 12-15-2024

Exhibit A

LEGAL DESCRIPTION

TRACT 1:

A TRACT OR PARCEL OF LAND CONTAINING 0.3884 ACRES, (16,917 SQUARE FEET), BEING OUT OF AND A PART OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORD'ED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS; (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

COMMENCING at a ½ " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29" Street), with the west right-of-way line Yates Street, (60 Foot Right-of-Way, Formerly known as House Street), same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner of that certain called 2.2455 acre tract of land being the remainder of said 2.634 Acre Tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said 2.2455 Acre Tract, a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southeast corner of said 2.2455 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said Block 121, a distance of 67.67 feet to a capped, (Landtech), iron rod found for the intersection of the west right-of-way line of Yates Street with the north right-of-way line of Chisum Street, (50 Foot Right-of-Way, Formerly known as Division Avenue), same being the southeast corner of said Block 121, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, along the north right-of-way line of Chisum Street, same being the south line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to a capped, (Landtech), iron rod found for the intersection of the east right-of-way line of St. Elizabeth Street with the north right-of-way line of Chisum Street, same being the southwest corner of said Block 121, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 01" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 67.67 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southwest corner of said 2.2455 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89 degrees, 56' 01" E, across said Block 121, along the common line of said 2.2455 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 0.3884 acres or 16,917 square feet of land, more or less.

TRACT 2:

A TRACT OR PARCEL OF LAND CONTAINING 2.2455 ACRES, (97,812 SQUARE FEET), BEING OUT OF AND A PART OF UNRESTRICTED RESERVE "A", BLOCK 1, SAINT ELIZABETH PLACE, A SUBDIVISION IN HARRIS COUNTY, TEXAS ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN FILM CODE NO. 693272 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING THAT CERTAIN CALLED 2.2455 ACRE TRACT OF LAND AS CONVEYED TO ST. ELIZABETH PLACE, LP BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2020-363055 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (BEARING BASIS: FILM CODE NO. 693272 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS)

BEGINNING at a 1/2" iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29th Street), with the west right-of-way line Yates Street, same being the northeast corner of said Unrestricted Reserve "A", same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 02° 11' 25" E, along with the west right-of-way line of Yates Street, same being the common line of said Unrestricted Reserve "A", a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set for the southeast corner of the herein described tract;

Thence, S 87° 34' 37" W, across said Unrestricted Reserve "A", a distance of 250.00 feet to a capped, (Precision Surveyors), iron rod set on the east right-of-way line of St. Elizabeth Street, same being the common line of said Unrestricted Reserve "A", for the southeast corner of the herein described tract;

Thence, N 02° 11' 25" W, along the east right-of-way line of St. Elizabeth Street, same being the common line of said Unrestricted Reserve "A", a distance of 391.25 feet to a capped iron rod found at the intersection of the south right-of-way line of Lyons Avenue with the east right-of-way line of St. Elizabeth Street, same being the northwest corner of said Unrestricted Reserve "A", same being the northwest corner of the herein described tract;

Thence, N 87° 34' 37" E, along the south right-of-way line of Lyons Avenue, same being the common line of said Unrestricted Reserve "A", a distance of 250.00 feet to the POINT OF BEGINNING containing 2.2455 acres or 97,812 square feet of land, more or less.

**ATTACHMENT X
TO LOAN AGREEMENT**

HUD – SUBORDINATION AGREEMENT

**Subordination Agreement -
Public**

U.S. Department of Housing
and Urban Development
Office of Housing

0598
(Exp. 04/30/24)

OMB Approval No. 2502-

Public Reporting Burden for this collection of information is estimated to average 0.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number. While no assurance of confidentiality is pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information Act request.

Warning: Federal law provides that anyone who knowingly or willfully submits (or causes to submit) a document containing any false, fictitious, misleading, or fraudulent statement/certification or entry may be criminally prosecuted and may incur civil administrative liability. Penalties upon conviction can include a fine and imprisonment, as provided pursuant to applicable law, which includes, but is not limited to, 18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802, 24 C.F.R. Parts 25, 28 and 30, and 2 C.F.R. Parts 180 and 2424.

{This form is required with secondary financing funded by a public lender and secured with a lien on the Project. Such a secured lien is only permitted pursuant to Program Obligations and must be approved in writing by HUD.

HUD will consider requested changes to this form that are necessary to comply with state or local law. All such requests must be accompanied by a substantive explanation prepared by counsel to the Subordinate Lender. HUD's written acceptance of any changes for state or local law will result in a template Subordination Agreement- Public, for a given jurisdiction and program. Consistent with the PRA, permission to use any such HUD-approved template will expire upon implementation of the next OMB-approved version of this form. When a new OMB form is issued, public lenders may request HUD consideration of changes to the new form in accordance with the level of flexibility the form provides.}

Project Name: St. Elizabeth Place
HUD Project No: 114-35821

THIS **SUBORDINATION AGREEMENT ("Agreement")** is entered into this ____ day of JUNE, 2022 by and among (i) GERSHMAN INVESTMENT CORP., an Arkansas corporation ("**Senior Lender**"), (ii) FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas nonprofit corporation ("**Fifth Ward**") and the CITY OF HOUSTON ("**City**" and collectively with Fifth Ward, "**Subordinate Lender**"), and (iii) ST. ELIZABETH PLACE LP, a Texas limited partnership ("**Borrower**").

Recitals

WHEREAS, Borrower is the owner of that certain 85-unit residential rental development known as "St. Elizabeth Place", a private works project ("**Project**"), located at 4514 Lyons Avenue, Houston, Harris County, Texas 77020. Senior Lender has made or is making the senior mortgage loan as described on Schedule A hereto to Borrower in the original principal amount(s) as shown on Schedule A, evidenced by the Note described in Schedule A ("**Senior Note**"), and secured by, among other things, the Security Instrument as described in Schedule A (collectively, "**Senior Security Instrument**"), covering the property described in Exhibit A attached hereto

together with all improvements thereon and personal property used relative thereof, all as more particularly described in the Senior Security Instrument ("**Mortgaged Property**").

WHEREAS, the City has made a \$14,874,622.00 loan to Fifth Ward pursuant to that certain Loan Agreement (CDBG Transaction) between the Fifth Ward, Borrower and the City, the proceeds of which were utilized by Fifth Ward to make a \$14,874,622.00 loan ("**First Collateral Loan**") to Borrower for the acquisition, rehabilitation and new construction of the project located at 4514 Lyons Avenue, Houston, Harris County, Texas 77020, among other property ("**Mortgaged Property**") and which First Collateral Loan and all documents executed in connection therewith including a second lien deed of trust on the Mortgaged Property and a second lien assignments of the architect's contract, construction contracts and property management agreement were collaterally assigned to the City pursuant to a Collateral Assignment of Note and Liens.

WHEREAS, the City will be making an additional \$1,577,744.40 loan to Fifth Ward pursuant to that certain Amended and Restated Loan Agreement (CDBG Transaction) between the Fifth Ward, Borrower, and the City, the proceeds of which will be utilized by Fifth Ward to make a \$1,577,744.40 loan ("**Second Collateral Loan**" and collectively with the First Collateral Loan, the "**Subordinate Loan**") to Borrower for the acquisition, rehabilitation and new construction of the Project and which Second Collateral Loan and all documents executed in connection therewith including a third lien deed of trust on the Project, among other property and third lien assignments of the architect's contract, construction contracts and property management agreement will be collaterally assigned to the City pursuant to a certain Collateral Assignment of Note and Liens (which collectively with the liens and security interests securing the First Collateral Loan are referred to as a "subordinate mortgage lien").

WHEREAS, Senior Lender, with the approval of the U.S. Department of Housing and Urban Development ("**HUD**"), has agreed to permit Subordinate Lender to keep the Subordinate Loan outstanding and maintain a subordinate mortgage lien against the Mortgaged Property subject to all of the conditions contained in this Agreement and in accordance with Program Obligations. "**Program Obligations**" means (1) all applicable statutes and any regulations issued by the Secretary pursuant thereto that apply to the Project, including all amendments to such statutes and regulations, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and (2) all current requirements in HUD handbooks and guides, notices, and mortgagee letters that apply to the Project, and all future updates, changes and amendments thereto, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and provided that such future updates, changes and amendments shall be applicable to the Project only to the extent that they interpret, clarify and implement terms in this Agreement rather than add or delete provisions from such document. Handbooks, guides, notices, and mortgagee letters are available on HUD's official website: Handbooks, guides, notices, and mortgagee letters are available on "HUDCLIPS," at www.hud.gov.

NOW, THEREFORE, in order to induce Senior Lender to permit Subordinate

Lender to keep outstanding the Subordinate Loan to Borrower and to place a subordinate mortgage lien against the Mortgaged Property, and in consideration thereof, Senior Lender, Subordinate Lender and Borrower agree as follows:

1. Definitions.

In addition to the terms defined in the Recitals to this Agreement, for purposes of this Agreement the following terms have the respective meanings set forth below:

(a) **"Affiliate"** is any person or business concern that directly or indirectly controls policy of a principal or has the power to do so is an affiliate. Persons and business concerns controlled by the same third party are also affiliates.

(b) **"Bankruptcy Proceeding"** means any bankruptcy, reorganization, insolvency, composition, restructuring, dissolution, liquidation, receivership, assignment for the benefit of creditors, or custodianship action or proceeding under any federal or state law with respect to Borrower, any guarantor of any of the Senior Indebtedness, any of their respective properties, or any of their respective partners, members, officers, directors, or shareholders.

(c) **"Borrower"** means all entities identified as "Borrower" in the first paragraph of this Agreement, together with any successors, heirs, and assigns (jointly and severally). Borrower shall include any entity taking title to the Mortgaged Property, whether or not such entity assumes the Senior Note, provided that the term "Borrower" shall not include Senior Lender in the event that Senior Lender may acquire title to the Mortgaged Property. Whenever the term "Borrower" is used herein, the same shall be deemed to include the obligor of the debt secured by the Senior Security Instrument.

(d) **"Business Day"** means any day other than Saturday, Sunday or any other day on which Senior Lender or HUD is not open for business.

(e) **"Covenant Event of Default"** is defined in the Senior Security Instrument.

(f) **"Entity"** means an estate, trust, partnership, corporation, limited liability company, limited liability partnership, governmental department or agency or any other entity which has the legal capacity to own property.

(g) **"Monetary Event of Default"** is defined in the Senior Security Instrument.

(h) **"Non-Project Sources"** means any funds that are not derived from Project Sources.

(i) **"Project Sources"** means the Mortgaged Property (as defined in the Senior Security Instrument), any proceeds of the Senior -Indebtedness, and any reserve or deposit made with Senior Lender or any other party as required by HUD in connection with the Senior Indebtedness.

(j) **"Senior Indebtedness"** means all present and future indebtedness, obligations, and liabilities of Borrower to Senior Lender under or in connection with the Senior Loan Documents.

(k) "Senior Lender" means the Entity named as such in the first paragraph on page 1 of this Agreement, its successors and assigns.

(l) "Senior Loan Documents" means the Senior Note, the Senior Security Instrument, and the Regulatory Agreement between Borrower and HUD, as such documents may be amended from time to time and all other documents at any time evidencing, securing, guaranteeing, or otherwise delivered in connection with the Senior Indebtedness, as identified in Schedule A.

(m) "Senior Security Instrument Default" means a "Monetary Event of Default" or a "Covenant Event of Default" as defined in the Senior Security Instrument.

(n) "Subordinate Indebtedness" means all present and future indebtedness, obligations, and liabilities of Borrower to Subordinate Lender under or in connection with the Subordinate Loan or the Subordinate Loan Documents.

(o) "Subordinate Lender" means the Entity named as such in the first paragraph on page 1 of this Agreement.

(p) "Subordinate Loan Documents" means the Subordinate Note, the Subordinate Mortgage, and all other documents at any time evidencing, securing, guaranteeing, or otherwise delivered in connection with the Subordinate Indebtedness, as identified in Schedule B. The terms Subordinate Note and Subordinate Mortgage are defined in Schedule B.

(q) "Subordinate Loan Enforcement Action" means the acceleration of all or any part of the Subordinate Indebtedness, the advertising of or commencement of any foreclosure or trustee's sale proceedings, the exercise of any power of sale, the acceptance of a deed or assignment in lieu of foreclosure or sale, the collecting of rents, the obtaining of or seeking of the appointment of a receiver, the seeking of default interest, the taking of possession or control of any of the Mortgaged Property, the commencement of any suit or other legal, administrative, or arbitration proceeding based upon the Subordinate Note or any other of the Subordinate Loan Documents, the exercising of any banker's lien or rights of set-off or recoupment, or the taking of any other enforcement action against Borrower, any other party liable for any of the Subordinate Indebtedness or obligated under any of the Subordinate Loan Documents, or the Mortgaged Property.

(r) "Subordinate Mortgage Default" means any act, failure to act, event, conditions, or occurrence which allows (but for any contrary provision of this Agreement), or which with the giving of notice or the passage of time, or both, would allow (but for any contrary provision of this Agreement), Subordinate Lender to take a Subordinate Loan Enforcement Action.

(s) "Surplus Cash" is defined herein to mean the same as that term is defined in the Regulatory Agreement between Borrower and HUD.

2. Permission to Allow Mortgage Lien Against Mortgaged Property.

Senior Lender consents, subject to the provisions of this Agreement, to permit Subordinate Lender to record the Subordinate Mortgage and other recorded Subordinate Loan Documents against the Mortgaged Property (which are subordinate in all respects

to the lien of the Senior Security Instrument) to secure Borrower's obligation to repay the Subordinate Note and all other obligations, indebtedness and liabilities of Borrower to Subordinate Lender under and in connection with the Subordinate Loan. Senior Lender agrees that the existence of the Subordinate Loan does not create a basis for default of the Senior Indebtedness. Such consent is subject to the condition that each of the representations and warranties made by Borrower and Subordinate Lender in Section 3 are true and correct on the date of this Agreement and on the date on which the proceeds of the Subordinate Loan are disbursed to Borrower. If any of the representations and warranties made by Borrower and Subordinate Lender in Section 3 are not true and correct on both of those dates, the provisions of the Senior Loan Documents applicable to unpermitted liens on the Mortgaged Property shall apply.

3. Borrower's and Subordinate Lender's Representations and Warranties.

Borrower and, with respect to subsections (a) through (d) below, Subordinate Lender each make the following representations and warranties to Senior Lender:

(a) Subordinate Loan Documents. The Subordinate Loan is evidenced by the Subordinate Note and is secured by the Subordinate Mortgage.

(b) Terms of the Subordinate Loan. The original principal amount of the First Collateral Note \$14,874,622.00, and the original principal amount of the Second Collateral Note is \$1,577,744.40 for a total principal balance of \$16,452,366.40 on the Senior Loan. Interest on the Subordinate Note accrues annually at the lesser of (i) one percent (1%) annually on the outstanding balance of the Subordinate Loan plus accrued unpaid interest, if any, or (ii) fifty percent (50%) of net cash flow. The Subordinate Note is due and payable in full on the Maturity Date which is the date that the Affordability Period expires (40 years from project completion) ("**Maturity**"). The Maturity term of the Subordinate Note does not end before the maturity term of the Senior Note, unless the Subordinate Note is forgivable as set forth below and Borrower satisfies all requirements in the Subordinate Loan Documents to result in the Subordinate Note being eligible for forgiveness. Subject to the terms of the Subordinate Loan Documents, the loan will be forgiven on the Maturity Date which is 40 years after the completion of construction. The promissory note evidencing the Subordinate Note obligates Borrower to make annual payments of interest only subject to Section 3(c) immediately below.

(c) Required HUD Language in Subordinate Note. The Subordinate Note contains or incorporates the following provisions:

“As long as HUD is the insurer or holder of the Senior Note (as such term and other capitalized terms are defined in the form Subordination Agreement, HUD-92420M) on FHA Project No. 114-35821, the following provisions ("**HUD Provisions**") shall be in full force and effect:

(1) any payments due under the Subordinate Note shall be

payable only (i) from Surplus Cash of the Project; but in no event greater than seventy-five percent (75%) of the total amount of Surplus Cash; or (ii) from monies received from Non-Project Sources. In no event may payments due under all subordinate debt of Maker cumulatively exceed 75% of available Surplus Cash. The restriction on payment imposed by this paragraph shall not excuse any default caused by the failure of the Borrower to pay the indebtedness evidenced by the Subordinate Note;

(2) no prepayment of the Subordinate Note shall be made until after final endorsement by HUD of the Senior Note, unless such prepayment is made from Non-Project Sources and is approved in writing by HUD.

(3) Except pursuant to a sale under the Collateral Assignment to the City, this Subordinate Note is deemed non-negotiable and may not be further sold, transferred, assigned, or pledged by the Subordinate Lender or the City except with the prior written approval of HUD;

(4) interest on the Subordinate Note shall not be compounded as long as HUD is the insurer or holder of the Note secured by the Security Instrument;

(5) Maker hereby waives presentment, demand, protest and notice of demand, protest and nonpayment of this Subordinate Note;

(6) the terms and provisions of this Subordinate Note are also for the benefit of and are enforceable by HUD against any party hereto, their successors and assigns. This Subordinate Note may not be modified or amended without the written consent of HUD; and

(7) in the event of any conflict between the terms of the Subordinate Note and the HUD Provisions, the terms of the HUD Provisions shall control.”

(d) Relationship of Borrower to Subordinate Lender. Subordinate Lender is not an Affiliate of Borrower.

(e) Subordinate Loan Documents. Borrower certifies that the executed Subordinate Loan Documents are substantially in the same forms as those submitted to, and approved by, HUD prior to the date of this Agreement. Upon execution and delivery of the Subordinate Loan Documents, Borrower shall deliver to Senior Lender an executed copy of each of the Subordinate Loan Documents, certified to be true, correct and complete.

(f) Senior Loan Documents. The executed Senior Loan Documents are the same forms as approved by HUD prior to the date of this Agreement. Upon

execution and delivery of the Senior Loan Documents, Borrower shall deliver to Subordinate Lender an executed copy of each of the Senior Loan Documents, certified to be true, correct and complete.

4. Deliveries.

Borrower shall submit the following items to Senior Lender and HUD at closing:

(a) **Title Evidence.** Evidence of title (title policy or title policy endorsement, as appropriate) insuring the lien of the Senior Security Instrument which insures that (i) the lien of the Subordinate Mortgage is subordinate to the lien of the Senior Mortgage, and (ii) this Agreement has been recorded among the applicable land records.

(b) **Loan Documents.** A complete set of the Subordinate Loan Documents, including this Subordination Agreement.

5. Terms of Subordination.

(a) **Agreement to Subordinate.** Senior Lender and Subordinate Lender agree that: (i) the indebtedness evidenced by the Subordinate Loan Documents is and shall be subordinated in right of payment, to the extent and in the manner provided in this Agreement, to the prior payment of the indebtedness evidenced by the Senior Loan Documents, and (ii) the Subordinate Mortgage and the other Subordinate Loan Documents are and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the Senior Security Instrument and the other Senior Loan Documents and to all advances heretofore made or which may hereafter be made pursuant to the Senior Security Instrument and the other Senior Loan Documents (including but not limited to, all sums advanced for the purposes of (1) protecting or further securing the lien of the Senior Security Instrument, curing defaults by Borrower under the Senior Loan Documents or for any other purpose expressly permitted by the Senior Security Instrument, or (2) constructing, renovating, repairing, furnishing, fixturing or equipping the Mortgaged Property).

(b) **Subordination of Subrogation Rights.** Subordinate Lender agrees that if, by reason of its payment of real estate taxes or other monetary obligations of Borrower, or by reason of its exercise of any other right or remedy under the Subordinate Loan Documents, it acquires by right of subrogation or otherwise a lien on the Mortgaged Property which (but for this subsection) would be senior to the lien of the Senior Security Instrument, then, in that event, such lien shall be subject and subordinate to the lien of the Senior Security Instrument.

(c) **Payments Before Senior Security Instrument Default.** Until Subordinate Lender receives a default notice of a Senior Security Instrument Default from Senior Lender, Subordinate Lender shall be entitled to retain for its own account all payments made under or pursuant to the Subordinate Loan Documents provided that such payments are otherwise permitted under the terms

of this Agreement.

(d) Payments After Senior Security Instrument Default. Borrower agrees that, after it receives notice (or otherwise acquires knowledge) of a Senior Security Instrument Default, it will not make any payments under or pursuant to the Subordinate Loan Documents (including but not limited to principal, interest, additional interest, late payment charges, default interest, attorney's fees, or any other sums secured by the Subordinate Mortgage) without Senior Lender's prior written consent. Subordinate Lender agrees that, after it receives a default notice from Senior Lender with written instructions directing Subordinate Lender not to accept payments from Project Sources on account of the Subordinate Loan, it will not accept any payments under or pursuant to the Subordinate Loan Documents (including but not limited to principal, interest, additional interest, late payment charges, default interest, attorney's fees, or any other sums secured by the Subordinate Mortgage) unless either (i) such payment is being made solely from Non-Project Sources or (ii) such payment is made with Senior Lender's prior written consent. If Subordinate Lender receives written notice from Senior Lender that the Senior Security Instrument Default which gave rise to Subordinate Lender's obligation not to accept payments has been cured, waived, or otherwise suspended by Senior Lender, the restrictions on payment to Subordinate Lender in this Section 5 shall terminate, and Senior Lender shall have no right to any subsequent payments made to Subordinate Lender by Borrower prior to Subordinate Lender's receipt of a new default notice from Senior Lender in accordance with the provisions of this Section 5(d).

(e) Remitting Subordinate Loan Payments to Senior Lender. If, after Subordinate Lender receives a default notice from Senior Lender in accordance with subsection (d) above, Subordinate Lender receives any payments under the Subordinate Loan Documents (other than payments permitted under subsection (d) above), Subordinate Lender agrees that such payment or other distribution will be received and held in trust for Senior Lender and unless Senior Lender otherwise notifies Subordinate Lender in writing, will be promptly remitted, in kind to Senior Lender, properly endorsed to Senior Lender, to be applied to the principal of, interest on and other amounts due under the Senior Loan Documents in accordance with the provisions of the Senior Loan Documents. By executing this Agreement, Borrower specifically authorizes Subordinate Lender to endorse and remit any such payments to Senior Lender, and specifically waives any and all rights to have such payments returned to Borrower or credited against the Subordinate Loan. Borrower and Senior Lender acknowledge and agree that payments received by Subordinate Lender, and remitted to Senior Lender under this Section 5, shall not be applied or otherwise credited against the Subordinate Loan, nor shall the tender of such payment to Senior Lender waive any Subordinate Mortgage Default which may arise from the inability of Subordinate Lender to retain such payment or apply such payment to the Subordinate Loan.

(f) Agreement Not to Commence Bankruptcy Proceeding. Subordinate Lender agrees that during the term of this Agreement it will not commence, or join with any other creditor in commencing any Bankruptcy Proceeding with respect to Borrower, without Senior Lender's prior written consent.

6. Default Under Subordinate Loan Documents.

(a) **Notice of Default and Cure Rights.** Subordinate Lender shall deliver to Senior Lender a default notice within five Business Days in each case where Subordinate Lender has given a default notice to Borrower. Failure of Subordinate Lender to send a default notice to Senior Lender shall not prevent the exercise of Subordinate Lender's rights and remedies under the Subordinate Loan Documents, subject to the provisions of this Agreement. Senior Lender shall have the opportunity, but not the obligation, to cure any Subordinate Mortgage Default within 60 days following the date of such notice; provided, however that Subordinate Lender shall be entitled, during such 60-day period, to continue to pursue its rights and remedies under the Subordinate Loan Documents, subject to the limitations set forth in Section 6(b) below.

(b) Subordinate Lender's Exercise of Remedies After Notice to Senior Lender.

(1) If a covenant Subordinate Mortgage Default occurs and is continuing, Subordinate Lender agrees that it will not, for a period of one hundred eighty (180) days after giving notice of such Subordinate Mortgage Default to Senior Lender and HUD (the "**Standstill Period**"), commence foreclosure proceedings with respect to the Mortgaged Property under the Subordinate Loan Documents or exercise any other rights or remedies it may have under the Subordinate Loan Documents with respect to the Mortgaged Property, including, but not limited to accelerating the Subordinate Loan, collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies thereunder without Senior Lender's prior written consent. During the Standstill Period, Subordinate Lender agrees to use best efforts to resolve the Subordinate Mortgage Default, in an effort to avoid the pursuit of available remedies by the Subordinate Lender. After the expiration of the Standstill Period and in the event Subordinate Lender forecloses on the Mortgaged Property, the purchaser must comply with HUD's Previous Participation regulations and processes, Transfer of Physical Asset requirements, and Program Obligations before it can take title to the Mortgaged Property.

(2) Subordinate Lender further agrees that if a monetary Subordinate Mortgage Default occurs and is continuing, it will not commence foreclosure proceedings with respect to the Mortgaged Property under the Subordinate Loan Documents or exercise any other rights or remedies it may have under the Subordinate Loan Documents with respect to the Mortgaged Property, including, but not limited to accelerating the Subordinate Loan, collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies thereunder without Senior Lender's prior written consent. The preceding prohibition on foreclosure for a monetary Subordinate Mortgage Default excludes the acceleration of any part or all of the Subordinate Indebtedness resulting from

a covenant Subordinate Mortgage Default.

(3) Nothing in this subsection (b) shall (i) limit Subordinate Lender's right to bring an action seeking recovery solely from Non-Project Sources or (ii) preclude Subordinate Lender from exercising or enforcing all the rights available to Subordinate Lender under the Subordinate Loan Documents and/or under applicable law to enforce covenants and agreements of Borrower relating to income, rent or affordability restrictions.

7. Default Under Senior Loan Documents.

(a) **Notice of Default and Cure Rights.** Senior Lender shall deliver to Subordinate Lender a default notice within five Business Days in each case where Senior Lender has given a default notice to Borrower (provided that Senior Lender shall have no liability to Borrower, Subordinate Lender or to any other Entity for failure to timely give such notice). Failure of Senior Lender to send a default notice to Subordinate Lender shall not prevent the exercise of Senior Lender's right and remedies under the Senior Loan Documents, subject to the provisions of this Agreement. Borrower agrees that Subordinate Lender shall have the opportunity, but not the obligation, to cure either a Monetary Event of Default or a Covenant Event of Default within 30 days following the date of such notice, or any time prior to an assignment of the Senior Security Instrument from Senior Lender to HUD, whichever date is later. Subordinate Lender acknowledges that Senior Lender shall be entitled during such period described above to continue to pursue its remedies under the Senior Loan Documents. Subordinate Lender shall have the opportunity to cure a Covenant Event of Default during such period described above so long as there is no Monetary Event of Default under the Senior Loan Documents. All amounts paid by Subordinate Lender to Senior Lender to cure any default under the Senior Loan Documents shall be deemed to have been advanced by Subordinate Lender pursuant to, and shall be secured by the lien of, the Subordinate Mortgage.

(b) **Cross Default.** Subordinate Lender certifies that the Subordinate Loan Documents do not contain a cross default provision. Notwithstanding any contrary provision contained in the Subordinate Loan Documents, a Senior Security Instrument Default shall not constitute a default under the Subordinate Loan Documents if no other default occurred under the Subordinate Loan Documents.

8. Conflict.

Borrower, Senior Lender and Subordinate Lender each agrees that, in the event of any conflict or inconsistency between the terms of the Senior Loan Documents, the Subordinate Loan Documents and the terms of this Agreement, the terms of this Agreement shall govern and control solely as to the following: (a) the relative priority of the security interests of Senior Lender and Subordinate Lender in the Mortgaged Property; and (b) solely as between Senior Lender and Subordinate Lender, the notice requirements, cure rights, and the other rights and obligations which Senior Lender and Subordinate Lender have agreed to as expressly provided in this Agreement. Borrower acknowledges that the terms and provisions of this Agreement shall not, and shall not be

deemed to: extend Borrower's time to cure any Senior Security Instrument Default or Subordinate Mortgage Default, as the case may be; give Borrower the right to notice of any Senior Security Instrument Default or Subordinate Mortgage Default, as the case may be other than that, if any, provided, respectively under the Senior Loan Documents or the Subordinate Loan Documents, as applicable; or create any other right or benefit for Borrower as against Senior Lender or Subordinate Lender.

9. Rights and Obligations of Subordinate Lender under the Subordinate Loan Documents and of Senior Lender under the Senior Loan Documents.

Subject to each of the other terms of this Agreement, all of the following provisions shall supersede any provisions of the Subordinate Loan Documents covering the same subject matter:

(a) Protection of Security Interest. Subordinate Lender shall not, without the prior written consent of Senior Lender in each instance, take any action which has the effect of increasing the indebtedness outstanding under, or secured by, the Subordinate Loan Documents, except that Subordinate Lender shall have the right to advance funds to cure Senior Security Instrument Defaults pursuant to Section 7(a) above and advance funds pursuant to the Subordinate Mortgage for the purpose of paying real estate taxes and insurance premiums, making necessary repairs to the Mortgaged Property and curing other defaults by Borrower under the Subordinate Loan Documents.

(b) Condemnation or Casualty. In the event of: a taking or threatened taking by condemnation or other exercise of eminent domain of all or a portion of the Mortgaged Property (collectively, a "Taking"); or the occurrence of a fire or other casualty resulting in damage to all or a portion of the Mortgaged Property (collectively, a "Casualty"), at any time or times when the Senior Security Instrument remains a lien on the Mortgaged Property the following provisions shall apply:

(1) Subordinate Lender hereby agrees that its rights (under the Subordinate Loan Documents or otherwise) to participate in any proceeding or action relating to a Taking and/or a Casualty, or to participate or join in any settlement of, or to adjust, any claims resulting from a Taking or a Casualty shall be and remain subordinate in all respects to Senior Lender's rights under the Senior Loan Documents with respect thereto, and Subordinate Lender shall be bound by any settlement or adjustment of a claim resulting from a Taking or a Casualty made by or with the written consent of Senior Lender; and

(2) all proceeds received or to be received on account of a Taking or a Casualty, or both, shall be applied (to payment of the costs and expenses of repair and restoration and/or to payment of the Senior Security Instrument) in the manner determined by Senior Lender in its sole discretion consistent with the Senior Loan Documents; provided, however, that if Senior Lender elects to apply such proceeds to payment of the principal of, interest on and other amounts payable under the Senior Security Instrument,

any proceeds remaining after the satisfaction in full of the principal of, interest on and other amounts payable under the Senior Security Instrument shall be paid to, and may be applied by, Subordinate Lender in accordance with the applicable provisions of the Subordinate Loan Documents. Any proceeds then remaining after the satisfaction in full of the principal of, interest on and other amounts payable under the Subordinate Loan Documents shall be paid by the Subordinate Lender to Borrower.

(c) No Modification of Subordinate Loan Documents. Borrower and Subordinate Lender each agrees that, until the principal of, interest on and all other amounts payable under the Senior Loan Documents have been paid in full, it will not, without the prior written consent of Senior Lender in each instance, increase the amount of the Subordinate Loan, increase the required payments due under the Subordinate Loan, decrease the term of the Subordinate Loan, increase the interest rate on the Subordinate Loan, or otherwise amend the Subordinate Loan terms in a manner that creates an adverse effect upon Senior Lender under the Senior Loan Documents. Any unauthorized amendment of the Subordinate Loan Documents without Senior Lender's consent shall be void ab initio and of no effect whatsoever.

10. Modification of Senior Loan Documents; Refinancing of Senior Indebtedness; Transfer of Physical Assets.

- (a)** Subordinate Lender consents to any agreement or arrangement in which Senior Lender waives, postpones, extends, reduces or modifies any provisions of the Senior Loan Documents, including any provision requiring the payment of money, provided however, there shall be no modification of the Senior Loan Documents without the consent of the Subordinate Lender if such modification would increase the principal amount of the Senior Indebtedness beyond the original principal amount of the Senior Indebtedness (excluding any amounts having been advanced by Senior Lender for the protection of its security interest pursuant to the Senior Loan Documents), increase the interest rate of the Senior Indebtedness, or decrease the original maturity term of the Senior Indebtedness.
- (b)** Subordinate Lender agrees that its agreement to subordinate hereunder shall extend to any new mortgage debt which is for the purpose of refinancing all or any part of the Senior Indebtedness in accordance with Program Obligations (including reasonable and necessary costs associated with the closing and/or the refinancing); and that all the terms and covenants of this Agreement shall inure to the benefit of any holder of any such refinanced debt; and that all references to the Senior Indebtedness, the Senior Note, the Senior Security Instrument, the Senior Loan Documents and Senior Lender shall mean, respectively, the indebtedness related to the refinance loan, the refinance note, the security instrument securing the refinance note, all documents evidencing, securing or otherwise pertaining to the refinance note and the holder of the refinance note, provided however, there shall be no refinancing of the Senior Indebtedness without the consent of the Subordinate Lender if such refinancing would increase the principal amount of the Senior Indebtedness beyond the original principal amount of the Senior Indebtedness (excluding any amounts

having been advanced by Senior Lender for the protection of its security interest pursuant to the Senior Loan Documents), increase the interest rate of the Senior Indebtedness, or decrease the original maturity term of the Senior Indebtedness.

(c) Reserved.

(d) Subordinate Lender agrees that the term of the Subordinate Indebtedness will be extended if the Subordinate Note is due, and there are no Surplus Cash funds or Residual Receipts (if applicable) available for repayment, and the Senior Indebtedness has not been repaid in full. (The parties agree that distributions of Residual Receipts must be approved by HUD and can only be approved by the terms of a written agreement between HUD and the Borrower).

(e) Subordinate Lender further agrees that the Subordinate Indebtedness is assumable when a sale or transfer of physical assets occurs, and the Senior Indebtedness remains in place.

11. Default by Subordinate Lender or Senior Lender.

If Subordinate Lender or Senior Lender defaults in performing or observing any of the terms, covenants or conditions to be performed or observed by it under this Agreement, the other, non-defaulting Lender shall have the right to all available legal and equitable relief.

12. Notices.

Each notice, request, demand, consent, approval or other communication (hereinafter in this Section referred to collectively as "notices" and referred to singly as a "notice") which Senior Lender or Subordinate Lender is required or permitted to give to the other party pursuant to this Agreement shall be in writing and shall be deemed to have been duly and sufficiently given if: (a) personally delivered with proof of delivery thereof (any notice so delivered shall be deemed to have been received at the time so delivered); or (b) sent by Federal Express (or other similar national overnight courier) designating next Business Day delivery (any notice so delivered shall be deemed to have been received on the next Business Day following receipt by the courier); or (c) sent by United States registered or certified mail, return receipt requested, postage prepaid, at a post office regularly maintained by the United States Postal Service (any notice so sent shall be deemed to have been received two Business Days after mailing in the United States), addressed to the respective parties as follows:

SENIOR LENDER:
Gershman Investment Corp.
16253 Swingley Ridge Road, Suite 400
Chesterfield, MO 63017
Attention: Bruce Sandweiss

With a copy to:

U.S. Department of Housing and Urban Development
 Director - Office of Multifamily Asset Management
 Room 6160
 451 Seventh Street, S.W.
 Washington, DC 20410

SUBORDINATE LENDER:

City of Houston
 c/o Department of Housing and Community Development
 2100 Travis, 9th floor
 Houston, TX 77002
 Attention: Director

With copy to:

City of Houston Legal Department
 900 Bagby, 4th Floor
 Houston, TX 77002
 Attention: City Attorney

Either party may, by notice given pursuant to this Section, change the person or persons and/or address or addresses, or designate an additional person or persons or an additional address or addresses for its notices, but notice of a change of address shall only be effective upon receipt.

13. General.

(a) Assignment/Successors. This Agreement shall be binding upon Borrower, Senior Lender and Subordinate Lender and shall inure to the benefit of the respective legal successors and assigns of Senior Lender and Subordinate Lender.

(b) No Partnership or Joint Venture. Senior Lender's permission for the placement of the Subordinate Loan Documents does not constitute Senior Lender as a joint venturer or partner of Subordinate Lender. Neither party hereto shall hold itself out as a partner, agent or Affiliate of any other party hereto.

(c) Senior Lender's and Subordinate Lender's Consent. Wherever Senior Lender's consent or approval is required by any provision of this Agreement, such consent or approval may be granted or denied by Senior Lender in its sole and absolute discretion, unless otherwise expressly provided in this Agreement. Wherever Subordinate Lender's consent or approval is required by any provision of this Agreement, such consent or approval may be granted or denied by Subordinate Lender in its sole and absolute discretion, unless otherwise expressly provided in this Agreement.

(d) Further Assurances; UCC Financing Statements. Subordinate Lender, Senior Lender and Borrower each agree, at Borrower's expense, to execute and deliver all additional instruments and/or documents reasonably required by any other party to this Agreement in order to evidence that the Subordinate Loan Documents are subordinate to the lien, covenants and conditions of the Senior Loan Documents, or to further evidence the intent of this Agreement. Senior Lender is hereby authorized to file any and all UCC financing statement amendments required to reflect the priority of the Senior Indebtedness.

(e) Amendment. This Agreement shall not be amended except by written instrument signed by all parties hereto.

(f) Governing Law. This Agreement shall be governed by the laws of the State in which the Mortgaged Property is located, except, so long as the Senior Indebtedness is insured or held by HUD, and solely as to rights and remedies of HUD, federal jurisdiction may be appropriate pursuant to any federal requirements. The State courts, and with respect to HUD's rights and remedies, federal courts, and governmental authorities in the State in which the Mortgaged Property is located, shall have exclusive jurisdiction over all controversies which shall arise under or in relation to the Subordinate Loan Documents. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

(g) Severable Provisions. If any provision of this Agreement shall be invalid or unenforceable to any extent, then the other provisions of this Agreement shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

(h) Term. The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all of the principal of, interest on and other amounts payable under the Senior Loan Documents; (ii) the forgiveness of all of the principal of, interest on and other amounts payable under the Subordinate Loan Documents, other than by reason of payments which Subordinate Lender is obligated to remit to Senior Lender pursuant to Section 5 hereof; (iii) the acquisition by Senior Lender of title to the Mortgaged Property pursuant to a foreclosure; or (iv) the acquisition by Subordinate Lender of title to the Mortgaged Property pursuant to a foreclosure or a deed in lieu of foreclosure of, or the exercise of a power of sale contained in, the Subordinate Mortgage, but only if such acquisition of title does not violate any of the terms of this Agreement. Notwithstanding the foregoing, in the event the Senior Indebtedness is refinanced or a transfer of physical assets occurs, the term of this Agreement shall continue and the Subordinate Indebtedness and Subordinate Loan Documents shall be subordinate to any such indebtedness related to the refinanced or transferred loan as provided in Section 10 above.

(i) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the


same instrument.

Each signatory below hereby certifies that each of their statements and representations contained in this Agreement and all their supporting documentation thereto are true, accurate, and complete. This Agreement has been made, presented, and delivered for the purpose of influencing an official action of HUD in insuring the Loan, and may be relied upon by HUD as a true statement of the facts contained therein.

**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE PAGE(S) TO FOLLOW]**

SUBORDINATE LENDER:

**FIFTH WARD COMMUNITY
REDEVELOPMENT CORPORATION,**
a Texas non-profit corporation

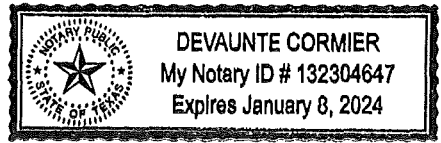
By: 
Charles Turner
Its: Chairman

STATE OF TEXAS

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COUNTY OF HARRIS

SUBSCRIBED AND SWORN TO BEFORE ME on this 23 day of June, 2022 by Charles Turner, the Chairman of FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas non-profit corporation, on behalf of such corporation.



DeVaunte Cormier
Notary Public, State of Texas
DeVaunte Cormier
Jan. 8, 2024

SEAL/ATTEST:

CITY OF HOUSTON, TEXAS

Pat J. Daniel
Pat J. Daniel, ~~Interim~~ City Secretary

Sylvester Turner
Sylvester Turner, Mayor

APPROVED:

COUNTERSIGNED:

Keith W. Bynam
Keith W. Bynam, ~~Interim~~ Director
Housing and Community Development
Department

Chris B. Brown
Chris B. Brown, City Controller

APPROVED AS TO FORM:

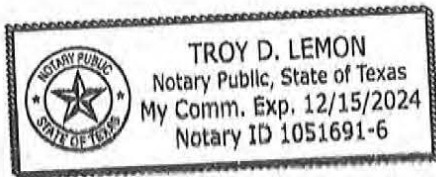
COUNTERSIGNATURE DATE:

[Signature]
Senior Assistant City Attorney
LD# 029210 0239002

6/30/2022

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

SUBSCRIBED AND SWORN TO BEFORE ME on this 30th day of JUNE, 2022, by SYLVESTER TURNER for Sylvester Turner, Mayor of the CITY OF HOUSTON, a municipal corporation, on behalf of said corporation.



Troy D. Lemon
Notary Public, State of Texas
Troy D. Lemon
Printed Name of Notary
My commission expires: 12-15-2024

BORROWER:

ST. ELIZABETH PLACE LP,
a Texas limited partnership

By: St. Elizabeth Place GP LLC,
a Texas limited liability company,
its general partner

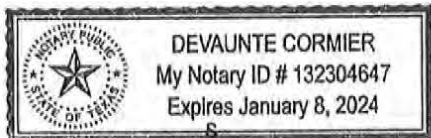
By: St. Elizabeth 2020 Investments, LLC, a
Texas limited liability company, its manager
By: [Signature]
Kathy Flanagan Payton, Manager

By: Cloudbreak Development, LLC, its Manager

By: _____
Thomas R. Cantwell, Jr., Manager

STATE OF TEXAS §
§
COUNTY OF HARRIS §

SUBSCRIBED AND SWORN TO BEFORE ME on this 23 day of June, 2022, by Kathy Flanagan Payton, the Manager of **ST. ELIZABETH 2020 INVESTMENTS, LLC**, a Texas limited liability company and manager of **ST. ELIZABETH PLACE GP LLC**, a Texas limited liability company and general partner of **ST. ELIZABETH PLACE LP**, a Texas limited partnership, on behalf of such limited liability companies and limited partnership.



[Signature]
Notary Public, State of Texas

STATE OF _____ §
§
COUNTY OF _____ §

SUBSCRIBED AND SWORN TO BEFORE ME on this ____ day of _____, 2022, before me personally appeared Thomas R. Cantwell, Jr., Manager of Cloudbreak Development, LLC, manager of St. Elizabeth Place GP LLC, the general partner of St. Elizabeth Place LP, as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed of said limited liability companies and limited partnership.

Notary Public, State of _____

Printed Name of Notary
My commission expires: _____

BORROWER:

ST. ELIZABETH PLACE LP,
a Texas limited partnership

By: St. Elizabeth Place GP LLC,
a Texas limited liability company,
its general partner

By: St. Elizabeth 2020 Investments, LLC, a
Texas limited liability company, its manager
By: _____
Kathy Flanagan Payton, Manager

By: Cloudbreak Development, LLC, its Manager

By: *[Signature]*
Thomas R. Cantwell, Jr., Manager

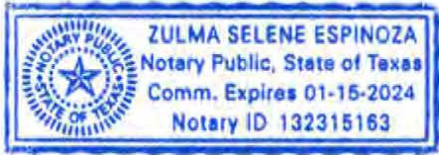
STATE OF TEXAS §
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COUNTY OF HARRIS §

SUBSCRIBED AND SWORN TO BEFORE ME on this ___ day of ____, 2022, by Kathy Flanagan Payton, the Manager of **ST. ELIZABETH 2020 INVESTMENTS, LLC**, a Texas limited liability company and manager of **ST. ELIZABETH PLACE GP LLC**, a Texas limited liability company and general partner of **ST. ELIZABETH PLACE LP**, a Texas limited partnership, on behalf of such limited liability companies and limited partnership.

Notary Public, State of Texas

STATE OF Texas §
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COUNTY OF Harris §

SUBSCRIBED AND SWORN TO BEFORE ME on this 24 day of June, 2022, before me personally appeared Thomas R. Cantwell, Jr., Manager of Cloudbreak Development, LLC, manager of St. Elizabeth Place GP LLC, the general partner of St. Elizabeth Place LP, as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed of said limited liability companies and limited partnership.



[Signature]
Notary Public, State of Texas
Zulma Selene Espinoza
Printed Name of Notary
My commission expires: 01/15/2024

Schedule A – List of Senior Loan Documents

Schedule B – List of Subordinate Loan Documents

EXHIBIT A: LEGAL DESCRIPTION

STATE OF TEXAS §
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 COUNTY OF HARRIS §

A TRACT OR PARCEL OF LAND CONTAINING 2.2455 ACRES, (97,812 SQUARE FEET), BEING OUT OF AND A PART OF UNRESTRICTED RESERVE "A", BLOCK 1, SAINT ELIZABETH PLACE, A SUBDIVISION IN HARRIS COUNTY, TEXAS ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN FILM CODE NO. 693272 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING THAT CERTAIN CALLED 2.2455 ACRE TRACT OF LAND AS CONVEYED TO ST. ELIZABETH PLACE, LP BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2020-363055 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (BEARING BASIS: FILM CODE NO. 693272 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS)

BEGINNING at a ½" iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29th Street), with the west right-of-way line Yates Street, same being the northeast corner of said Unrestricted Reserve "A". same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 02° 11' 25" E, along the west right-of-way line of Yates Street, same being the common line of said Unrestricted Reserve "A", a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set for the southeast corner of the herein described tract;

Thence, S 87° 34' 37" W, across said Unrestricted Reserve "A", a distance of 250.00 feet to a capped, (Precision Surveyors), iron rod set on the east right-of-way line of St. Elizabeth Street, same being the common line of said Unrestricted Reserve "A", for the southwest corner of the herein described tract;

Thence, N 02° 11' 25" W, along the east right-of-way line of St. Elizabeth Street, same being the common line of said Unrestricted Reserve "A", a distance of 391.25 feet to a capped iron rod found at the intersection of the south right-of-way line of Lyons Avenue with the east right-of-way line of St. Elizabeth Street, same being the northwest corner of said Unrestricted Reserve "A", same being the northwest corner of the herein described tract;

Thence, N 87° 34' 37" E, along the south right-of-way line of Lyons Avenue, same being the common line of said Unrestricted Reserve "A", a distance of 250.00 feet to the POINT OF BEGINNING containing 2.2455 acres or 97,812 square feet of land, more or less.

SCHEDULE A – LIST OF SENIOR LOAN DOCUMENTS

The Senior Lender has committed to make a construction loan converting to a permanent loan in the principal amount of \$6,753,900.00 ("Senior Indebtedness").

The Senior Indebtedness shall be evidenced by a Note (Multistate) executed by Borrower in favor of Senior Lender, which shall bear interest at 3.84% ("Senior Note").

The Senior Indebtedness shall be secured by a first priority mortgage lien on the Mortgaged Property pursuant to a Multifamily Deed of Trust, Security Agreement, Assignment of Rents, and Fixture Filing by Borrower for the benefit of Senior Lender ("Senior Security Instrument").

In addition to the Senior Note and Senior Loan Agreement, the following documents will further evidence the Senior Indebtedness:

1. Building Loan Agreement (HUD-92441M) by and between the Borrower and Lender evidencing the Senior Indebtedness;
2. Regulatory Agreement for Multifamily Projects (HUD-92466M) by and between the Borrower and HUD; and
3. Regulatory Agreement for Multifamily Projects (HUD-92466M) by and between _____ Master Tenant, LLC and HUD.

SCHEDULE B – LIST OF SUBORDINATE LOAN DOCUMENTS**A. FIRST COLLATRAL LOAN**

1. Promissory Note dated August 7, 2020 in the amount of \$14,874,622.00 executed by Fifth Ward payable to the order of the City;
2. Deed of Trust, Security Agreement and Financing Statement dated August 7, 2020 executed by Borrower for the benefit of Fifth Ward recorded under Clerk's File No. RP-2020-363057 in the Official Records of Harris County, Texas (the "**First Loan Mortgage**");
3. Financing Statement covering certain assets of Borrower in favor of Fifth Ward filed of record in the UCC Records of the Texas Secretary of State under File No. 20-0042302790 and UCC-3 Assignment from Fifth Ward to the City filed of record in the UCC Records of the Texas Secretary of State under File No. 20-00462784;
4. Promissory Note dated August 7, 2020 in the amount of \$14,874,622.00 executed by Borrower payable to the order of the Fifth Ward (the "**First Loan Note**");
5. Collateral Assignment of Notes and Lien dated August 7, 2020 executed by Fifth Ward for the benefit of the City recorded under Clerk's File No. RP-2020-363058 in the Official Records of Harris County, Texas;
6. Construction Completion Guaranty dated August 7, 2020 executed by Fifth Ward and Cantwell-Anderson, Inc.;
7. Declaration of Subordination of Senior Lender dated August 4, 2021 executed by Self-Help Credit Union, City, Borrower, Foss Bridge Credit, LLC and Fifth Ward recorded under Clerk's File No. RP-2021-502837 in the Official Records of Harris County, Texas;
8. Revised Subordination and Intercreditor Agreement dated August 5, 2021 executed by Self-Help Credit Union, City, Borrower, Foss Bridge Credit, LLC and Fifth Ward recorded under Clerk's File No. RP-2021-502836 in the Official Records of Harris County, Texas;
9. Assignment of Property Management Agreement effective as of August 31, 2021 executed by Borrower, Alpha Barnes Real Estate Services, LLC and Fifth Ward for the benefit of the City;
10. Assignment of Architect's Contract, Plans and Specifications, and Consent executed by Borrower and Van Meter Williams Pollack, LLC for the benefit of the City;
11. Assignment of Construction Contract executed by Borrower and Fifth Ward for the benefit of the City;
12. Assignment of Construction Contract (Subcontract) executed by Borrower and Humphries Construction Corp for the benefit of the City;
13. Environmental Indemnity Agreement dated August 7, 2020 executed by Fifth Ward and Borrower;
14. Form of the Performance Bond, Maintenance Bond, and Payment Bond;

15. Owner Loan Agreement dated August 7, 2020 executed by Fifth Ward and Borrower;
16. Subordination, Nondisturbance and Attornment Agreement dated as of August 30, 2021 between St. Elizabeth Place Master Tenant LLC, Borrower, Fifth Ward, City, and Foss Mid-Cap Historical Fund III, LLC recorded under Clerk's File No. RP-2021-502849 in the Official Records of Harris County, Texas;
17. AUGF/AFFH Letter Agreement dated August 30, 2021 between Borrower, Fifth Ward and the City;
18. Loan Agreement dated July 23, 2020 between the City, Fifth Ward and Borrower;

B. SECOND COLLATERAL LOAN

19. Promissory Note dated _____, 2022 in the amount of \$1,577,744.40 executed by Fifth Ward payable to the order of the City;
20. Promissory Note dated _____, 2022 in the amount of \$1,577,744.40 executed by Borrower payable to the order of the Fifth Ward (the "**Second Loan Note**", and together with the First Loan Note, the "**Subordinate Note**");
21. Deed of Trust, Security Agreement and Financing Statement dated _____, 2022 executed by Borrower for the benefit of Fifth Ward recorded under Clerk's File No. _____ in the Official Records of Harris County, Texas (the "**Second Loan Mortgage**", and together with the First Loan Mortgage, the "**Subordinate Mortgage**");
22. Collateral Assignment of Notes and Lien dated _____ 2022 executed by Fifth Ward in favor of the City recorded under Clerk's File No. _____ in the Official Records of Harris County, Texas;
23. Amended and Restated Subordination, Nondisturbance and Attornment dated as of _____, 2022 between St. Elizabeth Place Master Tenant LLC, Borrower, Fifth Ward, City, and Foss Mid-Cap Historical Fund III, LLC recorded under Clerk's File No. _____ in the Official Records of Harris County, Texas;
24. Amendment to Declaration of Subordination executed by City, Borrower, and Fifth Ward recorded under Clerk's File No. _____ in the Official Records of Harris County, Texas
25. Amended and Restated Revised Subordination Agreement and Intercreditor Agreement dated _____, 2022 executed by City, Borrower, Foss Bridge Credit, LLC and Fifth Ward recorded under Clerk's File No. _____ in the Official Records of Harris County, Texas
26. Financing Statement covering certain assets of Borrower in favor of Fifth Ward filed of record in the UCC Records of the Texas Secretary of State under File No. _____ and UCC-3 Assignment from Fifth Ward to the City filed of record in the UCC Records of the Texas Secretary of State under File No. _____;

27. Amended and Restated Guaranty Agreement dated ____, 2022 executed by Fifth Ward and Cantwell-Anderson, Inc.;
28. Amended and Restated Owner Loan Agreement dated ____, 2022 executed by Fifth Ward and Borrower.
29. Amended and Restated Loan Agreement dated ____, 2022 between the City, Borrower and Fifth Ward.

NOTE: The Restrictive Covenants dated August 7, 2020 executed by Borrower recorded under Clerk's File No. RP-2020-363056 in the Official Records of Harris County, Texas (as amended by Amendment to Restrictive Covenants dated _____ executed by Borrower recorded under Clerk's File No. _____ in the Official Records of Harris County, Texas) is not a Subordinated Loan Document.

**ATTACHMENT Y
TO LOAN AGREEMENT**

**FIRST AMENDMENT TO
DECLARATION OF SUBORDINATION OF SENIOR LENDER**

**FIRST AMENDMENT TO
DECLARATION OF SUBORDINATION OF SENIOR LENDER**

THIS FIRST AMENDMENT TO DECLARATION OF SUBORDINATION OF SENIOR LENDER (this "Amendment") is made and entered into effective as of _____, 2022 is made by **ST. ELIZABETH PLACE LP**, a Texas limited partnership ("Owner"); **FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION**, a Texas nonprofit corporation ("Borrower"); **THE CITY OF HOUSTON** (together with any permitted successors or assigns, the "City");.

RECITALS

WHEREAS, the Owner, City, Self-Help Credit Union ("Senior Lender") and Borrower have entered into that one certain Declaration of Subordination of Senior Lender ("Agreement") dated effective August 30, 2021 recorded of record under Clerk's File No. RP 2021-502837 in the Real Property Records of Harris County which affects the real property described in Exhibit A attached hereto ("Property").

WHEREAS, the parties now desire to amend certain provisions of the Agreement as herein set forth.

NOW, THEREFORE, in consideration of the forgoing, of and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Owner, City, and Borrower agree to amend the Agreement as follows with Lessee and Bridge Lender joining in to evidence their consent:

1. Definitional Changes. References to the following terms in the Agreement are amended to have the following meanings:

- a. "Subordinate Loan" shall mean (i) that certain loan by the City to Borrower in the amount of Fourteen Million Eight Hundred Seventy Four Thousand Six Hundred Twenty Two and No/100 Dollars (\$14,874,622.00); and (ii) that certain loan by the City to Borrower in the amount of One Million Five Hundred Seventy Seven Thousand Seven Hundred Forty Four and 40/100 Dollars (\$1,577,744.40); the proceeds of which will be utilized to make the Mortgage Loan (as defined below) to Owner for the acquisition and rehabilitation of the Property;
- b. "LURA" shall mean the Restrictive Covenants dated July 23, 2020 executed by Owner against the Property and recorded under Clerk's File No. RP 2020-363056 in the Real Property Records of Harris County as amended by the First Amendment to Restrictive Covenants executed by Owner and joined in by City, Borrower, Senior Lender, Bridge Lender and Lessee;
- c. "Loan Agreement" shall mean the Amended and Restated Loan Agreement between the City, Borrower and Owner;
- d. Subordinate Lien Loan Documents shall mean all documents evidencing, securing or pledged to secure the Subordinate Loan including without limitation (i) a Collateral Assignment of Note and Lien from Borrower to City pledging and assigning a promissory note executed by Owner payable to the order of Borrower in the amount of Fourteen Million Eight Hundred Seventy Four Thousand Six Hundred Twenty Two and No/100 Dollars (\$14,874,622.00) secured by a second lien Deed of Trust Security Agreement and Financing Statement against the Property as well as all documents executed in connection with or securing such loan; and (ii) a Collateral Assignment of Note and Lien from Borrower to City pledging and assigning a promissory note executed by Owner payable to the order of Borrower in the amount of One Million Five Hundred Seventy Seven Thousand Seven

Hundred Forty Four and 40/100 Dollars (\$1,577,744.40) secured by a third lien Deed of Trust Security Agreement and Financing Statement against the Property as well as all documents executed in connection with or securing such loan

- e. "Owner Loan" shall mean (i) that certain loan by the Borrower to Owner in the amount of Fourteen Million Eight Hundred Seventy Four Thousand Six Hundred Twenty Two and No/100 Dollars (\$14,874,622.00); and (ii) that certain loan by the Borrower to Owner in the amount of One Million Five Hundred Seventy Seven Thousand Seven Hundred Forty Four and 40/100 Dollars (\$1,577,744.40); the proceeds of which will be utilized by Owner for the acquisition and rehabilitation of the Property;

2. Intentionally Omitted.

3. Full Force and Effect. Except as modified by this Amendment, all terms and conditions of the Agreement shall remain in full force and effect, and the parties hereto shall be bound thereby. The Agreement and this Amendment shall be construed as one instrument.

4. Authority. Each party represents and warrants that it has due power and lawful authority to execute and deliver this Amendment and to perform its obligations under the Agreement; and the Agreement contains the valid, binding and enforceable obligations of each such party.

5. Binding Effect. This Amendment shall be binding upon the parties hereto and their respective successors and assigns.

6. Senior Lender. The parties acknowledge that Senior Lender is no longer a party to the Agreement.

(SIGNATURE PAGES TO FOLLOW)

**SIGNATURE PAGE TO
FIRST AMENDMENT TO
DECLARATION OF SUBORDINATION OF SENIOR LENDER**

OWNER:

ST. ELIZABETH PLACE LP,
a Texas limited partnership

By: St. Elizabeth Place GP LLC
Its: General Partner

By: St. Elizabeth 2020 Investments, LLC,
its Manager

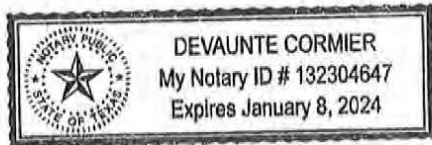
By: 
Kathy Flanagan Payton, Manager

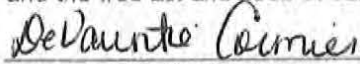
By: Cloudbreak Development, LLC,
its Manager

By: _____
Thomas R. Cantwell, Jr., Manager

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

In said county and state, on this 3 day of June, 2022, before me personally appeared Kathy Flanagan Payton, Manager of St. Elizabeth 2020 Investments, LLC, manager of St. Elizabeth Place GP LLC, the general partner of St. Elizabeth Place LP, as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed of said limited liability companies and limited partnership.




Notary Public, State of Texas

Devaunte Cormier
Printed Name of Notary
My commission expires: 1/8/24

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

In said county and state, on this ___ day of _____, 2022, before me personally appeared Thomas R. Cantwell, Jr., Manager of Cloudbreak Development, LLC, manager of St. Elizabeth Place GP LLC, the general partner of St. Elizabeth Place LP, as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed of said limited liability companies and limited partnership.

Notary Public, State of _____

Printed Name of Notary
My commission expires: _____

**SIGNATURE PAGE TO
FIRST AMENDMENT TO
DECLARATION OF SUBORDINATION OF SENIOR LENDER**

OWNER:

ST. ELIZABETH PLACE LP,
a Texas limited partnership

By: St. Elizabeth Place GP LLC
Its: General Partner

By: St. Elizabeth 2020 Investments, LLC,
its Manager

By: _____
Kathy Flanagan Payton, Manager

By: Cloudbreak Development, LLC,
its Manager

By: Thomas R. Cantwell, Jr.
Thomas R. Cantwell, Jr., Manager

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

In said county and state, on this ____ day of _____, 2022, before me personally appeared Kathy Flanagan Payton, Manager of St. Elizabeth 2020 Investments, LLC, manager of St. Elizabeth Place GP LLC, the general partner of St. Elizabeth Place LP, as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed of said limited liability companies and limited partnership.

Notary Public, State of Texas

Printed Name of Notary
My commission expires: _____

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

In said county and state, on this 24 day of June, 2022, before me personally appeared Thomas R. Cantwell, Jr., Manager of Cloudbreak Development, LLC, manager of St. Elizabeth Place GP LLC, the general partner of St. Elizabeth Place LP, as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed of said limited liability companies and limited partnership.

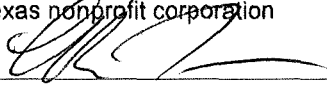
Zulma Selene Espinoza
Notary Public, State of Texas
Printed Name of Notary
My commission expires: 01/15/2024



**SIGNATURE PAGE TO
FIRST AMENDMENT TO
DECLARATION OF SUBORDINATION OF SENIOR LENDER**

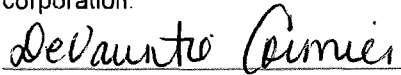
BORROWER:

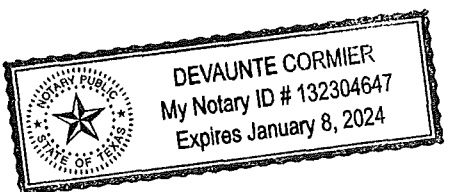
FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION,
a Texas nonprofit corporation

By: 
Name: Charles Turner
Title: Chairman

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

The foregoing instrument was acknowledged before me on the 23 day of June, 2022, by Charles Turner, Chairman of FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas nonprofit corporation.


Notary Public, State of Texas
Devaunte Cormier
Printed Name of Notary
My commission expires: 1/8/24



**SIGNATURE PAGE TO
FIRST AMENDMENT TO
DECLARATION OF SUBORDINATION OF SENIOR LENDER**

CITY:

SEAL/ATTEST:

Pat J. Daniel
Pat J. Daniel
Interim City Secretary

CITY OF HOUSTON, TEXAS

Sylvester Turner
Sylvester Turner, Mayor

APPROVED:

Keith W. Bynam
Keith W. Bynam, Interim Director
Housing and Community Development
Department

COUNTERSIGNED:

Chris Brown
Chris Brown, City Controller

APPROVED AS TO FORM:

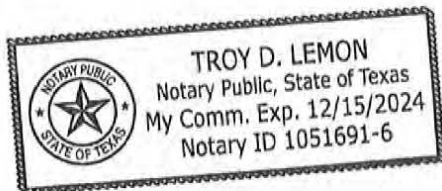
[Signature]
Senior Assistant City Attorney
LD# 0292100239002

COUNTERSIGNATURE DATE:

6/30/2022

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

The foregoing instrument was acknowledged before me on the 30th day of JUNE, 2022, by Sylvester Turner, Mayor of the **CITY OF HOUSTON**, State of Texas.



Troy D. Lemon
Notary Public, State of Texas
TROY D LEMON
Printed Name of Notary
My commission expires: 12-15-2024

Exhibit A
LEGAL DESCRIPTION

TRACT 1:

A TRACT OR PARCEL OF LAND CONTAINING 0.3884 ACRES, (16,917 SQUARE FEET), BEING OUT OF AND A PART OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS; (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

COMMENCING at a ½ " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29" Street), with the west right-of-way line Yates Street, (60 Foot Right-of-Way, Formerly known as House Street), same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner of that certain called 2.2455 acre tract of land being the remainder of said 2.634 Acre Tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said 2.2455 Acre Tract, a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southeast corner of said 2.2455 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said Block 121, a distance of 67.67 feet to a capped, (Landtech), iron rod found for the intersection of the west right-of-way line of Yates Street with the north right-of-way line of Chisum Street, (50 Foot Right-of-Way, Formerly known as Division Avenue), same being the southeast corner of said Block 121, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, along the north right-of-way line of Chisum Street, same being the south line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to a capped, (Landtech), iron rod found for the intersection of the east right-of-way line of St. Elizabeth Street with the north right-of-way line of Chisum Street, same being the southwest corner of said Block 121, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 01" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 67.67 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southwest corner of said 2.2455 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89 degrees, 56' 01" E, across said Block 121, along the common line of said 2.2455 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 0.3884 acres or 16,917 square feet of land, more or less.

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TRACT 2:

STATE OF TEXAS	§
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COUNTY OF HARRIS	§

A TRACT OR PARCEL OF LAND CONTAINING 2.2455 ACRES, (97,812 SQUARE FEET), BEING OUT OF AND A PART OF UNRESTRICTED RESERVE "A", BLOCK 1, SAINT ELIZABETH PLACE, A SUBDIVISION IN HARRIS COUNTY, TEXAS ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN FILM CODE NO. 693272 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING THAT CERTAIN CALLED 2.2455 ACRE TRACT OF LAND AS CONVEYED TO ST. ELIZABETH PLACE, LP BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2020-363055 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (BEARING BASIS: FILM CODE NO. 693272 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS)

BEGINNING at a ½" iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29th Street), with the west right-of-way line Yates Street, same being the northeast corner of said Unrestricted Reserve "A", same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 02° 11' 25" E, along the west right-of-way line of Yates Street, same being the common line of said Unrestricted Reserve "A", a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set for the southeast corner of the herein described tract;

Thence, S 87° 34' 37" W, across said Unrestricted Reserve "A", a distance of 250.00 feet to a capped, (Precision Surveyors), iron rod set on the east right-of-way line of St. Elizabeth Street, same being the common line of said Unrestricted Reserve "A", for the southwest corner of the herein described tract;

Thence, N 02° 11' 25" W, along the east right-of-way line of St. Elizabeth Street, same being the common line of said Unrestricted Reserve "A", a distance of 391.25 feet to a capped iron rod found at the intersection of the south right-of-way line of Lyons Avenue with the east right-of-way line of St. Elizabeth Street, same being the northwest corner of said Unrestricted Reserve "A", same being the northwest corner of the herein described tract;

Thence, N 87° 34' 37" E, along the south right-of-way line of Lyons Avenue, same being the common line of said Unrestricted Reserve "A", a distance of 250.00 feet to the POINT OF BEGINNING containing 2.2455 acres or 97,812 square feet of land, more or less.

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**ATTACHMENT Z
TO LOAN AGREEMENT**

**AMENDED AND RESTATED
REVISED SUBORDINATION AND INTERCREDITOR AGREEMENT**

**AMENDED AND RESTATED
REVISED SUBORDINATION AND INTERCREDITOR AGREEMENT**

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

WHEREAS, this Amended and Restated Revised Subordination and Intercreditor Agreement ("Agreement") is being entered to amend and restate the Revised Subordination and Intercreditor Agreement dated effective August 5, 2021 between **ST. ELIZABETH PLACE LP**, a Texas limited partnership ("Owner"); **FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION**, a Texas nonprofit corporation ("Borrower"); **THE CITY OF HOUSTON** (together with any permitted successors or assigns, the "City"); **SELF-HELP CREDIT UNION**, a North Carolina chartered credit union ("Self Help"); and **FOSS BRIDGE CREDIT, LLC**, a Minnesota limited liability company ("Bridge Lender") recorded of record under Clerk's File No. RP 2021-502836 in the Real Property Records of Harris County, Texas;

WHEREAS, the previous senior loan made by Self-Help to Owner in the principal amount of SIX MILLION ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$6,100,000.00) ("Original Senior Loan") for the purpose of financing a portion of the costs to rehabilitate and construct family affordable housing located at 4514 Lyons Avenue, Houston, Harris County, Texas 77020, as more particularly described in **Exhibit A** attached hereto and incorporated herein ("Property") has been paid in full through the proceeds of a new senior loan from Gershman Investment Corp., an Arkansas corporation ("New Senior Lender"), and Self-Help is no longer a lender for the Property. Accordingly, Self-Help is being removed as a party to this Agreement and City and Bridge Lender will enter into separate intercreditor agreements with the New Senior Lender ;

WHEREAS, in accordance with the terms of the Amended and Restated Loan Agreement dated _____, 2022 ("Subordinate City Loan Agreement"), the City has made (i) a loan ("First City Loan") to Borrower in the original principal amount of FOURTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$14,874,622.00) and (ii)) a loan ("Second City Loan" and collectively with the First City Loan, the "City Loan") to Borrower in the original principal amount of One Million Five Hundred Seventy Seven Thousand Seven Hundred Forty Four and 40/100 Dollars (\$1,577,744.40);

WHEREAS, Borrower has utilized the proceeds of the City Loan to make the following loans to Owner for the acquisition and rehabilitation of the Property: (i) that certain loan by the Borrower to Owner in the amount of Fourteen Million Eight Hundred Seventy Four Thousand Six Hundred Twenty Two and No/100 Dollars (\$14,874,622.00) ("First Owner Loan") secured by that certain Deed of Trust, Security Agreement and Financing Statement ("First Owner Deed of Trust") dated August 7, 2020 executed by Owner in favor of Borrower covering the Property (among other property); and (ii) that certain loan by the Borrower to Owner in the amount of One Million Five Hundred Seventy Seven Thousand Seven Hundred Forty Four and 40/100 Dollars (\$1,577,744.40) ("Second Owner Loan" and collectively with the First Owner Loan, the "Subordinate Owner Loan") secured by that certain Deed of Trust, Security Agreement and Financing Statement ("Second Owner Deed of Trust" and collectively with the First Owner Deed of Trust, the "Subordinate DOT") of approximate even date herewith executed by Owner in favor of Borrower covering the Property (among other property) which Subordinate DOT has or will be recorded in the Real Property Records of Harris County, Texas;

WHEREAS, the Subordinate Owner Loan and the City Loan are collectively referred to herein as the Subordinate Loans;

WHEREAS, the Subordinate Owner Loan and all notes, documents, or instruments securing or evidencing the Subordinate Owner Loan, including the Subordinate DOT securing the Subordinate Owner Loan, have been collaterally assigned to the City pursuant to a Collateral Assignment of Note and Liens dated August 7, 2020 from the Borrower to the City covering the First Owner Loan and a Collateral Assignment of Note and Liens dated of approximate even date herewith covering the Second Owner Loan (collectively, "Subordinate Collateral Assignment"). The Subordinate DOT, the Subordinate Collateral Assignment, and all documents evidencing, securing, guaranteeing or evidencing the Subordinate Loans, including without limitation the Subordinate City Loan Agreement, are collectively referred to herein as the "Subordinate Lien Loan Documents";

WHEREAS, the Property is encumbered by that certain Restrictive Covenants executed by Owner dated August 7, 2020 for the benefit of the City and which has been recorded in the Official Public Records of Real Property of Harris County as amended by an Amendment of Restrictive Covenants executed by Owner dated _____, 2022 for the benefit of the City (together with all renewals, modifications, consolidations, replacements and extensions thereof, collectively, the "LURA").

WHEREAS, the Property is subject to a Master Lease (as amended, "Master Lease") between Owner as Landlord and Master Tenant (as defined below) as Tenant as amended by the First Amendment to Master Lease executed by Owner and Master Tenant dated _____, 2022;

WHEREAS, Bridge Lender has made a loan (the "Bridge Loan") to Owner, which is evidenced by a Promissory Note (Bridge Loan) in the principal amount of an amount of \$7,759,144.00 dated as of August 30, 2021 executed by Owner in favor of Bridge Lender (the "Bridge Note"), pursuant to a Bridge Loan Agreement, dated as of even date hereof, between Owner and Bridge Lender as amended by the First Amendment to Bridge Loan Agreement and Omnibus Amendment between Bridge Lender and Owner (together with any amendment thereto, the "Bridge Loan Agreement").

WHEREAS, the Bridge Loan is secured by, among other things, (1) the Assignment of Rights to Capital Contributions – Master Tenant, whereby St. Elizabeth Master Tenant LLC, a Texas limited liability company (the "Master Tenant"), as assignor, assigns to Owner all of Master Tenant's rights, title, and interest in and to the Capital Contributions (Federal) (as defined in the Bridge Loan Agreement) (the "Master Tenant Assignment"), (2) the Assignment of Rights to Capital Contributions and Prepaid Rent – Borrower, whereby Owner, as assignor, assigns to Bridge Lender all of Owner's rights, title, and interest in and to the Master Tenant Assignment, the Prepaid Rent (as defined in the Master Lease) and the proceeds thereof, and all proceeds of the forgoing, (3) the Pledge Agreement – General Partner Interest (the "Partnership Interest Collateral"), and (4) the Assignment of Tax Credit Certificate, Tax Credit Purchase Agreement, Credit Proceeds, and Capital Contributions, pursuant to which (i) State Tax Credit Investor (as defined in the Bridge Loan Agreement) assigned to State Contributor (as defined in the Bridge Loan Agreement) its right, title and interest in and to (a) the State Tax Credit Certificate (as defined in the Bridge Loan Agreement), (b) the State Tax Credit Purchase Agreement (as defined in the Bridge Loan Agreement), and (c) the State Tax Credit Purchase Price (as defined in Assignment of Tax Credit Certificate, Tax Credit Purchase Agreement, Credit Proceeds, and Capital Contributions) (collectively, the "State Tax Credit Investor Pledged Collateral"), (ii) the State Contributor assigned to Owner its right, title and interest in and to (a) the State Tax Credit Certificate, (b) the State Tax Credit Proceed Contribution, and (c) the State Tax Credit Investor Pledged Collateral (collectively, the "State Contributor Pledged Collateral"), and (iii) the Owner assigned to Bridge Lender its right, title and interest in and to (a) the State Tax Credit Certificate, (b) the Capital Contributions (State), and (c) the State Contributor Pledged Collateral, and all of the

proceeds of the foregoing (collectively, the "Owner Pledged Collateral") (each of items (1) through (4) above individually and collectively, whether one or more, the "Bridge Loan Collateral Documents," and, together with the Bridge Note, the Bridge Loan Agreement and all other documents that evidence, secure, guaranty or amend the Bridge Loan, the "Bridge Loan Documents").

WHEREAS, the Bridge Loan is guaranteed by (i) Cantwell Anderson, Inc., a California corporation, (ii) Fifth Ward Community Redevelopment Corporation, a Texas nonprofit corporation, (iii) Cloudbreak Development II, LLC, a Texas limited liability company, (iv) Cloudbreak Development, LLC, a California limited liability company, (v) St. Elizabeth Place Developer, LLC, a Texas limited liability company, (vi) and St. Elizabeth 2020 Investments, LLC, a Texas limited liability company (collectively the "Bridge Guarantors") each pursuant to a Repayment and Completion Guaranty, respectively, all dated as of the date hereof (collectively the "Bridge Guaranty").

WHEREAS, pursuant to the Subordinate City Loan Agreement, the City has required that Borrower and Owner, as a condition to Borrower's right to receive the City Loan, obtain Bridge Lender's consent and agreement to the terms and conditions thereof.

NOW, THEREFORE, for and in consideration of the City's extension of credit to Borrower evidenced by the City Loan, of the mutual promises, covenants and agreements contained herein, and in satisfaction of certain requirements set forth in the Subordinate City Loan Agreement, Bridge Lender, Borrower, Owner and the City hereby agree, covenant, represent and warrant as follows:

Article I. Consents by Bridge Lender. Bridge Lender hereby consent to the execution, delivery, and performance of the Subordinate Lien Loan Documents and the recording of the Subordinate DOT and any other Subordinate Lien Loan Documents (to the extent applicable) in the Official Public Records of Real Property of Harris County, Texas.

Article II. Representations.

Section 2.01 By Borrower and Owner. Borrower and Owner each represents and warrants to Bridge Lender, and the City that:

- (a) Each of Borrower and Owner has all necessary power and authority to execute, deliver, and perform its obligations under this Agreement.

(b) All action on the part of Borrower and Owner that is required for the authorization, execution, delivery, and performance of this Agreement has been duly and effectively taken.

(c) This Agreement has been duly executed and delivered by Borrower and Owner and constitutes the legal, valid, and binding obligation of Borrower and Owner, enforceable against Borrower and Owner in accordance with the terms hereof, except as such enforceability (i) may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws affecting the enforcement of creditors' rights and remedies generally, and (ii) is subject to general principles of equity.

(d) As of the date hereof, no Default or Event of Default (as such terms are used in the Bridge Loan Documents), or any facts or circumstances which with the passage of time or giving of notice or both could result in the occurrence of a Default or an Event of Default (as such terms are used in the Bridge Loan Documents), exist under the the Bridge Loan Documents, the Subordinate Lien Loan Documents or the LURA.

Section 2.03. Bridge Lender represents and warrants to the City that:

(a) As of the date hereof, none of the Bridge Loan Documents have been altered or amended except as amended by the First Amendment to Bridge Loan Agreement and Omnibus Amendment to Loan Documents.

(b) The Bridge Loan Collateral Documents secures only the indebtedness evidenced by the Bridge Note and obligations arising under the Bridge Loan Documents relating to the Property and the Bridge Loan Note.

(c) [RESERVED].

(d) Bridger Lender has all necessary power and authority to execute, deliver, and perform its obligations under this Agreement.

(e) All action on the part of Bridge Lender that is required for the authorization, execution, delivery, and performance of this Agreement has been duly and effectively taken.

(f) This Agreement has been duly executed and delivered by Bridge Lender and constitutes the legal, valid, and binding obligations of Bridge Lender, enforceable against

Bridge Lender in accordance with the terms hereof, except as such enforceability (i) may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws affecting the enforcement of creditors' rights and remedies generally, and (ii) is subject to general principles of equity.

(g) As of the date hereof, Bridge Lender has no actual knowledge of a Default or an Event of Default (as such terms are used in the Bridge Loan Documents) existing under the Bridge Loan Documents.

Article III. Agreements by Borrower and Owner. Borrower and Owner agree that New Senior Lender, Bridge Lender, and the City may share information that each may acquire with respect to Borrower, Owner, or the Property and consent to the transfer of such information, whether financial or otherwise, between them, without having to obtain Borrower's and/or Owner's consent.

Article IV. Agreements Bridge Lender. Bridge Lender agrees that so long as the Subordinate Loans are outstanding:

Section 4.01 The City, the Owner, and/or and Borrower may from time-to-time enter into modifications, renewals, extensions, and replacements of the Subordinate Loans and the Subordinate Lien Loan Documents without the further consent of the Bridge Lender so long as such agreements evidencing any modifications, renewals, extensions, and replacements of the Subordinate Loans and the Subordinate Lien Loan Documents expressly state that they are, and shall be at all times, subject to the terms of this Agreement and so long as those agreements do not increase the amount of the periodic installments due under the Subordinate Loans or increase the interest rate. Each of the City, the Owner, and/or and Borrower expressly acknowledge and agree that any this Agreement is intended to apply to any documents evidencing any modifications, renewals, extensions, and replacements of the Subordinate Loans and the Subordinate Lien Loan Documents. Unless and until all of the Bridge Loan is each fully paid and satisfied and the obligations of Bridge Lender to make any further loans or advances to the Owner under the Bridge Loan Documents has ceased and terminated, the City will not (and will not permit Borrower or Owner to) without the consent of Bridge Lender, take any additional collateral for the Subordinate Loans; provided, however, the preceding shall not alter or limit the rights of the City under Section 4.05.

Section 4.02 Any provision in the Bridge Loan Collateral Documents that purports to secure "other indebtedness" that is unrelated to the Bridge Loan Agreement, the Bridge Loan Note or the Bridge Loan Collateral shall be ineffective as against the City, and the Subordinate DOT and other Subordinate Lien Loan Documents shall have priority over any such "other indebtedness."

Section 4.03 Bridge Lender shall not take any other collateral to secure the Bridge Loan other than the Bridge Lender Collateral, and the Bridge Lender Collateral specifically does not include and Bridge Lender shall not take any lien or security interest in (i) the Property, (ii) the improvements thereon, (iii) the fixtures and equipment installed on the Property, (iv) any permits, licenses, construction contracts, management contracts, maintenance contracts or contracts for the operation and repair of the Property (other than contracts related to partnership interests in Borrower and/or state and federal tax credits (and the proceeds therefrom)), or (v) any rents arising from the Property other than the Prepaid Rent as defined under the Master Lease covering the Property.

Section 4.04 In the event of any casualty or condemnation resulting in insurance or condemnation proceeds being paid to New Senior Lender for application to the payment of obligations secured by the Senior DOT, unless the proceeds are used for repair or restoration in accordance with the Senior Lien Loan Documents, then all proceeds in excess of the portion thereof applied to the repayment of the New Senior Loan to the City, to be distributed in accordance with the provisions of the Subordinate Lien Loan Documents

Section 4.05 If a default shall occur under or with respect to the Subordinate Loans (or either of them), and is continuing, the City and/or the Borrower (as applicable) each agrees that, unless and until City and/or Borrower has given the Bridge Lender at least 60 days' prior written notice they will not (i) commence foreclosure proceedings with respect to the Property or any other collateral described in the Subordinate Lien Loan Documents; (ii) bring suit for collection of the Subordinate Loans (or either of them), but nothing herein shall preclude filing of a proof of claim in the case of a bankruptcy filing; (iii) attempt to collect rents; or (iv) appoint or seek the appointment of a receiver or exercising any other possessory rights or remedies thereunder; provided further, however, the City and/or Borrower (as applicable) shall be entitled to exercise and enforce all other rights and remedies available to the City under the Subordinate Lien Loan Documents and/or under applicable laws. Notwithstanding the foregoing Borrower's rights hereunder shall be limited by Article XVII of the Note between Borrower and Owner.

Article V. Defaults, Notice, and Cure Rights. The parties agree that:

Section 5.01 The occurrence of an event which might give rise to a Default or an Event of Default (as such terms are used in the Subordinate Lien Loan Documents) under the Subordinate Lien Loan Documents shall not, in and of itself, constitute a Default or an Event of Default (as such terms are used in the Bridge Loan Documents) under the Bridge Loan Documents unless (i) the City or Borrower, as applicable, declares a Default or Event of Default based on such event, or (ii) such event is also a Default or Event of Default under the Bridge Loan Documents.

Section 5.02 Bridge Lender shall provide the City with copies of all written notices which are sent to Owner relating to defaults or exercise of remedies by Bridge Lender under the Bridge Loan Documents (including notices of default and notices of intention to exercise remedies under the Bridge Loan Documents), simultaneously with the sending of such notices to Owner.

Section 5.03 Subject to Article VII, the City shall have the right, but not the obligation, to cure any monetary default by Owner under the Bridge Loan Documents at any time on or before the later to occur of (i) the fifteenth (15th) calendar day following receipt by the City of written notice of a monetary default under the Bridge Loan Documents or (ii) five (5) calendar days following the expiration of any grace, notice, or cure period available to Owner for any monetary default under the Bridge Loan Documents ("Bridge Monetary Cure Period"). The City shall have the right, but not the obligation, to cure any non-monetary default by Owner under the Bridge Loan Documents at any time on or before the later to occur of (i) the thirtieth (30th) calendar day following receipt by the City of written notice of a non-monetary default under the Bridge Loan Documents or (ii) five (5) calendar days following the expiration of any grace, notice, or cure period available to Owner for any non-monetary default under the Bridge Loan Documents ("Bridge Non-Monetary Cure Period"). Notwithstanding the foregoing, City acknowledges that, if no cure period is provided to Borrower under the Bridge Loan Documents in connection with a particular default, then the City shall not receive, and Bridge Lender has no obligation to provide the City with any cure period in connection with such default. Notwithstanding anything to the contrary contained herein, the cure rights contained in this Section 5.03 shall not extend to the Borrower.

Section 5.04 Bridge Lender shall not exercise any remedies under the Bridge Loan Documents, unless (i) the City fails to cure such defaults prior to the expiration of the Bridge Monetary Cure Period or the Bridge Non-Monetary Cure Period, as the case may be, or (ii) the City waives its right to cure such defaults by providing written notice of such waiver to Bridge Lender; provided however, this Section 5.04 shall not prevent Bridge Lender from enforcing the obligations of any party to any of the Bridge Loan Collateral Documents.

Section 5.05 The City and the Borrower (as applicable) shall provide Bridge Lender with copies of any notices of relating to defaults or intention to exercise any remedies under the Subordinate Lien Loan Documents, simultaneously with the sending of such notices to Borrower and/or Owner.

Article VI. Reserved.

Article VII. Bridge Lender Provisions. Notwithstanding anything to the contrary contained herein or in the Subordinate Lien Loan Documents, the provisions of this Article VII shall apply and control in all respects to the subject matter contained in this Agreement.

Section 7.01 Each of the City, Borrower, and Bridge Lender agree that, at all times, whether before, during or after the pendency of any bankruptcy, reorganization or other insolvency proceeding, and notwithstanding the priorities that ordinarily would result under the Uniform Commercial Code and other applicable law from the order of granting or perfecting of any security interests (including, without limitation, purchase money security interests) referred to herein, that the parties shall have the following priorities:

(a) Each of the City's, and the Borrower's liens on and security interests in all real and personal property and interests (including, without limitation, the Master Lease and residential leases) that secures the Subordinate Loans created by the any of the Subordinate Lien Loan Documents but specifically excluding the Bridge Lender Collateral (defined below) (the "Subordinate Lender Collateral"), shall constitute superior priority liens and security interests in such Subordinate Lender Collateral. Except as set forth under Section 7.01(b) hereof, Bridge Lender shall have no lien or security interest (whether now or in the future), and Bridge Lender hereby disclaims any such lien or security interest, in the Subordinate Lender Collateral for so long as any indebtedness or obligations remain outstanding under or in connection with the Subordinate Loans or City and/or Borrower have any interest in the Subordinate Lender Collateral.

(b) Bridge Lender's security interests in the personal property, collateral and interests described in the Bridge Loan Collateral Documents (the "Bridge Lender Collateral") shall constitute first

priority and security interests in such collateral, and any interest held by the City, or the Borrower (whether now or in the future) in any Bridge Lender Collateral is hereby made expressly subordinate to the lien and security interest held by the Bridge Lender in the Bridge Lender Collateral for so long as any indebtedness or obligations remain outstanding under or in connection with the Bridge Loan or Bridge Lender has any interest in the Bridge Lender Collateral.

Section 7.02 The parties each shall cooperate to affect the agreements expressed in this Article VII, and from time to time shall execute such other and further documents, including subordination agreements, assignments of claim, and otherwise as may be necessary or appropriate to implement the provisions of this Agreement.

Section 7.03 Some of the Bridge Loan Guarantors also guarantee the Subordinate Loans (collectively "Common Guarantors", and individually a "Common Guarantor"). The parties agree that no party's rights against any such Common Guarantor shall be subordinate to the others', nor shall any party be prohibited from proceeding with enforcement of their respective rights against such guarantor regardless of whether any indebtedness or obligations under the Bridge Loan or Subordinate Loans are outstanding.

Section 7.04 Each of the City and Borrower may take any action to foreclose or realize upon the Subordinate Lender Collateral or enforce any of its rights with respect to any of the Subordinate Lender Collateral under and pursuant to the Subordinate Lien Loan Documents without the consent of Bridge Lender; provided, however, that if any of the City or Borrower forecloses its liens and security interests in the real property covered by the Subordinate DOT or obtains a deed or other conveyance in lieu thereof, while any indebtedness under the Bridge Loan Documents remains outstanding and prior to Bridge Lender's receipt of any of the Capital Contributions (State), Capital Contributions (Federal) or Prepaid Rent, each of the City and/or Borrower, its respective nominee or assignee, or any other purchaser or transferee of the Property at such foreclosure sale, and each of their successors and assigns (each, a "Transferee"), as applicable, will, at the sole cost and expense of Bridge Lender, cooperate with Bridge Lender and use reasonable commercial efforts to ensure that all requirements and conditions precedent for the Federal Historic Tax Credits and State Tax Credits (as each of those terms are defined in the Bridge Loan Agreement) are satisfied and that Bridge Lender receives the Capital Contributions (State), Capital Contributions (Federal) and Prepaid Rent in accordance with the Bridge Loan Collateral Documents;

provided further, however, that any Transferee shall only be obligated to cooperate with the Bridge Lender in accordance with this Section 7.04 during such Transferee's ownership of the Property. Notwithstanding anything herein to the contrary, this Section 7.04 shall remain in effect for so long as any indebtedness or obligations under the Bridge Loan remain outstanding.

Section 7.05 Bridge Lender may take any action to foreclose or realize upon the Bridge Lender Collateral or enforce any of its rights with respect to any of the Bridge Lender Collateral under and pursuant to the Bridge Loan Documents without the consent of any of the City or Borrower, subject to the rights cure under Article V hereunder or under the Bridge Loan Documents.

Section 7.06 Nothing in this Agreement is intended to compel City, Borrower, or Bridge Lender at any time to declare a default under the Subordinate Loans or the Bridge Loan, respectively. City, Borrower, and Bridge Lender waive any and all claims and defenses based upon or in the nature of marshalling and any other right to (and this Agreement is not intended to) compel City, Borrower, or Bridge Lender to proceed against or refrain from proceeding against any Subordinate Lender Collateral or Bridge Lender Collateral in any order or manner. All rights and remedies of City, Borrower, and Bridge Lender with respect to the Subordinate Lender Collateral and Bridge Lender Collateral, respectively, Owner and any other obligors under the Subordinate Loans or the Bridge Loan, are cumulative and not alternative.

Section 7.07 Notwithstanding any other provision of this Agreement, for so long as any indebtedness or obligations remain outstanding under the Bridge Loan Documents, Bridge Lender shall be entitled to receive, and Owner shall only make, (a) payment of the Bridge Loan from the Capital Contributions (State), Capital Contributions (Federal), Prepaid Rent, and any guarantor of the Bridge Loan, and (b) any scheduled payments of interest under the Bridge Loan Documents. Notwithstanding any other provision of this Agreement, for so long as any indebtedness or obligations remain outstanding under the Bridge Loan Documents, City and Borrower shall not be entitled to receive any payment under the Subordinate Lien Loan Documents from the Capital Contributions (State), Capital Contributions (Federal) or Prepaid Rent, it being expressly understood and agreed by Lender that the sole use of the Capital Contributions (State), Capital Contributions (Federal) and Prepaid Rent shall be to pay the indebtedness outstanding under the Bridge Loan until paid in full.

Section 7.08 Should the City and/or Borrower, directly or indirectly receive any payment from the Capital Contributions (State), Capital Contributions (Federal) or Prepaid Rent while any indebtedness

or obligations remain outstanding under the Bridge Loan Documents, then, upon discovery that such payment was wrongfully received, the party wrongfully receiving such payment will deliver the same to the Bridge Lender in the form received. Until so delivered, the party wrongfully receiving such payment shall hold the same, in trust, for the other party as property of the other party. Notwithstanding anything herein to the contrary, this Section 7.08 shall survive the termination of this Agreement.

Section 7.09 The subordinations, agreements, and priorities set forth in this Article VII shall remain in full force and effect, regardless of whether any party hereto in the future seeks to rescind, amend, terminate, or reform, by litigation or otherwise, its agreements with Owner or any other obligors under the Subordinate Loans or the Bridge Loan, as applicable, until the earlier of (a) indefeasible payment in full of all indebtedness and indefeasible performance in full of all obligations under the Subordinate Lien Loan Documents, or (b) indefeasible payment in full of all indebtedness and indefeasible performance in full of all obligations under the Bridge Loan Documents, at which time the provisions of this Article VII shall automatically terminate except as may be otherwise provided herein.

Section 7.10 City and Borrower each agree that it will not make any assertion, claim or argument in any action, suit or proceeding of any nature whatsoever in any way challenging the priority, validity or effectiveness of the lien and security interest granted to Bridge Lender on or in the Bridge Lender Collateral. The parties agree that assertions, claims or arguments seeking to enforce any provision of this Agreement in any action, suit or proceeding shall not be prohibited by this Section 7.10. Notwithstanding anything herein to the contrary, this Section 7.10 shall survive the termination of this Agreement.

Section 7.11 Following an Event of Default (as defined in the Bridge Loan Agreement), the Bridge Lender shall have the right to take the following actions on behalf of the Owner:

- 1) Tax Credit Filings. File with the applicable state historic preservation office and/or the Technical Preservation Services Branch of the Department of the Interior, National Park Service, any such documentation as Bridge Lender reasonably deems necessary to obtain the Historic Credit Approvals (as defined in the Bridge Loan Agreement); and
- 2) Completion of Construction. Subject to the rights of New Senior Lender and the City to complete rehabilitation of the project in accordance with the Historic Credit Approvals (as defined in the Bridge Loan Agreement), Bridge Lender may enter into such contracts and change orders, and cause Borrower to perform its obligations thereunder, as the Bridge Lender reasonably deems necessary in order to achieve Completion (as defined in the Bridge Loan Agreement), including, without limitation, contracts with such construction managers, trade contractors, design and engineering professionals, historic consultants, and others as Bridge Lender may determine are necessary to achieve Completion.

Section 7.12 Owner hereby appoints Bridge Lender as its attorney-in-fact with full power in Owner's name and behalf to undertake the above-described actions in Section 7.11; however, nothing in Section 7.11 shall be construed to obligate the Bridge Lender to take any action hereunder. The power of attorney hereby created is a power coupled with an interest, and shall be irrevocable. Notwithstanding the foregoing, the Bridge Lender shall not exercise the foregoing power of attorney or otherwise take any of the above-described actions under Section 7.11 unless (i) an Event of Default has occurred and is continuing, and (ii) Bridge Lender has first notified the City of its intended actions and has obtained the City's consent thereto, which consent shall not be unreasonably withheld, conditioned, or delayed by the City.

Section 7.13 This Agreement shall in no event restrict Bridge Lender's ability to, without the consent of the City, and/or Borrower, assign all or any part of its rights and obligations in, to and under the Bridge Loan Documents (1) to one or more participants of the Bridge Loan; (2) to any affiliate of Bridge Lender; (3) by operation of law or in connection with any merger, corporate recapitalization or other corporate reorganization; (4) in connection with the sale or other transfer to a third party of all or substantially all of a division, department, line of business or other functional or operating unit of Bridge Lender; (5) in connection with the sale or other transfer to a third party of all or substantially all of Bridge Lender's assets; (6) to any governmental agency or authority; or (7) to any party following an uncured event of default under the Bridge Loan Documents.

Article VIII. Conditions Precedent; Effective Date. This Agreement shall not become effective until the date (such date being the "Effective Date") when all of the following conditions precedent have been satisfied or waived:

- (a) This Agreement shall have been duly executed by each of the parties hereto; and
- (b) Borrower and Owner each have executed all of the Subordinate Lien Loan

Documents in addition to the Subordinate Loan Agreements.

Article IX. Controlling Agreements; LURA. In the event of any conflict between the terms and conditions of this Agreement and the terms and provisions of the Bridge Loan Documents or the Subordinate Lien Loan Documents, then the terms and provisions of this Agreement shall control. Notwithstanding anything contained in this Agreement or the Bridge Loan Documents to the contrary, (i) in no event shall the LURA be deemed a Subordinate Lien Loan Document, (ii) the LURA shall at all times be

prior and superior to the lien securing the, the Bridge Loan Documents and any and all other provisions of the Bridge Loan Documents and (iii) in the event that there is a conflict in the terms and provisions of (x) this Agreement, and that certain Declaration of Subordination of Senior Lender, executed by the Original Senior Lender, Borrower, Owner and the City as amended by the Amendment to the Declaration of Subordination of Senior Lender ("Declaration of Subordination"), the terms and provisions of the Declaration of Subordination shall control.

Article X. No Third-Party Beneficiary. Nothing in this Agreement, express or implied, is intended or shall be construed to confer upon, or to give to, any party other than the parties hereto and their respective successors and assigns, any right, remedy or claim under or by reason of this Agreement or any covenant, condition, or stipulation thereto; and the covenants, stipulations, and agreements contained in this Agreement are and shall be for the sole and exclusive benefit of the parties hereto and their respective successors and assigns.

Article XI. City Council Approval.

Section 11.01 This Agreement shall not be effective until the Subordinate City Loan Agreement has been approval by the City of Houston City Council ("City Council") and is signed by the Mayor of the City of Houston ("Mayor") and countersigned by the Controller of the City ("Controller") and the remaining Subordinate Lien Loan Documents are signed by the Director of the Housing and Community Development Department of the City or the Mayor and Controller, as applicable.

Section 11.02 Notwithstanding anything contained herein to the contrary, this Agreement does not, nor shall it be construed to, foreclose or waive the application of all lawful requirements under the applicable laws of the State of Texas for the approval or issuance of future agreements, permits or licenses by the City.

Section 11.03 Any provision of this Agreement which contemplates (i) the payment of money by the City, which payment would require the appropriation of funds over and above any sums appropriated prior to the Effective Date of this Agreement in connection with this Agreement (and the transactions contemplated herein), or (ii) any other future action, decision, agreement, waiver or approval which by its nature must be approved by the City Council, including without limitation, the issuance of permits or licenses, shall be subject to the approval of any subsequent City Councils to which such matter is

presented and to the appropriation by such City Council of the required funds, in the exercise of its legislative discretion.

Article XII. Miscellaneous.

Section 12.01 Notices. All notices, demands, certificates, or other communications hereunder shall be in writing and shall be deemed sufficiently given or served for all purposes when delivered personally, when sent by certified or registered mail, postage prepaid, return receipt requested or by private courier service, in each case, with the proper address as indicated below; provided that any such notices, demands, certificates, or other communications shall be deemed effective only upon receipt. Each party may, by written notice given to the other parties, designate any other address or addresses to which notices, certificates or other communications to them shall be sent as contemplated by this Agreement. Until otherwise so provided by the respective parties, all notices, certificates and communications to each of them shall be addressed as follows:

CITY:

City of Houston
c/o Department of Housing and Community Development
2100 Travis, 9th floor
Houston, TX 77002
Attention: Director

With copy to:

City of Houston Legal Department
900 Bagby, 4th Floor
Houston, TX 77002
Attention: City Attorney

BORROWER:

Fifth Ward Community Redevelopment Corporation
4300 Lyons Avenue, Suite 300
Houston, Texas 77020
Attention: Board Chairman

OWNER:

St. Elizabeth Place LP
4300 Lyons Avenue
Suite 300
Houston, Texas 77020

Bridge Lender:

832 Sansome Street, Second Floor
San Francisco, California 94111
Attn: George Barry

With Copy to:

Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota, 55402

Section 12.02 Successors and Assigns. Whenever in this Agreement any party hereto is named or referred to, the successors and assigns of such party shall be deemed to be included and all rights, benefits, covenants, promises, and agreements in this Agreement by or on behalf of the respective parties hereto shall bind and inure to the benefit of the respective successors and assigns of such parties, whether so expressed or not.

Section 12.03 Counterparts. The parties have executed this Agreement in multiple originals, each having full force and effect, as of the date of this Agreement. Facsimile or electronically transmitted signatures shall be deemed originals for all purposes hereunder.

Section 12.04 Governing Law. This Agreement shall be performable and enforced in Harris County, Texas, and shall be construed in accordance with the laws of the State of Texas, without regard to the conflicts of laws rules of the State of Texas. Venue shall be exclusively in Harris County, Texas.

Section 12.05 Amendments. No amendment or waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed by the party or parties against whom it is to be enforced, and any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No delay on the part of Bridge Lender or the City in the exercise of any right, power, or remedy shall operate as a waiver thereof, nor shall any single or partial waiver by either Bridge Lender or the City of any right, power, or remedy preclude any further exercise thereof, or the exercise of any other right, power or remedy.

Section 12.06 Survival. This Agreement shall remain in full force and effect until payment in full of the Subordinate Loans and the Bridge Loan.

Section 12.07 Entirety. This Agreement, including the documents referred to herein, embodies the entire agreement and understanding of the parties hereto and supersedes all prior agreements and

understandings of the parties hereto relating to the subject matter herein contained; notwithstanding the foregoing, however, nothing in this Agreement (except for the Bridge Lender provisions set forth in Article VII) shall supersede or override the provisions, covenants and terms contained in the Senior Declaration of Subordination.

Section 12.08 Severability. In case any one or more of the provisions contained in this Agreement shall be invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein shall not in any way be affected and/or impaired thereby.

[SIGNATURE PAGES FOLLOW]

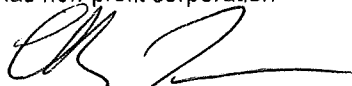
Signature Page

Amended and Restated Revised Subordination and Intercreditor Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers thereunto duly authorized, as of the date of the countersignature by the Controller of the City of Houston, as set forth below.

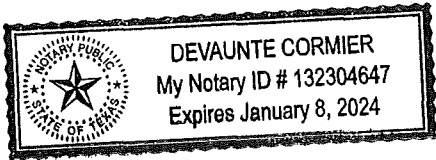
BORROWER:

FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION,
a Texas non-profit corporation

By: 
Charles Turner
Its: Chairman

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

The foregoing instrument was acknowledged before me on the 23 day of June, 2022 by Charles Turner, the Chairman of **FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION**, a Texas non-profit corporation, on behalf of such corporation.,



Devaunte Cormier
Notary Public, State of Texas
Devaunte Cormier
Printed Name of Notary
My commission expires: 1/8/24

Signature Page
Amended and Restated Revised Subordination and Intercreditor Agreement

OWNER:

ST. ELIZABETH PLACE LP,
a Texas limited partnership

By: St. Elizabeth Place GP LLC
a Texas limited liability company,
its general partner

By: St. Elizabeth 2020 Investments, LLC, a
Texas limited liability company, its
manager

By: 
Kathy Flanagan Payton,
Manager

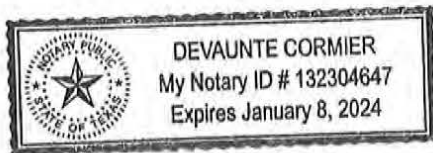
By: Cloudbreak Development, LLC,
Its Manager

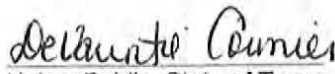
By: _____
Thomas R. Cantwell, Jr., Manager

STATE OF TEXAS
COUNTY OF HARRIS

§
§
§

This instrument was acknowledged before me on the 28 day of June, 2022 by Kathy Flanagan Payton, Manager of **ST. ELIZABETH 2020 INVESTMENTS, LLC**, a Texas limited liability company, and the manager of **ST. ELIZABETH PLACE GP LLC**, a Texas limited liability company and general partner of **ST. ELIZABETH PLACE LP**, a Texas limited partnership, on behalf of such companies, and limited partnership.




Notary Public, State of Texas
Devaunte Cormier
Printed Name of Notary

Signature Page
Amended and Restated Revised Subordination and Intercreditor Agreement

OWNER:

ST. ELIZABETH PLACE LP,
a Texas limited partnership

By: St. Elizabeth Place GP LLC
a Texas limited liability company,
its general partner

By: St. Elizabeth 2020 Investments, LLC, a
Texas limited liability company, its
manager

By: _____
Kathy Flanagan Payton,
Manager

By: Cloudbreak Development, LLC,
Its Manager

By: 
Thomas R. Cantwell, Jr., Manager

STATE OF TEXAS

§
§
§

COUNTY OF HARRIS

This instrument was acknowledged before me on the ___ day of _____, 2022 by Kathy Flanagan Payton, Manager of **ST. ELIZABETH 2020 INVESTMENTS, LLC**, a Texas limited liability company, and the manager of **ST. ELIZABETH PLACE GP LLC**, a Texas limited liability company and general partner of **ST. ELIZABETH PLACE LP**, a Texas limited partnership, on behalf of such companies, and limited partnership.

Notary Public, State of Texas

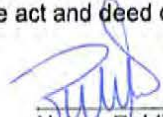
Printed Name of Notary

Notary Page
Amended and Restated Revised Subordination and Intercreditor Agreement

STATE OF Texas §
 §
COUNTY OF Harris §

In said county and state, on this 24 day of June, 2022, before me personally appeared Thomas R. Cantwell, Jr., Manager of Cloudbreak Development, LLC, manager of St. Elizabeth Place GP LLC, the general partner of St. Elizabeth Place LP, as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed of said limited liability companies and limited partnership.




Notary Public, State of Texas
Zulma Selene Espinoza
Printed Name of Notary
My commission expires: 01/15/2024

Signature Page

Amended and Restated Revised Subordination and Intercreditor Agreement

BRIDGE LENDER:

FOSS BRIDGE CREDIT, LLC,
a Minnesota limited liability company

By: Foss & Company, Inc., a California
corporation
Its: Sole Member

By: George M. Barry
George M. Barry
Its: President

STATE OF California §
COUNTY OF San Francisco §

The foregoing instrument was acknowledged before me on the 24th day of June 2022 by George M. Barry, the President of **FOSS & COMPANY, INC.**, a California corporation, the sole member of Foss Bridge Credit, LLC, a Minnesota limited liability company on behalf of such limited liability company.



N. Smith
Notary Public

My Commission Expires: Aug. 3, 2024

Signature Page

Amended and Restated Revised Subordination and Intercreditor Agreement

CITY:

SEAL/ATTEST:

Troy D. Lemon
City Secretary

CITY OF HOUSTON, TEXAS

Sylvester Turner
Sylvester Turner, Mayor

APPROVED:

Keith W. Bynam
Keith Bynam, Director
Housing and d Community Development
Department

COUNTERSIGNED:

Chris B. Brown
Chris B. Brown, Controller

APPROVED AS TO FORM:

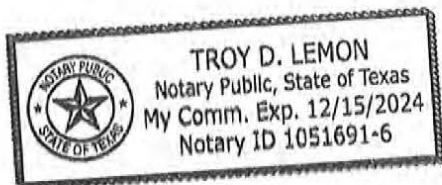
[Signature]
Senior Assistant City Attorney
LD# 0292106239002

COUNTERSIGNATURE DATE:

6/30/2022

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

The foregoing instrument was acknowledged before me on the 30th day of JUNE, 2022, by _____ for Sylvester Turner, Mayor of the CITY OF HOUSTON, a municipal corporation, on behalf of said corporation.



Troy D. Lemon
Notary Public, State of Texas
Troy D. Lemon
Printed Name of Notary
My commission expires: 12-15-2024

EXHIBIT A

UNRESTRICTED RESERVE "A", BLOCK 1 SAINT ELIZABETH PLACE, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN FILM CODE NO. 693272 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS, SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32 OF HARRIS COUNTY, TEXAS.

Also described as:

A TRACT OR PARCEL OF LAND CONTAINING 2.2455 ACRES, (97,812 SQUARE FEET), BEING OUT OF AND A PART OF UNRESTRICTED RESERVE "A", BLOCK 1, SAINT ELIZABETH PLACE, A SUBDIVISION IN HARRIS COUNTY, TEXAS ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN FILM CODE NO. 693272 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING THAT CERTAIN CALLED 2.2455 ACRE TRACT OF LAND AS CONVEYED TO ST. ELIZABETH PLACE, LP BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2020-363055 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (BEARING BASIS: FILM CODE NO. 693272 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS)

BEGINNING at a/" iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29th Street), with the west right-of-way line Yates Street, same being the northeast corner of said Unrestricted Reserve "A", same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 02° 11' 25" E, along with the west right-of-way line of Yates Street, same being the common line of said Unrestricted Reserve "A", a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set for the southeast corner of the herein described tract;

Thence, S 87° 34' 37" W, across said Unrestricted Reserve "A", a distance of 250.00 feet to a capped, (Precision Surveyors), iron rod set on the east right-of-way line of St. Elizabeth Street, same being the common line of said Unrestricted Reserve "A", for the southeast corner of the herein described tract;

Thence, N 02° 11' 25" W, along the east right-of-way line of St. Elizabeth Street, same being the common line of said Unrestricted Reserve "A", a distance of 391.25 feet to a capped iron rod found at the intersection of the south right-of-way line of Lyons Avenue with the east right-of-way line of St. Elizabeth Street, same being the northwest corner of said Unrestricted Reserve "A", same being the northwest corner of the herein described tract;

Thence, N 87° 34' 37" E, along the south right-of-way line of Lyons Avenue, same being the common line of said Unrestricted Reserve "A", a distance of 250.00 feet to the POINT OF BEGINNING containing 2.2455 acres or 97,812 square feet of land, more or less.

ATTACHMENT AA
TO LOAN AGREEMENT

Tranche 3 UCC-1 and
UCC-3

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
B. E-MAIL CONTACT AT FILER (optional)
C. SEND ACKNOWLEDGMENT TO: (Name and Address)
Nancy F. Martin Shannon, Marlin, Finkelstein, Aivarado & Dunne, P.C. 1001 McKinney, Suite 1100 Houston, TX 77002

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY.

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of Item 1 blank, check here and provide the Individual Debtor Information in Item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME St. Elizabeth Place LP, a Texas limited partnership				
OR	1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
1c. MAILING ADDRESS 4300 Lyons Avenue, Suite 300		CITY Houston	STATE TX	POSTAL CODE 77020
			COUNTRY USA	

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of Item 2 blank, check here and provide the Individual Debtor Information in Item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME				
OR	2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
			COUNTRY	

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME Fifth Ward Community Redevelopment Corporation, a Texas non-profit corporation				
OR	3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
3c. MAILING ADDRESS 4300 Lyons Avenue, Suite 300		CITY Houston	STATE TX	POSTAL CODE 77020
			COUNTRY USA	

4. COLLATERAL: This financing statement covers the following collateral:

(i) All of Debtor's right, title and interest, whether now or hereafter arising, in and to any and all plumbing, electrical, heating, cooling and other equipment and all building materials and other goods of every type, kind and character that are now or hereafter situated upon the Land (as herein after defined) and which (a) are Intended to be Incorporated Into any Improvements on the Land ("Improvements") or (b) are now, or hereafter become, fixtures related to the Land or the Improvements; any and all other goods of every type, kind and character, including without limitation, all appliances, furniture, fixtures, inventory and equipment now owned or hereafter acquired by Debtor that are now or hereafter situated upon the Land (whether or not situated within or attached to the Improvements) and that facilitate the use and occupancy of the Improvements for the purpose for which they were or are to be constructed; all plans and specifications for the Improvements, all rights of Debtor under all existing and future leases, construction, maintenance and other contracts covering or relating to the Land or the Improvements, all tenants' deposits made pursuant to or in connection with such leases, all rights of ingress and egress, easements, water and wastewater rights, and to the extent assignable, all licenses, permits, franchises, certificates, accounts, instruments, chattel paper, documents, agreements, contracts,

5. Check <u>only</u> if applicable and check <u>only</u> one box: Collateral is <input type="checkbox"/> held in a Trust (see UCC1Ad, Item 17 and Instructions) <input type="checkbox"/> being administered by a Decedent's Personal Representative	
6a. Check <u>only</u> if applicable and check <u>only</u> one box: <input type="checkbox"/> Public-Finance Transaction <input type="checkbox"/> Manufactured-Home Transaction <input type="checkbox"/> A Debtor is a Transmitting Utility	
6b. Check <u>only</u> if applicable and check <u>only</u> one box: <input type="checkbox"/> Agricultural Lien <input type="checkbox"/> Non-UCC Filing	
7. ALTERNATIVE DESIGNATION (if applicable): <input type="checkbox"/> Lessor/Lessee <input type="checkbox"/> Consignor/Consignee <input type="checkbox"/> Seller/Buyer <input type="checkbox"/> Bailee/Bailor <input type="checkbox"/> Licensee/Licensee	

8. OPTIONAL FILER REFERENCE DATA:
1671.0031 - St. Elizabeth Place

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here

9a. ORGANIZATION'S NAME St. Elizabeth Place LP
OR
9b. INDIVIDUAL'S SURNAME
FIRST PERSONAL NAME
ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME				
OR				
10b. INDIVIDUAL'S SURNAME				
INDIVIDUAL'S FIRST PERSONAL NAME				
INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)				SUFFIX
10c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

11. ADDITIONAL SECURED PARTY'S NAME or ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME			
OR			
11b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE COUNTRY

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):
and general intangibles, and all rights of Debtor in and to any development rights relating to the Land or the Improvements (including, without limitation, trade names and symbols used in connection therewith and any deposits with utility companies) and all other rights and privileges obtained in connection with, relating to or associated with the Land or the Improvements (collectively, the "Personalty") and all proceeds of the Personalty.
(ii) All tax refunds, including interest thereon, tax rebates, and tax abatements, and the right to receive the same, which may be payable or available with respect to the Land, Improvements and Personalty (collectively, "Property").

13. This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS (if applicable)

14. This FINANCING STATEMENT:
 covers timber to be cut covers as-extracted collateral is filed as a fixture filing

<p>15. Name and address of a RECORD OWNER of real estate described in Item 16 (if Debtor does not have a record interest):</p>	<p>16. Description of real estate: Tract 1: a tract containing 0.3884 acres out of and a part of Blk 121, Augusta Addition, an unrecorded subdivision situated in the Harris & Wilson Survey, Abstract #32, Harris County, TX, more fully described by metes and bounds; Tract 2: a tract of 2.2455 acres being Lots 1 through 10, inclusive, Blk 117, Augusta Addition, a subdivision in Harris County, TX, according to the map or plat thereof recorded in Vol. 56, Pg 139 of the Harris Cty. Deed Records, more fully described by metes and bounds.</p>
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17. MISCELLANEOUS:
1671.0031 - St. Elizabeth Place

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here

9a. ORGANIZATION'S NAME St. Elizabeth Place LP	
OR	
9b. INDIVIDUAL'S SURNAME	
FIRST PERSONAL NAME	
ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME				
OR				
10b. INDIVIDUAL'S SURNAME				
INDIVIDUAL'S FIRST PERSONAL NAME				
INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)				SUFFIX
10c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

11. ADDITIONAL SECURED PARTY'S NAME or ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME				
OR				
11b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

(iii) All of Debtor's right, title and interest in the proceeds (including conversion to cash or liquidation claims) of (A) insurance relating to the Property and (B) all awards made for the taking by eminent domain (or by any proceeding or purchase in lieu thereof) of the Property, including awards resulting from a change of any streets (whether as to grade, access, or otherwise) and for severance damages.

(iv) All of Debtor's right, title and interest in and to all substances in, on, or under the Land which are now, or may become in the future, intrinsically valuable, that is, valuable in themselves, and which now or may be in the future enjoyed through extraction or removal from the

13. This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS (if applicable)

14. This FINANCING STATEMENT:

covers timber to be cut covers as-extracted collateral is filed as a fixture filing

15. Name and address of a RECORD OWNER of real estate described in Item 18 (if Debtor does not have a record interest):

16. Description of real estate:

17. MISCELLANEOUS:
1671.0031 - St. Elizabeth Place

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here

9a. ORGANIZATION'S NAME St. Elizabeth Place LP	
OR 10b. INDIVIDUAL'S SURNAME	
FIRST PERSONAL NAME	
ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME				
OR 10b. INDIVIDUAL'S SURNAME				
INDIVIDUAL'S FIRST PERSONAL NAME				
INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX			
10c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

11. ADDITIONAL SECURED PARTY'S NAME or ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME				
OR 11b. INDIVIDUAL'S SURNAME				
FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX		
11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):
property, including without limitation, oil, gas, and all other hydrocarbons, coal, lignite, carbon dioxide and all other nonhydrocarbon gases, uranium and all other radioactive substances, and gold, silver, copper, iron and all other metallic substances or ores (collectively, "Minerals").
 (v) All funds of Debtor that may be deposited with Secured Party at any time and from time to time for any purpose, which funds shall be deemed to be part of the Personalty for purposes hereof.
 (vi) all proceeds of any of the foregoing. Terms not otherwise defined herein shall have the meaning specified in Article 9 of the Texas Business and Commerce Code (if applicable).

13. <input type="checkbox"/> This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS (if applicable)	14. This FINANCING STATEMENT: <input type="checkbox"/> covers timber to be cut <input type="checkbox"/> covers as-extracted collateral <input type="checkbox"/> is filed as a fixture filing
15. Name and address of a RECORD OWNER of real estate described in Item 18 (if Debtor does not have a record interest):	16. Description of real estate:

17. MISCELLANEOUS:
1671.0031 - St. Elizabeth Place

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. E-MAIL CONTACT AT FILER (optional)

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

Nancy F. Martin
Shannon, Martin, Finkelstein, Alvarado & Dunne, P.C.
1001 McKinney, Suite 1100
Houston, Texas 77002

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER

1b. This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS File: UCC3 Amendment Addendum (Form UCC3Ad) and provide Debtor's name in Item 13.

2. TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3. ASSIGNMENT (full or partial): Provide name of Assignee in Item 7a or 7b, and address of Assignee in Item 7c and name of Assignor in Item 9. For partial assignment, complete Items 7 and 9 and also indicate affected collateral in Item 8

4. CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5. PARTY INFORMATION CHANGE:

Check one of these two boxes: Debtor or Secured Party of record

AND Check one of these three boxes to: CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c ADD name: Complete item 7a or 7b, and item 7c DELETE name: Give record name to be deleted in item 6a or 6b

8. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME
City of Houston, Director of Housing and Community Development

OR

7b. INDIVIDUAL'S SURNAME
INDIVIDUAL'S FIRST PERSONAL NAME
INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

7c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2100 Travis Street, 9th Floor Houston TX 77002 USA

8. COLLATERAL CHANGE: Also check one of these four boxes: ADD collateral DELETE collateral RESTATE covered collateral ASSIGN collateral

Indicate collateral:

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment) If this is an Amendment authorized by a DEBTOR, check here and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME
Fifth Ward Community Redevelopment Corporation, a Texas non-profit corporation

OR

9b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

10. OPTIONAL FILER REFERENCE DATA:
1671.0031 - St. Elizabeth Place

**ATTACHMENT BB
TO LOAN AGREEMENT**

**AMENDED AND RESTATED
CONSTRUCTION COMPLETION GUARANTY**

AMENDED AND RESTATED CONSTRUCTION COMPLETION GUARANTY

This Amended and Restated Construction Completion Guaranty ("**Guaranty**") is made by the undersigned, **FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION and CANTWELL-ANDERSON, INC.** (whether one or more, collectively, jointly and severally, hereinafter referred to as "**Guarantor**"), in favor of **THE CITY OF HOUSTON, TEXAS**, a home-rule city organized under the laws of the State of Texas ("**City**"), and is a guarantee of certain obligations of **FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION**, a Texas non-profit corporation ("**Borrower**"), and **ST. ELIZABETH PLACE LP**, a Texas limited partnership ("**Owner**"), (Borrower and Owner sometimes herein collectively referred to as "**Third Parties**").

RECITALS:

WHEREAS, Third Parties have requested that the City enter into a certain Amended and Restated Loan Agreement ("**Agreement**") of substantially even date herewith, by and between Borrower, Owner and the City, pursuant to which the City is being requested to make two loans to Borrower in an amount not to exceed FOURTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$14,874,622.00) ("**First Loan**") and in or amount not to exceed ONE MILLION FIVE HUNDRED SEVENTY SEVEN THOUSAND SEVEN HUNDRED SEVENTY FOUR AND 40/100 DOLLARS (\$1,577,774.40) ("**Second Loan**" and collectively with the First Loan, the "**Loan**") to pay for eligible costs in connection with the acquisition, rehabilitation and new construction of a 179 unit apartment complex (collectively, the "**Improvements**") upon certain real property owned by Owner and located in Harris County, Texas ("**Premises**") (the Premises and the Improvements are hereinafter referred collectively to from time to time as, the "**Project**");

WHEREAS, Borrower's obligations to the City under the First Loan are evidenced by a certain Note executed by Borrower ("**First Note**") of even date herewith and are secured, in part, by a certain Collateral Assignment of Note and Liens executed by Borrower assigning Borrower's right, title and interest in and to First Loan, together with a Deed of Trust, Security Agreement and Financing Statement ("**First Deed of Trust**") covering the Project, certain other security documents, and all of the documents evidencing, securing, guaranteeing or governing the Loan, are sometimes referred to collectively as the "**First Loan Documents**";

WHEREAS, Borrower's obligations to the City under the Second Loan are evidenced by a certain Note executed by Borrower ("**Second Note**" and collectively with the First Note, the "**Notes**") of even date herewith and are secured, in part, by a certain Collateral Assignment of Note and Liens executed by Borrower assigning Borrower's right, title and interest in and to the Second Loan, together with a Deed of Trust, Security Agreement and Financing Statement ("**Second Deed of Trust**" and collectively with the First Deed of Trust, the "**Deeds of Trust**") covering the Project, certain other security documents, and all of the documents evidencing, securing, guaranteeing or governing the Loan, are sometimes referred to collectively as the "**Second Loan Documents**" and collectively with the First Loan Documents, the "**Loan Documents**"; and

WHEREAS, the City is unwilling to enter into the Agreement and to make the Loan unless Guarantor delivers this Guaranty to the City.

NOW, THEREFORE, in consideration of the foregoing and in order to induce the City to enter into the Agreement and to make the Loan to Borrower subject to the terms and conditions of the Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and further acknowledging that the City intends to rely on the guaranty of Guarantor hereunder, Guarantor hereby agrees as follows:

1. **DEFINITIONS AND INTERPRETATIONS.** As used herein, the following capitalized terms shall have the following meanings:

"Borrower" shall mean Borrower and its successors and assigns.

"Completion Date" shall mean the date on which the Director sends written notice to Borrower that the Project Completion (as defined in the Agreement) has occurred in accordance with the Loan Documents and to the satisfaction of the Director and that the Guaranteed Obligations have been satisfied in full.

"Guarantor" shall mean and refer to each and all of the undersigned parties signing this Guaranty as Guarantor; and the liability of said parties for the performance of the covenants, duties and obligations of Guarantor hereunder shall be joint and several.

"Owner" shall mean Owner and its successors and assigns.

"Third Parties" shall mean Third Parties and their respective successors and assigns.

Capitalized words and phrases that are used herein and not defined herein shall have the meaning ascribed to them in the Loan Documents. Any defined term used in the plural shall refer to all members of the relevant class, and any defined term used in the singular shall refer to any of the members of the relevant class. Any defined term used herein that is a document, instrument, drawing, survey, map, plan, technical description or other writing, and any other reference herein to a writing, shall include the original of such writing and any and all amendments, supplements, modifications, renewals, extensions, restatements, reinstatements, rearrangements, enlargements, or replacements of or to the same from time to time.

2. **OBLIGATIONS GUARANTEED.** In consideration of the City entering into the Agreement and agreeing to make the Loan, and upon the terms and provisions hereof, Guarantor hereby irrevocably, jointly and severally, absolutely and unconditionally warrants and guarantees to the City the payment and performance of the following (the "**Guaranteed Obligations**"), when due, whether by their terms, by acceleration, or otherwise: (a) that Third Parties shall cause construction of the Project to be completed on or before the Completion Date, which shall be: twenty-four (24) months after the Closing Date of the Second Tranche of the First Loan (August 31, 2021) or (ii) the expiration date of the GLO Contract (as defined in the Agreement and construction shall be commenced within two (2) months after the Second Tranche Closing, with time being of the essence for both deadlines; (b) that Third Parties shall cause the Project to be constructed and completed in accordance with the Loan Documents and all requirements of any governmental authority without deviation unless approved by the City, in writing, or specifically permitted by applicable provisions of the Agreement; (c) that Third Parties shall cause the Project to be constructed and completed free and clear of all liens other than those in favor of the Borrower (as collaterally assigned to City), any Senior Lender, or as otherwise specifically permitted under the terms of the Deeds of Trust; (d) that Owner shall strictly comply with the environmental covenants, representations and warranties contained in the Deeds of Trust and (e) that Third Parties shall cause all costs of constructing the Project, including, but not limited to, all debt service and all operating deficits, to be paid when due, including without limitation, all costs in excess of those set forth in the Preliminary Project Budget (as defined in the Agreement) whether resulting from: (i) change orders; (ii) delays in obtaining any approvals from any governmental authority that are required for the construction, use, or occupancy of the Project (collectively, the "**Approvals**"); or (iii) otherwise. Guarantor further guarantees the payment and performance of the Guaranteed Obligations whether or not the same arise during or after the time that Owner is the owner of the Premises, whether subsequent owners of the Premises acquire the Premises by voluntary or involuntary means, by foreclosure or deed in lieu of foreclosure, or otherwise and notwithstanding that other persons or entities may be the subsequent owners of the Premises.

3. **CONSIDERATION.** Guarantor acknowledges that Guarantor has made this Guaranty to induce the City to make advances to Borrower of the Loan and that the City is making such advances to Borrower in reliance upon this Guaranty and would not make such advances without the appropriate execution and delivery of this Guaranty.

Guarantor represents and warrants to the City that Guarantor has a financial interest in one or both of the Third Parties and will receive substantial economic benefit by reason of the City extending the Loan to Borrower, provided, however, that Guarantor's liability hereunder shall not be affected or impaired by such Guarantor's disposition or loss of its financial interest in Third Parties or by reason of the City's refusal in accordance with the terms of the Loan Documents to make Loan advances to Borrower.

4. **OBLIGATIONS OF GUARANTOR UPON DEFAULT.** If a Default exists that is a failure by any party to pay or to perform any part of the Guaranteed Obligations when due, Guarantor shall, within ten (10) business days after written demand of the City to Guarantor (a) cure such failure to pay and/or commence to perform diligently, continuously and in good faith the applicable part of the Guaranteed Obligations and complete same in the time frames required under the Loan Documents; (b) diligently procure completion of the Project at Guarantor's sole cost and expense and in the time frames required under the Loan Documents; (c) fully pay and discharge all claims, including for labor performed and material and services furnished in connection with the construction of the Project, subject to the provisions of the Loan Documents, including the right thereunder to contest such claims; and (d) pay the City (x) all reasonable attorneys' fees and other costs the City incurs in enforcing the performance or the payment of the Guaranteed Obligations, with interest at the Default Rate (as defined in the Notes), and/or (y) any and all sums the City has advanced to satisfy portions of the Guaranteed Obligations pursuant to the Agreement. The City agrees that: (i) in the event that and so long as Guarantor is not in default of the terms, conditions, provisions, and obligations hereunder beyond applicable grace periods; (ii) in the event that and so long as Guarantor is timely paying or performing the Guaranteed Obligations as required herein based on the written request of the City and without the requirement of any legal proceeding to enforce the same; and (iii) after Guarantor commences and diligently and continuously continues, in good faith, to pay or perform a portion of the Guaranteed Obligations after written request of the City and Guarantor has provided the City with evidence satisfactory to the City that such Guaranteed Obligations are being timely performed, lien-free (or bonded around) and in strict accordance with the Loan Documents, there is no further Default by Third Parties under the Agreement or the other Loan Documents or failure by Guarantor in payment or performance of the Guaranteed Obligations hereunder, the City shall continue to advance any Loan funds then available pursuant to the provisions of the Agreement as if no Default had occurred and shall not institute foreclosure proceedings under the Deeds of Trust or charge interest at the rate under the Note during the period after which Guarantor first pays or performs a portion of the Guaranteed Obligations (which portion is sufficient to the City to evidence that the Guaranteed Obligations will be timely completed in strict accordance with the Loan Documents) after written request of the City and prior to the date that one of the conditions described in items (i), (ii), and (iii) is no longer met. It is expressly understood and agreed that the City may institute such foreclosure proceedings and/or charge interest at the Default Rate under the Notes, notwithstanding Guarantor's compliance and timely performance hereunder, should any Default exist that is not cured promptly after: (a) receipt by Guarantor of notice thereof, or (b) a demand by the City to Guarantor pursuant to this Section 4. **ANYTHING IN THIS GUARANTY TO THE CONTRARY NOTWITHSTANDING, GUARANTOR FURTHER AGREES TO INDEMNIFY AND HOLD HARMLESS THE CITY AGAINST ANY LOSS, DAMAGE, COST OR EXPENSE (INCLUDING WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES AND COSTS) THAT THE CITY MAY SUFFER OR INCUR BY REASON OF THE BREACH OR FAILURE OF GUARANTOR'S UNDERTAKINGS AND AGREEMENTS PURSUANT TO THIS GUARANTY.**

5. **TERMINATION.** The obligations of Guarantor hereunder shall terminate on the Completion Date as defined herein.

6. **CONTINUING GUARANTY.** This is a continuing Guaranty, and shall apply to and cover all of the Guaranteed Obligations and all renewals and extensions thereof until the termination date of Guarantor's obligations hereunder as established pursuant to Section 5 hereof

7. **INDEPENDENT OBLIGATION; BANKRUPTCY OF BORROWER OR OWNER.** The obligations of Guarantor hereunder are independent of the obligations of Third Parties, or any other person; and the City may enforce any of the City's rights hereunder independently of any other right or remedy that the City may at any time hold with respect to the Guaranteed Obligations or any security or other guaranty therefor. Without limiting the generality of the foregoing, the City may bring a separate action against Guarantor without first proceeding against Third Parties, any other guarantor or any other person, or any security held by the City, and regardless of whether Third Parties or any other guarantor or any other Person is joined in any such action. The City's rights hereunder shall not be exhausted by any action taken by the City until all Guaranteed Obligations have been fully paid and performed or until the obligations of Guarantor hereunder terminate pursuant to Section 5 hereof.

The liability of Guarantor hereunder shall be reinstated and revived, and the rights of the City shall continue, with respect to any amount at any time paid on account of the Guaranteed Obligations that shall thereafter be required to be restored or returned by the City upon the bankruptcy, insolvency, or reorganization of Third Parties, any other guarantor or any other person liable for the Guaranteed Obligations, or otherwise, all as though such amount had not been paid. In any bankruptcy or other proceeding in which the filing of claims is required by law, Guarantor shall file all claims which Guarantor may have against Borrower and/or Owner relating to any indebtedness of Borrower and/or Owner to Guarantor and shall assign to the City all rights of Guarantor thereunder. If Guarantor does not file any such claim, the City, as attorney-in-fact for Guarantor, is hereby authorized to do so in the name of Guarantor or, in the City's sole discretion, to assign the claim to a nominee and to cause proof of claim to be filed in the name of the City's nominee. The foregoing power of attorney is coupled with an interest and cannot be revoked. The City or its nominee shall have the right, in its reasonable discretion, to accept or reject any plan proposed in such proceeding and to take any other action which a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to the City the amount payable on such claim and, to the full extent necessary for that purpose, Guarantor hereby assigns to the City all of Guarantor's rights to any such payments or distributions; provided, however, Guarantor's obligations hereunder shall not be satisfied except to the extent that the City receives cash by reason of any such payment or distribution. If the City receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty. If all or any portion of the obligations guaranteed hereunder are paid or performed, the obligations of Guarantor hereunder shall continue and shall remain in full force and effect in the event that all or any part of such payment or performance is avoided or recovered directly or indirectly from the City as a preference, fraudulent transfer or otherwise under the Bankruptcy Code or other similar laws, irrespective of (a) any notice of revocation given by Guarantor prior to such avoidance or recovery, or (b) full payment and performance of all of the indebtedness and obligations evidenced and secured by the Loan Documents.

8. **WAIVER.** Guarantor hereby waives: (a) any defense based upon any legal disability or other defense of Borrower, any other guarantor or other person, or by reason of the cessation or limitation of the liability of Borrower or Owner from any cause other than full payment and performance of those obligations of Borrower or Owner which are guaranteed hereunder; (b) any defense based upon any lack of authority of the officers, directors, partners, managers, members or agents acting or purporting to act on behalf of Borrower, Owner or any principal of Borrower or Owner or any defect in the formation of Borrower or Owner or any principal of Borrower or Owner; (c) any defense based upon the application by Borrower of the proceeds of the Loan for purposes other than the purposes represented by Borrower to the City or intended or understood by the City or Guarantor; (d) any and all rights and defenses arising out of an election of remedies by the City, even though that election of remedies has destroyed Guarantor's rights of subrogation or reimbursement against the principal; (e) any defense based upon the City's failure to disclose to Guarantor any information concerning Borrower's financial condition or any other circumstances bearing on Borrower's ability to pay and perform its obligations under the Notes or any of the other Loan Documents or upon the failure of any other principals of Borrower to guaranty the Loan; (f) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other respects more burdensome than that of a principal; (g) any defense based upon the City's election, in any proceeding instituted under the Federal Bankruptcy Code, of the application of Section 1111(b)(2) of the Federal Bankruptcy Code or any successor statute; (h) any defense based upon any borrowing or any grant of a security interest under Section 364 of the Federal Bankruptcy Code; (i) any right of subrogation, any right to enforce any remedy which the City may have against Borrower or Owner and any right to participate in, or benefit from, any security for the Notes or the other Loan Documents now or hereafter held by the City; (j) presentment, demand, protest and notice of any kind including notice of acceptance of this Guaranty; (k) the benefit of any statute of limitations affecting the liability of Guarantor hereunder or the enforcement hereof; (l) any right to require the City to institute suit or exhaust remedies against Borrower or others liable for any of such indebtedness, to enforce the City's rights against any collateral which shall have been given to secure the Loan, to enforce the City's rights against any other guarantors of such indebtedness, to join Borrower or any others liable on such indebtedness in any action seeking to enforce this Guaranty, to resort to any other means of obtaining payment of such indebtedness; (m) notices of disbursement of Loan proceeds, acceptance hereof, proof of non-payment, default under any Loan Document, notices and demands of any kind (it being Guarantor's and the City's intent that Guarantor shall not be considered a "debtor" in accordance with Section 9.102 of the Texas Business and

Commerce Code, as now existing or hereafter amended); (n) the invalidity, illegality or unenforceability of all or any portion of the indebtedness guaranteed hereby or any of the Loan Documents for any reason whatsoever, including that interest on such indebtedness violates applicable usury laws, that Borrower or others liable for all or a portion thereof have valid defenses, claims or offsets to all or a portion of such indebtedness, or that the Notes or other Loan Documents have been forged or otherwise are irregular or not genuine or authentic (it being agreed that Guarantor shall remain liable under this Guaranty regardless of whether Borrower or any other person shall be found not liable for repayment of all or a portion of such indebtedness); (o) notice of any advances made or credit extended to Borrower on the faith of this Guaranty and of the execution and delivery by Third Parties of any documents evidencing, securing, or pertaining to the Guaranteed Obligations; (p) notice of, and the right to consent to, the City's assignment of the benefits of this Guaranty; and (q) any and all benefits that might otherwise be available to Guarantor under applicable law. Guarantor further waives any and all rights and defenses that Guarantor may have because Borrower's debt is secured by real property; this means, among other things, that: (1) the City may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Borrower or Owner; (2) if the City forecloses on any real property collateral pledged by Borrower or Owner, then (A) the amount of the debt may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price, and (B) the City may collect from Guarantor even if the City, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from Borrower or Owner. The foregoing sentence is an unconditional and irrevocable waiver of any rights and defenses Guarantor may have because Borrower's debt is secured by real property. These rights and defenses being waived by Guarantor include, but are not limited to, any rights or defenses based upon deficiency limitation, anti-deficiency, redemption or other similar rights. Without limiting the generality of the foregoing or any other provision hereof, Guarantor further expressly waives to the extent permitted by law any and all rights and defenses, including without limitation, any rights of subrogation, reimbursement, indemnification and contribution, and which might otherwise be available to Guarantor under Texas Property Code §§ 51.003, 51.004 and 51.005 or otherwise.

In addition, Guarantor agrees that the performance of any act or any payment which tolls any statute of limitations applicable to the Loan Documents shall similarly operate to toll the statute of limitations applicable to Guarantor's liability hereunder. Finally, Guarantor waives any rights and defenses it may have under Section 17.001 of the Texas Civil Practice & Remedies Code, Rule 31 of the Texas Rules of Civil Procedure, and Chapter 34 of the Texas Business & Commerce Code.

9. **GUARANTY UNIMPAIRED BY SUBSEQUENT EVENTS.** Except as otherwise provided herein, Guarantor hereby expressly waives the right to receive notice of, to consent to, or receive any additional consideration on account of any of the following, and Guarantor hereby agrees that its obligations under this Guaranty shall not be released, diminished, impaired, reduced, or otherwise affected by the occurrence of any of the following events (or the fact that any of such events have occurred):

- (a) The amendment, renewal, extension, restatement, or assignment of any part or all of the Guaranteed Obligations or any of the plans and specifications, the Loan Documents, or other documents evidencing, securing, or pertaining thereto, or any other forbearance or agreement by the City to accept a deferred payment or performance of any Guaranteed Obligations; and
- (b) The cancellation of any part of the Guaranteed Obligations or the release of Borrower, Guarantor, or any other Person from liability for all or any part of the Guaranteed Obligations; it being acknowledged and agreed by Guarantor that Guarantor may be required to pay or perform the Guaranteed Obligations in full without the assistance or support of any other party, and no Guarantor has been induced to enter into this Guaranty on the basis of any contemplation, belief, understanding, or agreement that any other party shall at all times be liable to pay or perform the Guaranteed Obligations or that the City shall look to other parties to pay or perform the Guaranteed Obligations.

10. **AUTHORITY TO MODIFY GUARANTEED OBLIGATIONS.** Guarantor authorizes the City at any time and from time to time without notice and without affecting the liability of Guarantor hereunder, to: (a) alter the terms of all or any part of the Guaranteed Obligations and any security and guaranties therefor, including without limitation modification of times for payment and rates of interest; (b) accept new

or additional instruments, documents, agreements, security, or guaranties in connection with all or any part of the Guaranteed Obligations; (c) accept partial payments on the Guaranteed Obligations; (d) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate, and enforce all or any part of the Guaranteed Obligations and any security or guaranties therefor, and apply any such security and direct the order or manner of sale thereof (and bid and purchase at any such sale), as the City, in the City's sole discretion, may determine; (e) release Borrower or Owner, any Guarantor, and/or any other Person from any personal liability with respect to all or any part of the Guaranteed Obligations; and (f) assign this Guaranty in whole or in part to a person or entity that becomes the holder or owner of the Notes.

11. **SUBORDINATION.** Guarantor subordinates all present and future indebtedness owing by Borrower and Owner or, during the existence of a Default, by any other guarantor of the Loan, to Guarantor to the obligations at any time owing by Borrower and Owner to the City under the Notes and the other Loan Documents. Guarantor assigns all such indebtedness to the City as security for this Guaranty, the Notes and the other Loan Documents. Guarantor agrees to make no claim for such indebtedness until all obligations of Borrower or Owner under the Notes and the other Loan Documents have been fully discharged. Guarantor further agrees not to assign all or any part of such indebtedness unless the City is given prior notice and such assignment is expressly made subject to the terms of this Guaranty. If the City so requests, (a) all instruments evidencing such indebtedness shall be duly endorsed and delivered to the City, (b) all security for such indebtedness shall be duly assigned and delivered to the City, (c) such indebtedness shall be enforced, collected and held by Guarantor as trustee for the City and shall be paid over to the City on account of the Loan but without reducing or affecting in any manner the liability of Guarantor under the other provisions of this Guaranty, and (d) Guarantor shall execute, file and record such documents and instruments and take such other action as the City deems necessary or appropriate to perfect, preserve and enforce the City's rights in and to such indebtedness and any security therefor. If Guarantor fails to take such action, the City, as attorney-in-fact for Guarantor, is hereby authorized to do so in the name of Guarantor. The foregoing power of attorney is coupled with an interest and cannot be revoked.

12. **MISCELLANEOUS PROVISIONS.**

- (a) **Costs of Enforcement.** If the City incurs any reasonable attorney's fees or costs in enforcing or defending any provisions of this Guaranty and is the prevailing party with respect to the same or incurs any costs in collecting any amounts due hereunder, with or without the hiring of an attorney or the filing of any legal action or proceeding, Guarantor shall pay to the City, promptly upon demand, all such costs and the amount of all reasonable attorneys' fees incurred. Guarantor also agrees to pay interest at the Default Rate on the amount of any other payment it is required to make hereunder that it fails to make when due.
- (b) **Binding Effect.** This Guaranty and all the terms, provisions, and conditions hereof shall be binding upon Guarantor and Guarantor's heirs, legal representatives, successors, and assigns, and this Guaranty shall inure to the benefit of the City and its successors and assigns and all subsequent holders of the Guaranteed Obligations.
- (c) **Governing Law.** This Guaranty shall be governed by, and construed in accordance with, the laws of the State of Texas.
- (d) **No Waiver.** Any failure by the City to insist, or any election by the City not to insist, upon strict performance by Guarantor of any of the terms, provisions, or conditions of this Guaranty shall not be deemed to be a waiver of the same or of any other terms, provisions, or conditions thereof; and the City shall have the right at any time or times thereafter to insist upon strict performance by Guarantor of any and all of such terms, provisions, and conditions.

- (e) Counterparts. This Guaranty may be executed by the parties hereto separately in any number of counterparts, each of which shall be an original and all of which collectively shall constitute one and the same agreement.
- (f) Nature of Guaranty. The obligations, covenants, agreements and duties of each Guarantor under this Guaranty Agreement shall be joint and several with Third Parties and each other Guarantor, shall be irrevocable, absolute and unconditional, shall remain in full force and effect until the Completion Date or full satisfaction of Guarantor's obligations under this Guaranty Agreement, and shall in no way be affected or impaired by reason of the happening from time to time of any other event.
- (g) No Remedy Exclusive. No remedy conferred upon or reserved to the City herein is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty or any instrument executed by any Guarantor to secure this Guaranty or in connection herewith, or now or hereafter existing at law or in equity.
- (h) Jury Waiver. **GUARANTOR ACKNOWLEDGES THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED, GUARANTOR, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR ITS BENEFIT, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS GUARANTY OR THE GUARANTEED OBLIGATIONS.**
- (j) Notice. All Notices sent under this Guaranty shall be delivered in the manner set forth in the Agreement for delivery of notice.

(SIGNATURE PAGE TO FOLLOW)

**SIGNATURE PAGE
CONSTRUCTION COMPLETION GUARANTY**

This Guaranty shall be binding upon the successors and assigns of the undersigned. Executed to be effective as of the _____ day of _____, 2022.

GUARANTOR(S):

**FIFTH WARD COMMUNITY REDEVELOPMENT
CORPORATION,
a Texas non-profit corporation**

By: _____
Charles Turner, Chairman

**CANTWELL-ANDERSON, INC.,
a California corporation**

By: _____
Name: Thomas R. Cantwell, Jr.
Title: President

ATTACHMENT CC TO LOAN AGREEMENT

**AMENDED AND RESTATED LOAN AGREEMENT
(BORROWER/OWNER)**

**Amended and Restated Loan Agreement
(Borrower/Owner)**

This Amended and Restated Loan Agreement ("**Agreement**") is made and entered into this the ___ day of _____, 2022 by and between FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION, a Texas non-profit corporation ("**Lender**"), and ST. ELIZABETH PLACE LP, a Texas limited partnership ("**Borrower**"), for the purposes and consideration hereinafter set forth.

WHEREAS, Lender has agreed to make two loans (collectively, the "**Borrower Loan**") to Borrower including (i) one loan ("**Original Loan**") in the original principal sum of FOURTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$14,874,622.00), as evidenced by a note ("**Original Borrower Note**") dated _____ and secured by a Deed of Trust ("**Original Deed of Trust**") against the property described therein ("**Property**") and located on the Land, more particularly described in Exhibit A attached hereto; and (ii) one loan ("**Second Loan**") in the amount of ONE MILLION FIVE HUNDRED SEVENTY SEVEN THOUSAND SEVEN HUNDRED SEVENTY FOUR AND 40/100 DOLLARS (\$1,577,774.40) as evidenced by a note ("**Second Borrower Note**") and collectively with the Original Borrower Note, the "**Borrower Note**") of even date herewith and secured by a Deed of Trust ("**Second Deed of Trust**") and collectively with the Original Deed of Trust, the "**Deed of Trust**") against the Property

WHEREAS, Borrower and Lender desire to enter into this Agreement to set forth certain terms and conditions of the Borrower Loan to supplement the provisions of the other documents executed in connection with or securing the Borrower Loan ("**Loan Documents**").

NOW THEREFORE, for and in consideration of the Borrower Loan and the mutual covenants contained herein, the parties agree as follows:

1. Terms of Borrower Loan. The terms of the Borrower Loan are as follows:
 - (a) Note. Borrower's obligation to repay Lender is evidenced by the Borrower Note. The Borrower Note shall be advanced in two or more tranches in accordance with the Borrower Note and the COH Loan Agreement (as defined below).
 - (b) Purpose. The purpose of the loan is to acquire, rehabilitate and construct family affordable housing located on the Property.
 - (c) Term. The term of the Loan shall commence with respect to each Borrower Note on the date of Closing for each (as defined in the COH Loan Agreement (as defined below)) and shall mature on the Maturity Date (as defined in the Borrower Note).
 - (d) Interest. The Loan shall bear interest at the rate of one percent (1.00%) per annum payable after Project Completion (as defined in the COH Loan Agreement) until Maturity Date except that in the event of a Default (as defined below) under the Borrower Loan or any of the Loan Documents, at Lender's option the Borrower Loan shall accrue interest at default rate interest in the amount equal to the lower of the highest lawful rate or ten percent (10.0%) per annum. Interest shall be payable as set out in Borrower's Note and COH Loan Agreement.
2. COH Loan and COH Loan Agreement. The Borrower, Lender and the City of Houston ("**City**") have entered into one certain Amended and Restated Loan Agreement ("**COH Loan Agreement**") dated _____, 2022 with respect to (i) a FOURTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED TWENTY TWO AND NO/100 DOLLARS (\$14,874,622.00) loan and (ii) a ONE MILLION FIVE HUNDRED SEVENTY SEVEN THOUSAND SEVEN HUNDRED SEVENTY FOUR AND 40/100 DOLLARS (\$1,577,774.40) loan (collectively, the "**COH Loan**") from the City to Lender, the proceeds of which are funding the Borrower Loan. The Borrower Loan, this Agreement, the Borrower Note evidencing the Borrower Loan and all the Loan Documents

executed in connection with or securing the Borrower Loan (including, without limitation, the Deed of Trust securing the Borrower Loan) have been collaterally assigned to the City to secure the COH Loan. The covenants, obligations, requirements, representations and warranties of Borrower under the COH Loan Agreement, to the extent applicable to Borrower or the Property, or to the ability of the Parties to perform their obligations related to the Property and the COH Loan Agreement, are incorporated in to and made a part of this Agreement and shall additionally constitute covenants, obligations, requirements, representations and warranties of Borrower to Lender and the City, as a third party beneficiary of this Agreement and as a collateral assignee of the Loan Documents. Borrower, the Borrower Loan and the Property shall be subject to all terms and conditions of the COH Loan Agreement. Borrower specifically assumes and agrees to perform all of the covenants, obligations, and requirements to be performed by Borrower as "Owner" set forth in the COH Loan Agreement for the benefit of the City and confirms the representations and warranties of Borrower as "Owner" thereunder for the benefit of the City and as a condition of the COH Loan and the Borrower Loan. In the event of a conflict between the terms and conditions of this Agreement and the COH Loan Agreement, the terms and conditions of the COH Loan Agreement shall control.

3. Funding.

(a) No Liability for Interruption of Funding. In the event that the City ceases funding the COH Loan to Lender in accordance with the COH Loan Agreement, Lender may cease funding the Borrower Loan to the Borrower without obligation to the Borrower and without being liable to the Borrower for any damages Borrower may incur as a result of such cessation in funding; provided, however, Lender agrees to deliver to Borrower reasonably satisfactory documentation evidencing City's decision to cease funding, and Lender agrees to use reasonable efforts to resolve any City concerns.

(b) Deemed Funding under Loan. Disbursements under the COH Loan will be by check by the City made payable to Lender, Borrower or the entity which has provided the services entitled to be funded under the COH Loan Agreement and this Agreement. The entire amount of any funding provided by the City to Lender under the COH Loan shall be used by Lender to fund the Borrower Loan and shall be deemed to be funding of the Borrower Loan.

4. Borrower's Representations and Warranties.

Borrower hereby each represents, warrants and agrees for the benefit of the City and the Lender that as of the date hereof and continuing during the entire term of this Agreement, and for so long as the City shall have any commitment or obligation to make any disbursements of the COH Loan, and during the Affordability Period as follows:

(a) Ownership of Property. Borrower will hold on the Closing Date for the Original Loan (as defined in the COH Loan Agreement) of the COH Loan and thereafter fee simple title in and to the Property and shall provide the Director of the City's Housing and Community Development Department ("**Director**") with a copy of the deed thereto. Borrower discloses to the Director that Borrower purchased or will purchase the Land from 4514 Lyons, LLC, a Texas limited liability company that is an affiliate of Borrower and Lender.

(b) Information Submitted True and Correct. The information contained in or submitted in connection with Lender's and Borrower's application to the City for the COH Loan, as amended by further information provided and disclosed to the City, is true and correct.

(c) Taxes and Assessments. There are no delinquent taxes, assessments, or other impositions on the Property, or if there are any delinquent taxes, assessments, or other impositions on the Property, same will be paid prior to or simultaneously with Closing

of the COH Loan. The Property has not been subject to any special (reduced) real estate appraisal, or abatement, exemption or deferral of ad valorem taxes (other than statutorily permitted challenges as to the amount) in the five (5) years preceding the date of Borrower's acquisition of title, unless Borrower has an effective agreement providing that another party is liable for all liability, accruing prior to Borrower's acquisition of the Property for ad valorem taxes owing as a result of an change or revocation of such special (reduced) real estate appraisal, or abatement, exemption or deferral of ad valorem taxes.

(d) Financial Capacity. The financial representations made by Lender to the City and by Borrower to Lender or the City concerning Lender's and Borrower's financial condition are true and correct and, upon the Closing of each of the COH Loan(s) and each of the Borrower Loan(s), Lender and Borrower have the financial capacity to carry out their respective obligations under this Agreement, the Loan Documents and the COH Loan Agreement and related documentation. If any material negative change in either Lender's or Borrower's financial condition occurs, Lender and Borrower shall report such change to the City within five (5) business days.

(e) Authorization. All action on the part of Borrower necessary to authorize the transactions contemplated by this Agreement and the COH Loan Agreement has been taken, and upon execution of this Agreement and the COH Loan Agreement, this Agreement shall constitute the binding and enforceable obligation of Borrower which shall be enforceable by the Lender and City in accordance with their terms. In addition, all of the covenants, obligations, and requirements set forth herein to be assumed by Borrower and the representations and warranties made hereunder by Borrower shall constitute the binding and enforceable covenants, obligations and requirements and representations and warranties of Borrower which shall be enforceable by the Lender and City in accordance with their terms.

(f) Mechanics' and Materialmen's Liens. As of the Closing Date for the Original Loan and the Second Loan, there are no existing or threatened mechanics' and materialmen's liens against the Property, and the Borrower does not know of any reason such liens may be filed or threatened against the Project (as defined in the COH Loan Agreement). As of the date of disbursement of COH Loan funds, no work will have been performed on or materials incorporated into the Project by Borrower, Lender or Borrower's or Lender's contractors or subcontractors that could result in the imposition of a lien against the Project. No work shall commence on the Project prior to the disbursement of COH Loan funds.

(g) Approved Final Construction Budget Contents. The Approved Final Construction Budget (as defined in the COH Loan Agreement) specifies (a) a listing of all costs necessary to (i) complete the Work (as defined in the COH Loan Agreement) on the Project and (ii) reach a 92% occupancy level, and (b) the sources of funding which will be used to complete the Work and reach 92% occupancy;

(h) Expertise. Borrower has engaged competent persons and firms for the purpose of constructing, leasing and managing the Project.

(i) Legal Existence. Borrower is a Texas limited partnership duly created, validly existing and in good standing under the laws of the State of Texas.

(j) Access. Access by vehicles to the Project for the full utilization of the Project for its intended purposes either (a) exists over paved roadways dedicated to the public and accepted by the appropriate governmental authority, or (b) the necessary rights-of-way for such roadways have been acquired by the appropriate governmental authority and all necessary steps have been taken by Borrower and/or such governmental authority to assure the construction and installation of such roadways.

(k) Use of Project. During the Affordability Period, that portion of the Project specified in Section 6.8 of the COH Loan Agreement hereof shall be used solely for the

purpose of housing for low and very low income residents in accordance with Section 6.8 thereof, and for no other purpose.

(l) No Religious Affiliation. Borrower is not a religious organization and no portion of the proceeds of the COH Loan will be used to construct or acquire housing to be owned, operated or used by a religious organization.

(m) Compliance with Federal, State, and Local Laws and Regulations. Borrower shall construct, lease and operate the Project in accordance with all applicable law including, without limitation, the Model Energy Code, the Americans with Disabilities Act of 1990 and the Architectural Barriers Act of 1968.

5. Default under this Agreement. The Lender may declare a default ("**Default**") under this Agreement or any one or more of the Loan Documents upon the occurrence of any one or more of the following circumstances:

(a) Monetary Default. If Borrower fails to pay when due any portion of the sums owing under the Borrower Note, this Agreement and/or any of the Loan Documents and such failure continues for ten (10) business days after written notice thereof from the Lender or any holder of the Borrower Loan;

(b) Non-Monetary Default. If Borrower fails, refuses or neglects to perform fully and timely any obligation or breaches and covenant, condition, representation or warranty under this Agreement or any other Borrower Loan Document and such failure continues for thirty (30) days following written notice from Lender to Borrower, or, if the failure is not susceptible to cure within said 30-day period, such greater period of time (not to exceed sixty (60) days) as is necessary to cure such failure provided Borrower commences to cure such failure within said 30-day period and diligently works to cure such failure, provided however, that in the event that any such cure periods would cause a material violation to occur under applicable law or cause a recapture of any tax credits the notice and cure period shall be reduced to a length of time that would not cause a material violation of applicable law or cause such a recapture;

(c) Default under COH Loan Agreement by Borrower. Notwithstanding the foregoing, a "Default" (as defined by the COH Loan Agreement) under the COH Loan Agreement by Borrower shall immediately constitute a Default by Borrower under this Agreement. Notwithstanding the provisions of Subparagraphs 4(a) and 4(b) above, in the event of a conflict between the available notice and cure periods under the COH Loan Agreement and this Agreement, the COH Loan Agreement shall control, and upon the occurrence of a Default under the COH Loan Agreement, no further notice and/or cure periods shall be available under this Agreement for such event and such event shall immediately be deemed a Default by Borrower under this Agreement.

6. Notice and Cure Rights. Notwithstanding anything to the contrary contained in the Loan Documents, Lender hereby agrees that any cure of any default or Default made or tendered by a Tax Credit Investor (as defined in the COH Loan Agreement) shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower. Copies of all notices which are sent to Borrower or any other party under the terms of the Loan Documents shall also be sent to:

Foss Mid-Cap Historic Fund III, LLC
c/o Foss and Company, Inc.
832 Sansome Street, Second Floor
San Francisco, CA 94111
Attn: Asset Management

With a copy to:
Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, MN 55402
Attention: Kevin McLain
Email: kmclain@winthrop.com

7. Lender's Remedies. If a Default exists under this Agreement and is continuing, Lender shall be entitled to exercise all rights and remedies available under the Loan Documents, without further notice or opportunity to cure by Borrower except as may be required by applicable law.

8. Amendments and Waivers. Borrower and Lender acknowledge and agree that the terms and provisions of this Agreement and the Loan Documents may not be amended and no waivers of any provisions of this Agreement or any Loan Document shall be effective without the prior written consent of the City as the collateral assignee of Lender. In addition, any prepayment of the Borrower Note shall require the prior written consent of the City as the collateral assignee of the Lender.

9. Limit to Indemnification. Notwithstanding anything to the contrary set forth in any of the Loan Documents, no indemnity obligation set forth in any Loan Document shall extend to or be enforceable against any limited partner of Borrower (in its capacity as limited partner) including any Tax Credit Investor in its capacity as a limited partner of Borrower (but not otherwise).

10. Amendments to Organizational Documents. Borrower shall not have the right to amend its organizational documents without Lender's and the City's prior written approval.

11. Removal of Borrower's General Partner (if any). Notwithstanding anything to the contrary contained in the Loan Documents but subject to the requirements of the COH Loan Agreement, if Borrower is a limited partnership, the removal and/or replacement of Borrower's general partner for cause in accordance with the terms of Borrower's partnership agreement shall not require Lender's consent, constitute a default under the Loan Documents or accelerate the maturity of the Loan, but shall be subject to the terms and conditions of the COH Loan Agreement.

12. Transfer of Borrower's Partnership Interest. Subject to the terms of the COH Loan Agreement, but notwithstanding anything to the contrary contained in this Agreement and/or in any of the other Loan Documents, if Borrower is a limited partnership, Lender's consent shall not be required (and it shall be expressly permitted and not be deemed a Default under any of the Loan Documents), in connection with:

(a) The transfer and/or the assignment by the Tax Credit Investor (if any) of its interest in Borrower to an entity controlled or managed by an entity that is related to or under common control with the Tax Credit Investor;

(b) The transfer and/or assignment by any Tax Credit Investor of its interest in Borrower to Lender, a separate legal entity controlled by Lender or an affiliate in which Lender holds a controlling interest at the end of the Tax Credit Compliance Period (as defined in the COH Loan Agreement) applicable to Borrower, provided that as a condition of and prior to such transfer, the entity acquiring such interest execute any documentation required by the City; (ii) assumes in writing all obligations and covenants of the Tax Credit Investor in connection with Borrower; and (iii) the City's collateral position remains unimpaired as determined in the reasonable discretion of the City attorney;

(c) A change in the beneficial ownership of any Tax Credit Investor so long as such entity remains controlled by an affiliate thereof;

(d) The pledge and encumbrance of the interests of any Tax Credit Investor to or for the benefit of any financial institution that enables such Tax Credit Investor to make its capital contributions to Borrower;

(e) The initial issuance of partnership interests in Borrower equal to 99.99% of the profits, losses, credits, distributions and other interests in Borrower to the limited partners of Borrower; and/or

(f) The exercise by Lender or an affiliate of Lender in which Lender owns a controlling interest of a right of first refusal to acquire the Limited Partners' interest in Borrower.

13. Insurance. Borrower shall, prior to or concurrently with the closing of the Borrower Loan, deliver to Lender and City insurance policies evidencing the insurance coverages and requirements set forth in Section 6.25 and Appendix 2 of the COH Loan Agreement and which policies shall name Lender and the City as additional insureds thereunder. In the event of a conflict between the insurance requirements of the Deed of Trust and the COH Loan Agreement, the COH Loan Agreement will control.

14. Miscellaneous.

(a) This Agreement as supplemented by the Loan Documents contains the entire agreement between the parties hereto relating to the Loan and shall be amended only by an instrument in writing executed by the parties hereto.

(b) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns, as the case may require.

(c) This Agreement shall be governed by the law of the State of Texas. Any dispute arising out of or in connection with this Agreement shall be resolved in the state courts located in Harris County, Texas.

(d) This Agreement may be executed in multiple counterparts, each of which shall constitute an original.

(e) Notices under the Loan Documents shall be effective in the case of utilization of the U.S. Mail Service, upon the earlier of (i) three days after deposit of such notice in the mail, return receipt requested or (ii) actual delivery. Notices sent by overnight courier services shall be effective one day after deposit with such service. All other notices shall be effective upon delivery. Notwithstanding the foregoing, any foreclosure notices shall be effective upon deposit with the U.S. Mail Service.

15. Recourse. This Loan is limited recourse to Borrower as provided in the Borrower Note.

(SIGNATURES ON THE NEXT PAGE)

**SIGNATURE PAGE
LOAN AGREEMENT (BORROWER/OWNER)**

Executed effective as of the date set forth above.

BORROWER:

ST. ELIZABETH PLACE LP,
a Texas limited partnership

By: **St. Elizabeth Place GP LLC,**
a Texas limited liability company,
its general partner

By: St. Elizabeth 2020 Investments,
LLC, a Texas limited liability
company, its manager

By:

Kathy Flanagan Payton,
Manager

By: Cloudbreak Development, LLC,
its Manager

By: _____
Thomas R. Cantwell, Jr., Manager

LENDER:

**FIFTH WARD COMMUNITY
REDEVELOPMENT CORPORATION,**
a Texas non-profit corporation

By _____
Charles Turner.
Its: Chairman

**EXHIBIT A
LEGAL DESCRIPTION**

TRACT 1:

A TRACT OR PARCEL OF LAND CONTAINING 0.3884 ACRES, (16,917 SQUARE FEET), BEING OUT OF AND A PART OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS; (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

COMMENCING at a ½ " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29" Street), with the west right-of-way line Yates Street, (60 Foot Right-of-Way, Formerly known as House Street), same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner of that certain called 2.2455 acre tract of land being the remainder of said 2.634 Acre Tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said 2.2455 Acre Tract, a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southeast corner of said 2.2455 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said Block 121, a distance of 67.67 feet to a capped, (Landtech), iron rod found for the intersection of the west right-of-way line of Yates Street with the north right-of-way line of Chisum Street, (50 Foot Right-of-Way, Formerly known as Division Avenue), same being the southeast corner of said Block 121, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, along the north right-of-way line of Chisum Street, same being the south line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to a capped, (Landtech), iron rod found for the intersection of the east right-of-way line of St. Elizabeth Street with the north right-of-way line of Chisum Street, same being the southwest corner of said Block 121, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 01" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 67.67 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southwest corner of said 2.2455 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89 degrees, 56' 01" E, across said Block 121, along the common line of said 2.2455 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 0.3884 acres or 16,917 square feet of land, more or less.

TRACT 2:

STATE OF TEXAS §
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COUNTY OF HARRIS §

A TRACT OR PARCEL OF LAND CONTAINING 2.2455 ACRES, (97,812 SQUARE FEET), BEING OUT OF AND A PART OF UNRESTRICTED RESERVE "A", BLOCK 1, SAINT ELIZABETH PLACE, A SUBDIVISION IN HARRIS COUNTY, TEXAS ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN FILM CODE NO. 693272 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING THAT CERTAIN CALLED 2.2455 ACRE TRACT OF LAND AS CONVEYED TO ST. ELIZABETH PLACE, LP BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2020-363055 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (BEARING BASIS: FILM CODE NO. 693272 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS)

BEGINNING at a ½" iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29th Street), with the west right-of-way line Yates Street, same being the northeast corner of said Unrestricted Reserve "A". same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 02° 11' 25" E, along the west right-of-way line of Yates Street, same being the common line of said Unrestricted Reserve "A", a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set for the southeast corner of the herein described tract;

Thence, S 87° 34' 37" W, across said Unrestricted Reserve "A", a distance of 250.00 feet to a capped, (Precision Surveyors), iron rod set on the east right-of-way line of St. Elizabeth Street, same being the common line of said Unrestricted Reserve "A", for the southwest corner of the herein described tract;

Thence, N 02° 11' 25" W, along the east right-of-way line of St. Elizabeth Street, same being the common line of said Unrestricted Reserve "A", a distance of 391.25 feet to a capped iron rod found at the intersection of the south right-of-way line of Lyons Avenue with the east right-of-way line of St. Elizabeth Street, same being the northwest corner of said Unrestricted Reserve "A", same being the northwest corner of the herein described tract;

Thence, N 87° 34' 37" E, along the south right-of-way line of Lyons Avenue, same being the common line of said Unrestricted Reserve "A", a distance of 250.00 feet to the POINT OF BEGINNING containing 2.2455 acres or 97,812 square feet of land, more or less.

**ATTACHMENT DD
TO LOAN AGREEMENT**

HUD AMENDMENT TO RESTRICTIVE COVENANTS

HUD AMENDMENT TO RESTRICTIVE COVENANTS

This AMENDMENT TO RESTRICTIVE COVENANTS is made as of _____, 2022, by ST. ELIZABETH PLACE LP, a Texas limited partnership ("Borrower") and the CITY OF HOUSTON, TEXAS ("Agency").

WHEREAS, Borrower has obtained financing from GERSHMAN INVESTMENT CORP., an Arkansas corporation (the "Lender") for the benefit of the project known as ST. ELIZABETH PLACE (the "Project"), which loan is secured by a MULTIFAMILY DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS AND SECURITY AGREEMENT (TEXAS) ("Security Instrument") dated as of _____, 2022, and recorded in the County Clerk's Office of Harris County, Texas ("Records") on _____ as File Number _____, and is insured by the United States Department of Housing and Urban Development ("HUD");

WHEREAS, Borrower has received *a loan* from the Agency, which Agency *has required* certain restrictions be recorded against the Project; and

WHEREAS, Borrower entered into that certain RESTRICTIVE COVENANTS with respect to the Project, more particularly described in Exhibit A attached hereto, dated as of August 7, 2020, and recorded on August 10, 2020, as file number RP-2020-363056 in the Records as amended by the First Amendment to Restrictive Covenants dated of approximate even date herewith executed by Borrower, Agency, St. Elizabeth Place Master Tenant LLC, Fifth Ward Community Redevelopment Corporation and Foss Bridge Credit, LLC (as amended, the "Restrictive Covenants");

WHEREAS, HUD typically requires as a condition of its insuring Lender's financing to the Project, that the lien and covenants of the Restrictive Covenants be subordinated to the lien, covenants, and enforcement of the Security Instrument. Pursuant to Special Condition ___ in the HUD Firm Commitment issued with respect to the Project, HUD has agreed that the Restrictive Covenants shall be senior in priority to the Security Instrument; and

WHEREAS, the Agency has agreed to amend the Restrictive Covenants in accordance with the terms of this Amendment.

NOW, THEREFORE, in consideration of the foregoing and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

(a) In the event of any conflict between any provision contained elsewhere in the Restrictive Covenants and any provision contained in this Amendment, the provision contained in this Amendment shall govern and be controlling in all respects as set forth more fully herein.

(b) The following terms shall have the following definitions:

“Code” means the Internal Revenue Code of 1986, as amended.

“HUD” means the United States Department of Housing and Urban Development.

“HUD Regulatory Agreement” means the Regulatory Agreement between Borrower and HUD with respect to the Project, as the same may be supplemented, amended or modified from time to time.

“HUD Requirements” means collectively the Mortgage Loan Documents and Program Obligations.

“Lender” means Gershman Investment Corp., an Arkansas corporation, its successors and assigns.

“Mortgage Loan” means the mortgage loan made by Lender to the Borrower pursuant to the Mortgage Loan Documents with respect to the Project.

“Mortgage Loan Documents” means the Security Instrument, the HUD Regulatory Agreement and all other documents required by HUD or Lender in connection with the Mortgage Loan.

“National Housing Act” means the National Housing Act, 12 U.S.C. § 1701 *et seq.*, as amended.

“Program Obligations” has the meaning set forth in the Security Instrument.

“Residual Receipts” has the meaning specified in the HUD Regulatory Agreement.

“Security Instrument” means the mortgage or deed of trust from Borrower in favor of Lender, as the same may be supplemented, amended or modified.

“Surplus Cash” has the meaning specified in the HUD Regulatory Agreement.

(c) Borrower covenants that it will not take or permit any action that would result in a violation of the Code, HUD Requirements, or Restrictive Covenants. In the event of any conflict between the provisions of the Restrictive Covenants and the provisions of the HUD Requirements, HUD shall be and remains entitled to enforce the HUD Requirements. Notwithstanding the foregoing, nothing herein limited the Agency’s ability to enforce the terms of the Restrictive Covenants, provided such terms do not conflict with statutory provisions of the National Housing Act or the regulations related thereto. The Borrower represents and warrants that to the best of Borrower’s knowledge the Restrictive Covenants impose no terms or requirements that conflict with the National Housing Act and related regulations.

(d) INTENTIONALLY DELETED.

(e) Borrower and the Agency acknowledge that Borrower’s failure to comply with the covenants provided in the Restrictive Covenants does not and shall not serve as a basis

for default under the HUD Requirements, unless a default also arises under the HUD Requirements.

(f) In enforcing the Restrictive Covenants the Agency will not file any claim against the Project, the Mortgage Loan proceeds, any reserve or deposit required by HUD in connection with the Security Instrument or HUD Regulatory Agreement, or the rents or other income from the property other than a claim against:

- i. Available surplus cash, if the Borrower is a for-profit entity;
- ii. Available distributions of surplus cash and residual receipts authorized for release by HUD, if the Borrower is a limited distribution entity;
- iii. Available residual receipts authorized by HUD, if the Borrower is a non-profit entity.

Nothing contained in this Amendment to Restrictive Covenants shall prevent the Agency from filing a suit to compel specific performance of the Restrictive Covenants.

(g) For so long as the Mortgage Loan is outstanding, Borrower and Agency shall not further amend the Restrictive Covenants, with the exception of clerical errors or administrative correction of non-substantive matter, without HUD's prior written consent.

(h) Subject to the HUD Regulatory Agreement, the Agency may require the Borrower to indemnify and hold the Agency harmless from all loss, cost, damage and expense arising from any claim or proceeding instituted against Agency relating to the subordination and covenants set forth in the Restrictive Covenants, provided, however, that Borrower's obligation to indemnify and hold the Agency harmless shall be limited to available surplus cash and/or residual receipts of the Borrower.

(i) Borrower represents and warrants that to the best of Borrower's knowledge the HUD Requirements impose no requirements which may be inconsistent with full compliance with the Restrictive Covenants. In the event an apparent conflict between the HUD Requirements and the Restrictive Covenants arises, the parties and HUD will work in good faith to determine which federally imposed requirement is controlling. It is the primary responsibility of the Borrower, with advice of counsel, to determine that it will be able to comply with the HUD Requirements and its obligations under the Restrictive Covenants.

The statements and representations contained in this rider and all supporting documentation thereto are true, accurate, and complete. This certification has been made, presented, and delivered for the purpose of influencing an official action of HUD in insuring a multifamily loan, and may be relied upon by HUD as a true statement of the facts contained therein.

Warning: Federal law provides that anyone who knowingly or willfully submits (or causes to submit) a document containing any false, fictitious, misleading, or fraudulent statement/certification or entry may be criminally prosecuted and may incur civil administrative liability. Penalties upon conviction can include a fine and imprisonment, as provided pursuant to applicable law, which includes, but is not limited to, 18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802, 24 C.F.R. Parts 25, 28 and 30, and 2 C.F.R. Parts 180 and 2424.

**[REMAINDER OF PAGE HAS BEEN LEFT BLANK INTENTIONALLY]
[SIGNATURE PAGE FOLLOWS]**

BORROWER:

ST. ELIZABETH PLACE LP,
A Texas limited partnership

By: St. Elizabeth Place GP LLC,
A Texas limited liability company,
Its general partner

By: St. Elizabeth 2020 Investments, LLC,
A Texas limited liability company,
Its manager

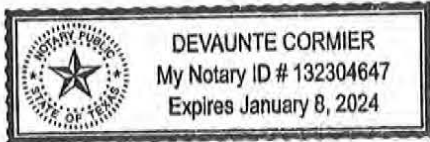
By: 
Kathy Flanagan Payton,
Manager

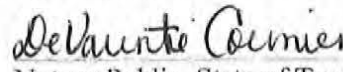
By: Cloudbreak Development, LLC,
Its manager

By: _____
Thomas R. Cantwell, Jr.,
Manager

STATE OF TEXAS §
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COUNTY OF HARRIS §

This instrument was acknowledged before me on the 23 day of June, 2022 by Kathy Flanagan Payton, Manager of **ST. ELIZABETH 2020 INVESTMENTS, LLC**, a Texas limited liability company, and the manager of **ST. ELIZABETH PLACE GP LLC**, a Texas limited liability company and general partner of **ST. ELIZABETH PLACE LP**, a Texas limited partnership, on behalf of such companies, and limited partnership.




Notary Public, State of Texas
Devaunte Cormier
Printed Name of Notary

BORROWER:


ST. ELIZABETH PLACE LP,
A Texas limited partnership

By: St. Elizabeth Place GP LLC,
A Texas limited liability company,
Its general partner

By: St. Elizabeth 2020 Investments, LLC,
A Texas limited liability company,
Its manager

By: _____
Kathy Flanagan Payton,
Manager

By: Cloudbreak Development, LLC,
Its manager

By:  _____
Thomas R. Cantwell, Jr.,
Manager

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the __ day of _____, 2022 by Kathy Flanagan Payton, Manager of **ST. ELIZABETH 2020 INVESTMENTS, LLC**, a Texas limited liability company, and the manager of **ST. ELIZABETH PLACE GP LLC**, a Texas limited liability company and general partner of **ST. ELIZABETH PLACE LP**, a Texas limited partnership, on behalf of such companies, and limited partnership.

Notary Public, State of Texas

Printed Name of Notary

AGENCY:

SEAL/ATTEST:

Patricia Parnis
city secretary

CITY OF HOUSTON, TEXAS

Sylvester Turner
Sylvester Turner, Mayor

APPROVED:

Keith W. Bynam
Keith W. Bynam, ~~Interim~~ Director
Housing and Community Development
Department

COUNTERSIGNED:

Sherrill
Controller

APPROVED AS TO FORM:

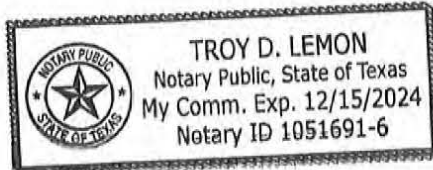
[Signature]
Senior Assistant City Attorney
LD# 0292100239002

COUNTERSIGNATURE DATE:

6/30/2022

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

The foregoing instrument was acknowledged before me on the 30th day of JUNE, 2022, by SYLVESTER TURNER for Sylvester Turner, Mayor of the CITY OF HOUSTON, a municipal corporation, on behalf of said corporation.



Troy D. Lemon
Notary Public, State of Texas
Troy D. Lemon
Printed Name of Notary
My commission expires: 12-15-2024

EXHIBIT A

LEGAL DESCRIPTION

TRACT 1:

A TRACT OR PARCEL OF LAND CONTAINING 0.3884 ACRES, (16,917 SQUARE FEET), BEING OUT OF AND A PART OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 0.3884 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS; (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

COMMENCING at a ½ " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 Foot Right-of-Way, Formerly known as 29" Street), with the west right-of-way line Yates Street, (60 Foot Right-of-Way, Formerly known as House Street), same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner of that certain called 2.2455 acre tract of land being the remainder of said 2.634 Acre Tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said 2.2455 Acre Tract, a distance of 391.25 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southeast corner of said 2.2455 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00" W, along with the west right-of-way line of Yates Street, same being the common line of said 2.634 Acre Tract, same being the common line of said Block 121, a distance of 67.67 feet to a capped, (Landtech), iron rod found for the intersection of the west right-of-way line of Yates Street with the north right-of-way line of Chisum Street, (50 Foot Right-of-Way, Formerly known as Division Avenue), same being the southeast corner of said Block 121, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, along the north right-of-way line of Chisum Street, same being the south line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to a capped, (Landtech), iron rod found for the intersection of the east right-of-way line of St. Elizabeth Street with the north right-of-way line of Chisum Street, same being the southwest corner of said Block 121, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 01" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, a distance of 67.67 feet to a capped, (Precision Surveyors), iron rod set on the common line of said Block 121 for the southwest corner of said 2.2455 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89 degrees, 56' 01" E, across said Block 121, along the common line of said 2.2455 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 0.3884 acres or 16,917 square feet of land, more or less.

TRACT 2:

A TRACT OR PARCEL OF LAND CONTAINING 2.2455 ACRES, (97,813 SQUARE FEET), BEING LOTS 1 THROUGH 10, INCLUSIVE, BLOCK 117, AUGUSTA ADDITION, A SUBD1V1S10N IN HARRIS COUNTY, TEXAS ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 56, PAGE 139, OF THE HARRIS COUNTY DEED RECORDS, .ALONG WITH AND IN ADDITION TO A PORTION OF BLOCK 121, AUGUSTA ADDITION, AN UNRECORDED SUBDIVISION SITUATED IN THE HARRIS

AND WILSON SURVEY, ABSTRACT NO. 32, HARRIS COUNTY, TEXAS, ALONG WITH AND IN ADDITION TO THAT CERTAIN TRACT OF LAND FORMERLY KNOWN AS FARMER AVENUE LOCATED BETWEEN SAID BLOCKS 117 AND 121 AND BEING BOUNDED BY THE EAST LINE OF ST. ELIZABETH STREET (30.00 FOOT RIGHT-OF-WAY, ALSO KNOWN AS DAN STREET) AND THE WEST LINE OF YATES STREET, (60.00 FOOT RIGHT-OF-WAY, FORMERLY KNOWN AS HOUSE STREET), AS DESCRIBED BY INSTRUMENT RECORDED IN VOLUME 1396, PAGE 161, OF THE HARRIS COUNTY DEED RECORDS, SAID 2.2455 ACRE TRACT OF LAND BEING OUT OF AND A PART OF THAT CERTAIN CALLED 2.634 ACRE TRACT OF LAND AS CONVEYED TO 4514 LYONS, LLC BY INSTRUMENT RECORDED IN HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS, SAID 2.2455 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS: (BEARING BASIS: HARRIS COUNTY CLERK FILE NO RP-2016-144199 OF THE OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY, TEXAS)

BEGINNING at a 1/2 " iron rod found at the intersection of the south right-of-way line of Lyons Avenue, (60 foot Right-of-Way, Formerly known as 29th Street), with the west right-of-way line Yates Street, same being the northeast corner of said Block 117, same being the northeast corner of said 2.634 Acre Tract, same being the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, S 00 degrees, 08' 00" sec W, along with the west right-of-way line of Yates Street, same being the common line of said .2.634 Acre Tract, pass at a distance of 200.00 feet a calculated point for the southeast corner of said Block 117, same being the northeast corner of said Farmer Avenue Tract, pass at a distance of 260.00 feet a calculated point for the southeast corner of said Farmer Avenue Tract, same being the northeast corner of said Block 121, and continuing for a total distance of 391.25 feet to a capped, (Precision Surveyors); iron rod set on the common line of said Block 121 for the northeast corner of that certain called 0.3884 acre tract of land out of said 2.634 Acre Tract, same being the southeast corner of the herein described tract;

Thence, N 89 degrees, 56' 01" W, across said Block 121, along the common line of said 0.3884 Acre Tract, a distance of 250.00 feet to a capped, (Precision Surveyors), iron rod set on the east right-of-way line of St. Elizabeth Street, same being the common line of said Block 121, for the northwest corner of said 0.3884 Acre Tract, same being the southwest corner of the herein described tract;

Thence, N 00 degrees, 08' 00" E, along with the east right-of-way line of St. Elizabeth Street, same being the west line of said Block 121, same being the common line of said 2.634 Acre Tract, pass at a distance of 131.25 feet a calculated point for the northwest corner of said Block 121, same being the southwest corner of said Farmer Avenue Tract, pass at a distance of 191.25 feet a calculated point for the northwest corner of said Farmer Avenue Tract, same being the southwest corner of said Block 117, and continuing for a total distance of 391.25 feet to a capped, (Precision Surveyors), iron found for the intersection of the east right-of-way line of St. Elizabeth Street with the south right-of-way line of Lyons Avenue, for the northwest corner of said Block 117, same being the northwest corner of said 2.634 Acre Tract, same being the northwest corner of the herein described tract;

Thence, S 89° 56' 01" E, along the south right-of-way line of Lyons Avenue, same being the common line of said Block 117, same being the common line of said 2.634 Acre Tract, a distance of 250.00 feet to the POINT OF BEGINNING containing 2.2455 acres or 97,813 square feet of land, more or less