



4113 Main Street, Suite 105
Rowlett, TX 75088
rowlethfc.org

**Board of Directors Meeting
Tuesday, April 30th, 2024, at 4:00 p.m.
5702 Rowlett Rd., Rowlett, TX 75089**

AGENDA

As authorized by Section 551.071 of the Texas Government Code, this meeting may be convened into closed Executive Session for the purpose of seeking confidential legal advice from the RHFC legal counsel on any agenda item herein. The Board of Directors reserves the right to reconvene, recess or realign the Regular meeting agenda or called Executive Session or order of business at any time prior to adjournment.

1. Call to order.
2. Public input:
The Board of Directors may receive public input on any of the agenda items listed below.
3. Approval of Minutes:
Consider and take action to approve the minutes of the March 28, 2024, Rowlett Housing Finance Corporation Board meeting.
4. March 2024 financial report.
5. JPI Merrit Update
6. Update/discussion on Lakeview Pointe Seniors (contracts/agreement)
 - a. Update from Chapman and Culter (2024 loan transaction)
 - b. Arbitrator Retention Agreement
 - c. Discuss and take any necessary action.
7. Discuss contract Ryan Bowen (Chapman and Cutler). Updated letter of engagement from Chapman and Cutler signed by both parties.
8. Update from Chapman and Cutler on Vista North Shore entities.
9. 190/Main update
 - a. Kenneth W. Fambro, Chief Operating Officer Integrated Real Estate Group
9. Items of Community Interest, Topics for future agenda: Members of the Board may request topics to be placed on the agenda for a subsequent meeting. Any deliberation or decision shall be limited to a proposal to place the topic on the agenda for a subsequent meeting.



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Board of Directors Meeting Minutes

Thursday, March 28, 2024, at 4:00PM

5720 Rowlett Rd., Rowlett TX 75089

1. Call to order:

President Winget called the meeting to order at 4:03PM with a quorum present (Directors Winget, Holston, Dunnican, Schupp and Kull). Also present were Kellie McKee, Elise Bowers, and Kenneth Fambro, representing 190\Main and Melissa Fisher, Representing Savannah. Attending by phone were Claire Lastrapes with Hilltop Securities and Rachael Jensen with Chapman and Cutler.

2. Public Input:

There was no public input.

3. Approval of Minutes

Consider and take action to approve the Feb. 29th minutes. Director Schupp made a motion to approve the minutes of February 29, 2024, as submitted. Director Holston seconded the motion, and the motion was approved unanimously.

First President Winget said he recommended taking agenda item 8 first, in consideration of the guests and representatives in attendance.

8. 190/Main Update

Mr. Fambro presented a slide site plan of the 190/Main Multi-Family Development. He informed the HFC Board that due to Covid, a change in ownership of this project in 2021, there have been considerable delays in completing this build out. He assured the Board they are full speed ahead now and invited anyone interested to tour the site to see the progress being made toward leasing units. He also said they have not received



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a Certificate of Occupancy to date, but they expect to by April 8th, and that they are about 80% complete at this point. Executive Director Urrutia said this was not originally a market rate project, it was an HFC Project from the beginning. When asked about the development South of 190/Main, Mr. Fambro said they are not involved with that one at all. In response to questions about traffic flow in the project area, and the status of Herfurth Park, President Winget briefed everyone on City plans to construct a new City Hall, Public Safety Administration Building and Animal Shelter on Park property. He pointed out that all other park features originally planned would still be included. Mr. Fambro also said his development was not involved in the commercial portion of the site, and he did not know what was planned to be there. Director Dunnican asked about the Target Market Rate for this project, and Mr. Fambro said 140% to 200% AMI. President Winget said the HFC Board would like the following information from Mr. Fambro and his team:

- 1. An estimate of when the first PILOT payment would be paid to the city.**
- 2. A completion delivery schedule of when the first units would be available.**
- 3. Information of the Company history and background**
- 4. A copy of the original HFC agreement, and an HFC payment schedule**

No action was taken on this item.

President Winget recommended the Board move on to Item 5 on the agenda.

5. Update/Discussion on Lakepoint Seniors (Contract/Agreement):

Executive Director Urrutia said there was an update memo from Chapman and Cutler in the HFC Board packet. Ms. Jensen and Executive Director Urrutia said in their opinion this detailed memo addresses favorably our stated concerns with this Project from our last meeting. However, there are still questions about the terms of the original loan collateral arrangements. President Winget asked why the HFC, and not RISE, is co-signing this loan.



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Ms. Lastrapes said because of the Partnership arrangement, this is the typical procedure. Ms. Fisher said it was her idea to initiate this loan to keep construction going pending outcome of ongoing litigation intended to recoup their fire losses. Ms. Fisher had no update to Report on litigation progress. President Winget recommended the HFC Board go into Executive Session in order to receive counsel from our attorneys going forward on this agenda item. The HFC Board began the Executive Session at 5:14PM. The HFC Board reconvened the regular meeting at 5:57PM. President Winget assured Ms. Fisher the HFC Board is anxious to see this project completed as quickly as possible, but there were still a few questions to resolve before agreeing to sign the loan document. President Winget asked Ms. Fisher to provide the following information as soon as possible:

- 1. A detailed accounting of how (on what) the new \$3.5 million loan will be spent.**
- 2. A list of their other obligations/litigation expenses, and how they might be paid (if any) by this loan.**
- 3. An agreement that the HFC will be informed of all construction loan Draw amounts, and their use, at the time they are taken.**
- 4. A regular update on litigation progress.**

President Winget again made clear to Ms. Fisher that the HFC wants this project/loan to go through, but without the above information it would not likely be approved by City Council. Ms. Fisher agreed to provide the requested information. President Winget then said the Board had concerns about our potential liability in case of default. We will agree to a special meeting to deal with the loan when the above information is provided, and we have assurance all work done to date has been fully paid for. Ms. Fisher said as far as she knows all work done to date has been paid for and will verify with confirmation from the bank.

No action was taken on this item.

President Winget recommended moving on to Agenda Item 4



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4. February 2024 Financial Report:

Executive Director Urrutia said he was still getting estimates for the Board's requested audit. Director Shupp asked Executive Director Urrutia to look into what appears to be on going payments in the financial statement. President. Winget asked for an update on JPI payments as well. He said if JPI payments are coming soon we need to know that. President Winget also mentioned there was an operating loss of \$23,000 through February, and interest income of \$ 6,400.

President Winget recommended moving on to Agenda Item 6.

6. Discuss and Take Necessary Action on Contract with Ryan Bowen (Chapman and Cutler) and Cost of Retainer for Services:

President Winget said there was a Memo of Understanding in the meeting pocket describing a proposed contract for legal services with Ryan Bowan (Chapman and Cutler). After a brief discussion on the terms of the contract, Director Holston made a motion to accept the MOU Contract with an amendment stating the term of the Contract is at the discretion of the HFC Board/termination without cause. Director Schupp seconded the motion, and the motion passed unanimously.

President Winget recommended moving on to Agenda Item 7.

7. Update/Discuss Recommendation from Ryan Bowen on Any Necessary Action to Dissolve Vista North Shore Entities:

Executive Director Urrutia said the recommendation from Ryan Bowen was to move forward with dissolving these entities. President Winget asked if there was a cost for this action. Ms. Jensen said their estimate was \$1,500 or less per entity. Director Dunnican made a motion to



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approve Chapman and Cutler going forward with dissolving the Vista North Shore Entities. Director Holston seconded the motion, and the motion passed unanimously. President Winget then asked Ms. Jensen to submit a revised Letter of Engagement with those figures, and Executive Director Urrutia said he would follow up on this request.

Adjournment:

There being no further business, the meeting adjourned at 6:36PM.

Approved on _____, 2024.

Jeff Winget 2024 President

Richard Kull 2024 Secretary

ROWLETT HOUSING FINANCE CORPORATION
STATEMENT OF NET POSITION
MARCH 31, 2024

		<u>Primary Government Enterprise Fund</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$	173,352
Investments		624,674
Accounts receivable - annual issuer fee		12,500
Prepaid expense		<u>5,080</u>
Total current assets		<u>815,606</u>
Capital assets, net of accumulated depreciation		<u>6,582,323</u>
Other assets:		
Deposits		560
Investments in Interagency Home Financing Cooperative		<u>15,000</u>
Total other assets		<u>15,560</u>
Total assets		<u>7,413,489</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable		5,549
Accrued payroll liabilities		<u>63</u>
Total liabilities		5,612
<u>DEFERRED INFLOW OF RESOURCES</u>		
Deferred inflows related to land leases		<u>6,245,588</u>
<u>NET POSITION</u>		
Net investment in capital assets		336,735
Unrestricted		<u>825,554</u>
Total net position	\$	<u><u>1,162,289</u></u>

Selected information – Statement of cash flows and substantially all disclosures required by accounting principles generally accepted in the United States of America are not included. Transactions related to the houses acquired by IHFC Texas, LLC under Trio Program are excluded on the monthly financial statements.

No assurance is provided on these financial statements.

ROWLETT HOUSING FINANCE CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
THREE MONTHS ENDED MARCH 31, 2024

		Primary Government Enterprise Fund
Operating revenue:		
Annual issuer fees - Savannah at Lakeview	\$	9,375
Agency fees		1,423
Land lease income		16,434
Other income		307
Total operating revenue		27,539
Operating expenses:		
Salary and related benefits		23,799
Professional services (accounting & legal)		20,340
Office expense		7,675
Property and liability insurance		252
Conference and travel expense		555
Total operating expenses		52,621
Net operating loss		(25,082)
Non-operating income (expense):		
Interest income		9,654
Community outreach		(1,390)
Total non-operating income		8,264
Change in net position		(16,818)
Net position:		
Beginning of year		1,179,107
End of year	\$	1,162,289

Selected information – Statement of cash flows and substantially all disclosures required by accounting principles generally accepted in the United States of America are not included. Transactions related to the houses acquired by IHFC Texas, LLC under Trio Program are excluded in the monthly financial statements.

No assurance is provided on these financial statements.

SUPPLEMENTAL INFORMATION

ROWLETT HOUSING FINANCE CORPORATION
COMBINING STATEMENT OF NET POSITION
MARCH 31, 2024

ASSETS

	Rowlett HFC	Savannah GP	Savannah Holdings	Savannah Development	Savannah Contractor	IHFC Texas	Enclave GP	Enclave Development	Enclave Holdings	Rowlett Foundation	Subtotal	Elimination	Total
Current assets:													
Cash and cash equivalents	\$ (464)	\$ 10,800	\$ 10,800	\$ 10,800	\$ 10,799	\$ 10,800	\$ 10,799	\$ 10,799	\$ 10,799	\$ 87,420	\$ 173,352	\$ -	\$ 173,352
Investments	624,674	-	-	-	-	-	-	-	-	-	624,674	-	624,674
Accounts receivable - annual issuer fee	12,500	-	-	-	-	-	-	-	-	-	12,500	-	12,500
Intercompany receivable	4,642	-	-	-	-	2,770	-	-	-	-	7,412	(7,412)	-
Prepaid expense	5,080	-	-	-	-	-	-	-	-	-	5,080	-	5,080
Total current assets	646,432	10,800	10,800	10,800	10,799	13,570	10,799	10,799	10,799	87,420	823,018	(7,412)	815,606
Capital assets, net of accumulated depreciation	-	-	2,312,612	-	-	-	-	-	4,269,711	-	6,582,323	-	6,582,323
Other assets:													
Deposits	560	-	-	-	-	-	-	-	-	-	560	-	560
Investments in LLCs	80,000	-	-	-	-	15,000	-	-	-	-	95,000	(80,000)	15,000
Total other assets	80,560	-	-	-	-	15,000	-	-	-	-	95,560	(80,000)	15,560
Total assets	726,992	10,800	2,323,412	10,800	10,799	28,570	10,799	10,799	4,280,510	87,420	7,500,901	(87,412)	7,413,489

LIABILITIES

Current liabilities:													
Accounts payable	5,549	-	-	-	-	-	-	-	-	-	5,549	-	5,549
Intercompany payable	1,423	865	323	324	323	-	323	323	323	3,185	7,412	(7,412)	-
Accrued payroll liability	63	-	-	-	-	-	-	-	-	-	63	-	63
Total current liabilities	7,035	865	323	324	323	-	323	323	323	3,185	13,024	(7,412)	5,612

DEFERRED INFLOW OF RESOURCES

Deferred inflow of resources for land leases	-	-	2,166,615	-	-	-	-	-	4,078,973	-	6,245,588	-	6,245,588
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NET POSITION

Net investment in capital assets	-	-	145,997	-	-	-	-	-	190,738	-	336,735	-	336,735
Unrestricted	719,957	9,935	10,477	10,476	10,476	28,570	10,476	10,476	10,476	84,235	905,554	(80,000)	825,554
Total net position	\$ 719,957	\$ 9,935	\$ 156,474	\$ 10,476	\$ 10,476	\$ 28,570	\$ 10,476	\$ 10,476	\$ 201,214	\$ 84,235	\$ 1,242,289	\$ (80,000)	\$ 1,162,289

Selected information - Statement of cash flows and substantially all disclosures required by accounting principles generally accepted in the United States of America are not included. Transactions related to the houses acquired by IHFC Texas, LLC under Trio Program are excluded on the monthly financial statements.

ROWLETT HOUSING FINANCE CORPORATION
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
THREE MONTHS ENDED MARCH 31, 2024

	Rowlett HFC	Savannah GP	Savannah Holdings	Savannah Development	Savannah Contractor	IHFC Texas	Enclave GP	Enclave Development	Enclave Holdings	Rowlett Foundation	Subtotal	Elimination	Total
Operating revenue:													
Annual issuer fees - Savannah	\$ 9,375	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,375	\$ -	\$ 9,375
Agency fees	-	-	-	-	-	1,423	-	-	-	-	1,423	-	1,423
Land lease income	-	-	5,840	-	-	-	-	-	10,594	-	16,434	-	16,434
Other income	307	-	-	-	-	-	-	-	-	-	307	-	307
Total operating revenue	9,682	-	5,840	-	-	1,423	-	-	10,594	-	27,539	-	27,539
Operating expenses:													
Salary and related benefits	23,799	-	-	-	-	-	-	-	-	-	23,799	-	23,799
Professional services (accounting & legal)	16,559	-	324	324	324	323	324	324	323	1,515	20,340	-	20,340
Office expense	7,675	-	-	-	-	-	-	-	-	-	7,675	-	7,675
Property and liability insurance	252	-	-	-	-	-	-	-	-	-	252	-	252
Conference and travel expense	555	-	-	-	-	-	-	-	-	-	555	-	555
Total operating expenses	48,840	-	324	324	324	323	324	324	323	1,515	52,621	-	52,621
Net operating income (loss)	(39,158)	-	5,516	(324)	(324)	1,100	(324)	(324)	10,271	(1,515)	(25,082)	-	(25,082)
Non-operating income (expense):													
Interest income	8,542	139	139	139	139	139	139	139	139	-	9,654	-	9,654
Community outreach	(1,390)	-	-	-	-	-	-	-	-	-	(1,390)	-	(1,390)
Total non-operating expense	7,152	139	139	139	139	139	139	139	139	-	8,264	-	8,264
Change in net position	(32,006)	139	5,655	(185)	(185)	1,239	(185)	(185)	10,410	(1,515)	(16,818)	-	(16,818)
Net position:													
Beginning of year	751,963	9,796	150,819	10,661	10,661	27,331	10,661	10,661	190,804	85,750	1,259,107	(80,000)	1,179,107
End of year	719,957	9,935	156,474	10,476	10,476	28,570	10,476	10,476	201,214	84,235	1,242,289	(80,000)	1,162,289

Selected information – Statement of cash flows and substantially all disclosures required by accounting principles generally accepted in the United States of America are not included. Transactions related to the houses acquired by IHFC Texas, LLC under Trio Program are excluded on the monthly financial statements.

To: David Hall, City Manager

From: Kristoff Bauer, Assistant City Manager

CC: Rowlett Mayor and City Council

Date: April 22, 2024

Re: Memorandum of Understanding (“MOU”) between JPI Merritt Park and the Rowlett Housing Finance Corporation (“RHFC”)

The RHFC proposes to enter into an MOU with JPI Merritt Park to develop a 597-unit tax-exempt affordable housing development. There are two misconceptions regarding this proposed action by the RHFC that this memorandum will address. First, the land use status of the project and, second, the Council’s role in reviewing or otherwise approving the proposed MOU and expected follow on agreements.

Land Use:

The proposed development is allowed by right on the subject parcel. The density is consistent with current zoning and a Regulating Plan was administratively approved on December 11, 2020. The Council has no regulatory authority to reduce the permitted density of development on this parcel and the proposed MOU has no impact on that authority. The preliminary plat of the Merritt Park development includes 157 single family lots in addition to the 597 multi-family units included in the proposed MOU (see attached). This position has been reviewed and confirmed by the City Attorney (opinion attached).

City Council consideration of proposed MOU:

Council’s role in the consideration of RHFC’s action in this case is summarized by City Attorney, Victoria Thomas, as follows: “There is no Council action required regarding this MOU.” She goes on to indicate that the Amended Articles of Incorporation of the RHFC do require the City Council to act to approve the issuance of debt by the RHFC. The proposed MOU does not, however, contemplate the issuance of debt by the RHFC.

I will summarize the key terms of the proposed MOU for your information:

Proposed MOU

The original MOU between the parties was approved by the RHFC in October 2021. That MOU was developed based upon the mistaken premise that insufficient water availability would require

the project to be developed in two phases. An amendment to that MOU was approved by RHFC in May 2022, and a predetermination letter confirming the ad valorem exception for the RHFC was received from Dallas County Appraisal District August 4, 2022. The proposed MOU would replace the prior MOU and includes additional terms including a proposed Payment In Lou Of Tax (“PILOT”) to the City of Rowlett.

The proposed MOU describes the structure of transactions necessary to result in a tax-exempt residential development of 597 units on the portion of the parcel indicated in the attached map. This tax-exempt status is provided through a partnership with the RHFC in exchange for rental rate restrictions on developed affordable housing units. At least 51% of the units developed (“Affordable Units”), 304 units, must be restricted to individuals and families earning less than 80% of the area median income. At least 90% or an additional 233 units must be restricted to individuals and families earning less than 140% of the area median income. The rents for these units will not exceed 30% of the average monthly income for each tenant category adjusted for family size.

The tax-exempt status is proposed to be accomplished by transferring the land ownership to the RHFC in exchange for a 99-year lease back to the project developer. The RHFC is referred to as the “General Partner” in the proposed MOU. The MOU contemplates a number of agreements to

be developed and executed by the parties as the project moves forward.

The transition of this property to tax-exempt status will reduce property tax proceeds to the City of Rowlett. To mitigate this impact, the MOU contemplates a PILOT as also set out in Table 1.

Event	Value to:			
	City of Rowlett	HFC	HFC Foundation	
Acquisition Fee: Jan. 1, 2025			\$ 50,000	
Developer Fee: At Closing	\$ 226,982			
Partnership Fee: At Closing				
50% of 1% of construction hard costs*	\$ 257,273	\$ 205,818	\$ 51,455	
Partnership Fee: Upon Certificate of Occupancy				
50% of 1% of construction hard costs*	\$ 257,273	\$ 205,818	\$ 51,455	
Partner Management Fee: annual starting Jan. 1, 2025		\$ 10,000		This will escalate at 3% per annum
PILOT: annual starting Jan. 1 the year after certificate of occupancy	\$ 940,000			This will escalate at 3% per annum
General Partner Distribution: annual starting Jan. 1 the year after certificate of occupancy		\$ 200,000		This will escalate at 2.5% per annum
General Partner Revenue Share: payable upon sale or refinancing		10% of net cash flow after all costs and 8% to Developer		

*estimate at time of agreement



MEMORANDUM OF UNDERSTANDING**BETWEEN****ROWLETT HOUSING FINANCE CORPORATION****AND****JPI MERRITT 190 DEVELOPMENT, LLC****“JEFFERSON MERRITT PARK – PHASE I”**

THIS MEMORANDUM OF UNDERSTANDING (this “*MOU*”) is between the ROWLETT HOUSING FINANCE CORPORATION (the “*Rowlett HFC*”), a nonprofit public housing finance corporation organized under Chapter 394 of the Texas Local Government Code, and JPI MERRITT 190 DEVELOPMENT, LLC (the “*Developer*”), a Delaware limited liability company and is dated and effective as of February 29, 2024.

The Developer is a developer of low and moderate income housing in the State of Texas. The Rowlett HFC is a nonprofit public housing finance corporation whose mission is to provide safe, decent and sanitary housing for persons of low and moderate income. The Developer and the Rowlett HFC hereby agree to work cooperatively to finance and develop an approximately 597-unit multifamily housing development to be located in the City of Rowlett, Dallas County, Texas (the “*Project*”), which, in Developer’s sole discretion, may be constructed in staggered phases in accordance with the terms of this MOU.

In order to accomplish this purpose, the parties agree as follows:

AGREEMENTS**A. OWNERSHIP STRUCTURE**

1. The Developer will form a limited partnership named Jefferson Merritt 190, L.P. (or similar name) (the “*Partnership*”) for the purpose of owning the Project. A single-purpose entity that is wholly-owned by the Rowlett HFC or a nonprofit affiliate of the Rowlett HFC will be admitted into the Partnership as the sole General Partner (the “*General Partner*”).

2. The Developer may designate an affiliate to serve as a special limited partner of the Partnership (the “*Special LP*”), with certain oversight and approval rights. Any such rights must be reasonably agreed to by the Rowlett HFC and may not, in the reasonable opinion of Partnership Counsel (as hereinafter defined), result in the Special LP being deemed a General Partner for exercising its rights under the Partnership Agreement (as hereinafter defined).

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Jefferson Merritt Park
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3. The duties of the General Partner and the Special LP shall be set forth in a partnership agreement (the "*Partnership Agreement*") to be entered into among the General Partner, the Special LP and an equity investor as the limited partner (the "*Investor LP*").

The General Partner's execution of the Partnership Agreement shall be subject to the following terms:

(i) The General Partner's representations shall be limited to those within the General Partner's actual knowledge and in no case shall due inquiry be required, it being understood and agreed that the General Partner will not be looked upon by the Special LP or the Investor LP to conduct Project-related diligence, and any such diligence conducted by the Rowlett HFC is solely for its own benefit;

(ii) The General Partner shall be indemnified by Guarantor (as set forth below in Section C.4.), an affiliate of the Developer, and the Partnership for any liabilities incurred under the Partnership Agreement, except for liabilities incurred as a result of the General Partner's gross negligence or willful misconduct and in no event shall such indemnification be contingent upon a ruling of a court of law;

(iii) The General Partner shall not be required to covenant to undertake actions or obligations that the Special LP will be required to take under the Partnership Agreement; and

(iv) The Partnership Agreement shall contain a provision wherein the Special LP and Investor LP acknowledge that the obligations of the General Partner under the Partnership Agreement are obligations solely of the General Partner and not the owner of the General Partner.

The Developer agrees that it will provide an executed copy of this MOU to the Investor LP prior to executing an equity letter of intent or similar document (an "*LOI*") and, as set forth in Paragraph C.2. below, agrees to provide the LOI to the Rowlett HFC for review and comment prior to execution.

4. Certain rights and obligations of the Rowlett HFC, the Developer, the Partnership, the General Partner and the Special LP and certain of the indemnifications described in Paragraph A.3 above shall be outlined in a Master Agreement, which shall be executed as of the closing of the Project financing described in Section C. below (the "*Closing*").

5. Title to the land for the Project shall be taken in the name of a subsidiary of the Rowlett HFC (the "*Ground Lessor*"), and the Ground Lessor shall then enter into a ground lease with a term of 99 years (the "*Ground Lease*") with the Partnership, as tenant, holding an interest in the improvements that constitute the Project. Upon termination of the Ground Lease, ownership of the improvements constituting the Project shall revert to the Rowlett HFC. In the event that the

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Project is sold, the Ground Lease shall provide for a transfer of title to the land to a purchaser upon payment of \$100.00.

6. The Special LP may have the right to assign its interests in the Partnership with the prior written consent of the General Partner, which may be granted or withheld in the General Partner's sole discretion. It is currently anticipated that an affiliate of Developer will act as both Special LP and Investor LP (although, at Developer's option, the Investor LP may be a third-party investor selected by Developer). Notwithstanding anything to the contrary in the MOU, Investor LP will have unrestricted transfer rights on its membership interests in Investor LP and/or its interests in the Partnership (whether direct or indirect) and no consent shall be required from any party with respect thereto (and no right of first offer or right of first refusal or option in favor of the General Partner will be applicable with respect thereto).

B. DUE DILIGENCE

As a condition to the Rowlett HFC's participation in the financing and ownership of the Project, the Rowlett HFC requires the Developer to provide due diligence information on the Project and its proposed financing and operations pursuant to the due diligence checklist (the "*Checklist*") attached hereto as *Exhibit A*. The Developer shall deliver the due diligence items on the Checklist at the times stated on the Checklist. Failure of the Developer to deliver to the Rowlett HFC due diligence items acceptable to the Rowlett HFC shall be grounds for the Rowlett HFC to terminate this MOU in its discretion.

C. FINANCING

1. The Developer will apply for construction and permanent financing (the "*Loan*") on behalf of the Partnership. The Developer shall be responsible for selecting the lender and negotiating the loan terms on behalf of the Partnership; *provided*, that the Rowlett HFC shall have the right to review and approve the financing arrangements and the terms and conditions of any Loan documents.

2. On behalf of the Partnership, the Developer will facilitate and negotiate the terms of an equity investment in the Project (the "*Equity*"); *provided*, that the Rowlett HFC shall have the right to review and approve the identity of the Investor LP, the financing arrangements and the terms and conditions of any Equity financing documents. The Equity financing documents are expected to include the Partnership Agreement.

3. The Developer shall pay all costs and fees associated with applying for the Loan and facilitating the Equity investment, which costs, along with all other pre-development costs incurred by the Developer (to the extent included within the approved budget), may be reimbursed at Closing (as defined herein) from the proceeds of the Loan and Equity. In the event this MOU is terminated or the transaction fails to close as contemplated herein, the Developer shall be solely

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responsible for all costs described above and the Rowlett HFC and its affiliates shall have no responsibility for payment or reimbursement of such costs.

4. SFA JPI GUARANTOR CO, LLC (THE “*GUARANTOR*”) SHALL PROVIDE ANY GUARANTEES OF CONSTRUCTION COMPLETION THAT MAY BE REQUIRED IN CONJUNCTION WITH THE LOAN OR THE EQUITY FINANCING AND SUCH GUARANTEES SHALL BE SUBJECT TO APPROVAL IN FORM AND AMOUNT BY THE GUARANTORS IN THEIR SOLE DISCRETION. NEITHER THE ROWLETT HFC, THE GENERAL PARTNER NOR ANY OF THEIR AFFILIATES WILL PROVIDE ANY GUARANTEES OR INDEMNITIES IN CONNECTION WITH THE FINANCING OF THE PROJECT.

D. DESIGN AND CONSTRUCTION

1. The Developer shall provide comprehensive development services to the Partnership pursuant to a Development Agreement to be entered into by the Partnership and Developer.

2. The Developer shall prepare and promptly provide the Rowlett HFC a detailed development budget for the Project.

3. The Developer shall be responsible for obtaining the services of design professionals for the design of the site plan and design of the Project. The Rowlett HFC will be provided copies of the final plans and specifications for the Project, including all construction contracts. The Rowlett HFC will have the right to review, comment and approve such plans, specifications and contracts at least five (5) business days prior to the execution of the contracts.

4. In order to secure an exemption from state sales tax for the acquisition of building materials, the Rowlett HFC Foundation (the “*Contractor*”), shall serve as the general contractor in connection with the construction of the Project. GUARANTOR SHALL PROVIDE INDEMNIFICATION TO THE CONTRACTOR FOR ALL LIABILITIES INCURRED BY THE CONTRACTOR IN CONNECTION WITH THE PROJECT EXCEPT THOSE CAUSED BY THE CONTRACTOR’S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

5. The Developer shall be responsible for obtaining all governmental approvals and permits needed in order to construct and operate the Project.

6. The Project shall be constructed so as to comply with ADA and Section 504 requirements, as applicable under federal and state law.

E. MANAGEMENT AND OPERATION

1. ZRS Management, LLC or RPM Living shall serve as the property manager (the “*Manager*”) for the Project, which will be memorialized in a management agreement (the “*Management Agreement*”) if form and substance reasonably acceptable to the Rowlett HFC.

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February 29, 2024
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Developer reserves the right to replace the Manager as it deems necessary, subject to Rowlett HFC prior approval, which shall not be unreasonably withheld, delayed, or conditioned.

2. Notwithstanding anything to the contrary, the Management Agreement will automatically renew upon its scheduled termination unless either party gives ninety (90) days' notice to renegotiate the terms or terminate the Management Agreement.

F. COMMUNITY SUPPORT

The Rowlett HFC and the Developer shall be jointly responsible for interfacing with the local governmental officials in connection with support for the Project. The parties will consult with each other and coordinate the response to any media inquiries and/or public opposition to the Project that may arise.

G. AD VALOREM PROPERTY TAX EXEMPTION

The ownership structure contemplated herein is expected to generate ad valorem tax exemption for the Project (the "*Tax Exemption*"). The Rowlett HFC, on behalf of the Partnership, shall work with the Dallas Central Appraisal District to obtain confirmation of the availability of such exemption in the form of a pre-determination letter. At Closing, the Developer shall cause an opinion of counsel to be delivered, in form and substance acceptable to the Rowlett HFC, with respect to the ad valorem tax exemption, which opinion will also cover the exemption from state sales taxation.

If at any time the Tax Exemption is finally determined, without further available recourse or appeal, to be unavailable to the Project, such that the Project has incurred actual ad valorem tax liability (the "*Tax Exemption Loss*"), the Rowlett HFC and the General Partner (and any affiliates thereof) shall forfeit their rights to any fees, including those set forth in Paragraph H below that accrue during the Tax Exemption Loss period; *provided, however*, that in no event shall the Rowlett HFC, the General Partner or any affiliate thereof be required to repay any amounts received prior to the Tax Exemption Loss. The Rowlett HFC shall cooperate as directed by the Special LP to use good faith efforts to cure any temporary disruption or loss of the Tax Exemption. In the event the Tax Exemption Loss cannot be restored within a one hundred and eighty (180) day period, then the fee estate in the land shall (at Partnership's option) be conveyed to the Partnership at a nominal cost to the Partnership, and the Ground Lease shall be terminated to allow the Partnership to establish an exempt structure in the future.

H. FEES AND EXPENSES

1. The Developer shall be entitled to receive a development fee (the "*Development Fee*") for its services in developing the Project, which will be shared with the City of Rowlett (the

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“City”). At the Closing, the City shall be paid an amount equal to 20% of the projected Development Fee to be paid Developer, which fee is \$1,134,910.

2. The General Partner shall be entitled to a base payment of \$200,000 per year, commencing on January 1st of the year following the year in which the Project’s construction is completed and a certificate of occupancy is issued for all of the buildings comprising the Project, which payment shall increase by 2.5% annually.

3. The General Partner shall be entitled to receive a share equal to 10% of net cash flow generated from a sale or refinancing, subordinate to Investor LP first receiving a return of all capital and a preferred return of 8%. All fees, distributions or sale or refinancing proceeds payable to the General Partner pursuant to the terms of the Partnership Agreement, shall be retained by the General Partner and the General Partner shall not be required, under any circumstance, to share any such fees, distributions or sale or refinancing proceeds with the Developer.

4. The Partnership contemplates the following fees to be calculated and payable as follows:

(a) At Closing, 50% of 1% of the construction hard costs, which is equal to \$514,545.00, payable 50% to the City, 40% to the Rowlett HFC and 10% to the Rowlett HFC Foundation;

(b) upon completion of construction and issuance of a certificate of occupancy for all the buildings constructed (“*Construction Completion*”), 50% of 1% of the construction hard costs which is equal to \$514,545.00, payable 50% to the City, 40% to the Rowlett HFC and 10% to the Rowlett HFC Foundation; and

(c) \$940,000 (the approximate amount of City property taxes estimated to come from the Project but for the property tax exemption) per year payable to the City, commencing on January 1 of the year following Construction Completion, which payment shall increase by 3% annually.

5. Commencing on January 1, 2025, the General Partner shall be entitled to receive a Partnership Management Fee in the amount of \$10,000 per year for its services in connection with Management of the Partnership, which fee shall increase by 3% annually and accrue without interest if cash flow is insufficient to pay such fee in any year. Developer or its affiliate will provide asset management services to the Partnership, and Developer shall be paid a maximum of 35 basis points of project cost per annum, paid monthly through stabilization, and \$150,000 per year after stabilization.

6. The Partnership shall pay an acquisition fee to the Foundation in the amount of \$50,000, which fee shall be payable on January 1, 2025.

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7. The fees payable to the Rowlett HFC and the General Partner set forth above in Paragraphs 1 and 5 and payable to the City set forth above in Paragraph 4 shall be paid *pro rata* if Developer elects to construct the Project in staggered phases, with the pro rata amounts determined based upon the number of units in a phase being constructed as a percentage of the total number of units in the Project (*i.e.*, 597).

8. Neither party shall enter into any contractual relationship or agreement relating to the Project that would cause either financial or legal liability to the other, without the other party's prior written consent.

9. All reasonable, direct, out-of-pocket expenses incurred by the Rowlett HFC in connection with this MOU, including but not limited to third-party reports, the Rowlett HFC's legal counsel, counsel to the General Partner, financial advisor and other reasonable expenses incurred by the Rowlett HFC in connection with the proposed Project (the "*Costs*"), shall be included in the Project's development budget and reimbursed by the Partnership to the Rowlett HFC concurrently with the closing on the Loan (the "*Closing*"). Rowlett HFC expects to incur costs for its counsel in the amount of \$100,000 and for its financial advisor in the amount of \$100,000, which fees are in addition to fees set forth in the immediately succeeding paragraph.

In addition to the fees set forth above and as a precondition for the Rowlett HFC proceeding with the financing of the Project, upon execution and delivery of this MOU, the Developer shall pay the amount of \$25,000 to each of Hilltop Securities Inc. and Chapman and Cutler LLP. Such fees are nonrefundable.

I. PURCHASE OPTION/RIGHT OF FIRST REFUSAL

1. In order to secure the ad valorem property tax exemption, the General Partner or the Rowlett HFC shall have a right of first refusal to acquire the Project for a price equal to the purchase price offered by an arms-length third party from which the Partnership receives a bona fide purchase offer for the Project. In addition, the General Partner, as of the Closing shall have an option to acquire the interests of the Investor LP and the Special LP and an option to acquire the Project (together, the "*Purchase Option*") for fair market value, plus the following: all of the investors' unreturned capital and preferred return, taxes arising from the sale, outstanding indebtedness on the Property, repayment of partner loans, the present value of the anticipated cash flow for the remainder of the term of the ground lease following the date of the sale, using a discount rate of 10% and all costs and expenses of the transaction, including reasonable attorneys' fees. Notwithstanding anything to the contrary in the MOU, all third-party capital (e.g., the Loan or the Equity) must be fully repaid (and all associated JPI-related guaranties or indemnities released) as a condition of the exercise of any right of first refusal, right of first offer or other option in favor of the General Partner in the Partnership Agreement. In order to exercise the Purchase Option, the General Partner shall advise the Special LP in writing of its intent to purchase either the Project or the limited partner interests, and shall proceed diligently to close the purchase

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within one hundred eighty (180) days from the date that the purchase price set forth above has been determined.

2. If (i) the General Partner takes any action (or omits to take an action that is explicitly required of it by the Partnership Agreement) within its sole and exclusive control and such action or inaction results in an event of default under any of the Loan financing documentation, the Equity financing documentation, the Project obligations or the Partnership Agreement; or (ii) the General Partner takes any action (or omits to take an action that is explicitly required by the Partnership Agreement) within its sole and exclusive control and such action or inaction causes the Guarantor any quantifiable liability which the Guarantor actually pays under its guaranty agreement(s), or (iii) the Project incurs a Tax Exemption Loss for any reason other than a change in the Texas Constitution or other applicable State law or the gross negligence of the Rowlett HFC or the General Partner ((i), (ii) and (iii) are referred to as "*Removal Events*") then the Guarantors, and/or its successors and assigns or designees, shall have the sole and exclusive option (with the consent of the Investor Partner) to purchase either from the Rowlett HFC its ownership interest in the General Partner (the "*Ownership Interest*") or from the General Partner its General Partner interest in the Partnership (the "*GP Ownership Interest*") for the sum of \$100.00, *plus* all unpaid fees and unreimbursed expenses earned by the General Partner prior to the date of the Removal Event, which shall be exercisable by the Guarantor, its successors and assigns or designees, upon 15 business days written notice by the Guarantor to the Rowlett HFC and the General Partner (the "*Removal Option*"). It shall not be a Removal Event and this Removal Option will not apply if the event of default or the cause of the Guarantor's liability or the repayment of the Loan or Equity is caused in whole or part by a matter or item over which Guarantor or an affiliate has full or partial control or for which it is otherwise responsible.

3. The Removal Option granted by this Paragraph I. applies only to the acquisition of the Ownership Interest and the GP Ownership Interest and is granted for \$10.00 and other good and valuable consideration, the receipt of which is hereby confirmed and acknowledged. The Removal Option in no way refers to, nor applies to, any other real or personal property owned by the Rowlett HFC in the Project, now or in the future, other than the Ownership Interest. The Option is solely related to the exercise of control of the affairs of the Partnership to ensure compliance and performance of the Project objectives and to ensure protection of the Guarantor with respect to the guaranteed obligations.

J. REGULATORY RESTRICTIONS

The Developer and the Rowlett HFC agree that (i) at least 51% of the units (the "*Affordable Units*") in the Project will be restricted for rent to individuals and families earning less than 80% of the area median income (as published from time to time by the Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937, as amended); *provided*, that the rent charged for the Affordable Units shall be restricted to the lesser of (y) 90% of the market rental rate for a unit of the same size or (z) the respective restriction set forth below,

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(ii) at least 90% of the units in the Project will be restricted for rent to individuals and families earning less than 140% of the area median income (as published from time to time by the Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937, as amended); (iii) the rents charged shall not exceed 30% of the applicable AMI per each category of units, adjusted for family size; and (iv) the Project will be subject to any such other restrictions as shall be required by the Rowlett HFC. Income shall be verified by the Developer pursuant to a review of the tenants' federal income tax returns or other commercially reasonable method reasonably acceptable to the Rowlett HFC. The Developer and the Rowlett HFC will enter into a Regulatory Agreement at Closing to be recorded in the applicable county land records that will set forth the income restrictions and describe the methodology for income verification and reporting.

K. MISCELLANEOUS

1. This MOU reflects the entire understanding between the parties and may only be amended in writing, signed by both parties. This MOU is a contract and not merely an "agreement to agree."

2. Each party hereto is prohibited from assigning any of its interests, benefits or responsibilities hereunder to any third party or related third party, without the prior written consent of the other party, such consent not to be unreasonably withheld, conditioned, or delayed.

3. The parties agree to execute such documents and do other such reasonable things as may be necessary or appropriate to facilitate the development of the Project and the consummation of the agreements set forth herein.

4. This MOU may be executed in several counterparts, each of which shall be deemed to be an original and all of which together shall constitute one contract binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart

5. THIS MOU SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, EXCLUSIVE OF CONFLICT OF LAWS PRINCIPLES.

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

7. The parties hereto submit exclusively to the jurisdiction of the state and federal courts of Dallas County, Texas, and venue for any cause of action arising hereunder shall lie exclusively in the state and federal courts of Dallas County, Texas.

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February 29, 2024
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8. Should any party employ an attorney or attorneys to enforce any of the provisions hereof, to protect its interest in any manner arising under this MOU, or to recover damages for the breach of this MOU, the non-prevailing party in any action pursued in courts of competent jurisdiction (the finality of which is not legally contested) agrees to pay to the prevailing party all reasonable costs, damages and expenses, including specifically, but without implied limitation, attorneys' fees, expended or incurred by the prevailing party in connection therewith.

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

10. This MOU shall continue until terminated upon the occurrence of any one of the following conditions:

(a) The Rowlett HFC and the Developer sign a mutual consent to terminate this MOU;

(b) Loan and Equity financing for the Project are not closed by December 31, 2025;

(c) If the terms of the Loan and Equity financing for the Project are unacceptable to the Rowlett HFC, in its sole discretion, and the Rowlett HFC provides the Developer notice of such fact and a 30-day opportunity to provide financing terms that are acceptable to the Rowlett HFC and the Developer, but the Developer does not do so;

(d) The Rowlett HFC's Board of Directors takes action to disapprove of the participation of the Rowlett HFC in the financing of the Project as described in this MOU at any time prior to the Closing;

(e) Either party breaches its obligations under this MOU, the non-breaching party provides the breaching party notice of such fact and a 15-day opportunity to cure, and the breaching party fails to do so;

(f) Either party files for bankruptcy protection, makes an assignment for the benefit of creditors, has a receiver appointed as to its assets, or generally becomes insolvent; or

(g) The Developer determines, in its sole discretion, that the Project is no longer feasible.

Upon termination of this MOU for any of the reasons cited above, neither party shall have any ongoing obligation to the other with respect to this MOU nor the Project. In addition, the provisions of this MOU with respect to the Project will be terminated when the General Partner is

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admitted to the Partnership and the Rowlett HFC and the Developer and their affiliates, as applicable, enter into definitive agreements with respect to the governance of the Partnership and the development, construction, financing, and operation of the Project as contemplated herein.

11. The parties acknowledge that the General Partner, the Rowlett HFC and its affiliates will be represented in this transaction by Chapman and Cutler LLP ("*GP Counsel*") in a legal capacity and Hilltop Securities Inc. in a financial advisory capacity ("*Hilltop Securities*"). The Partnership, the Developer, the Special LP and their affiliates will be represented by separate counsel and will not be entitled to rely on GP Counsel for representation in this matter and acknowledges that no financial advisory relationship will exist among the Partnership, the Developer, the Special LP and their affiliates and Hilltop Securities.

[Remainder of Page Intentionally Left Blank]

EXECUTED to be effective as of the date above shown.

ROWLETT HOUSING FINANCE CORPORATION

By  _____
DocuSigned by:
9B2F36F334904AC
Jeff Winget
President

JPI MERRITT 190 DEVELOPMENT, LLC

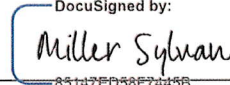
By  _____
DocuSigned by:
85147ED58F7445B...
Name: _____
Title: _____

EXHIBIT A

**ROWLETT HOUSING FINANCE CORPORATION
CHECKLIST OF DUE DILIGENCE**

PROPERTY ITEMS			
RECEIVED	ITEM	DEADLINE	NOTES
	Project Description, including number of units, unit sizes, and amenities		
	Site Location information, with map		
	Proposed Rent Schedule, with tenant income restrictions		
	Site Plan		
	Market Study		
	Appraisal		
	Phase I Environmental		
	Soils Report		
	Evidence of site control		
	Evidence of zoning		
	Title commitment with all exceptions		
	Survey		
	Physical needs analysis (for rehabilitation projects)		
DEVELOPMENT ITEMS			
RECEIVED	ITEM	DEADLINE	NOTES
	Detailed Development Budget		
	Sources and Uses		
	Statement of Developer's experience, including evidence of net worth		
	Resume of Master Subcontractor, with evidence of experience		
	Plans and Specifications		
	Resume of Architect, with evidence of experience		

FINANCING ITEMS			
RECEIVED	ITEM	DEADLINE	NOTES
	15-year Pro Forma		
	Debt financing commitment		
	Equity financing commitment		
	Description of all other sources of financing		
	Application for debt financing		
OPERATIONAL ITEMS			
RECEIVED	ITEM	DEADLINE	NOTES
	Resume of property management company, with evidence of experience		
	Description of social services to be provided and information regarding social services provider		
	Proposed Rent Schedule, with tenant income restrictions		
	Current rent roll (if applicable)		
ORGANIZATIONAL ITEMS			
RECEIVED	ITEM	DEADLINE	NOTES
	Organizational documents for limited partnership		



500 North Akard Street
1800 Ross Tower
Dallas, Texas 75201
214.965.9900

Victoria W. Thomas
Partner
vthomas@njdhs.com

ATTORNEY CLIENT PRIVILEGED COMMUNICATION

TO: David A. Hall, City Manager
COPY: Kristoff Bauer, Asst. City Manager
FROM: Victoria Thomas, City Attorney
DATE: April 16, 2024
RE: **Legal Opinion:** Jefferson at Merrit Park Development Project

This memorandum provides a legal opinion regarding the above-referenced development as follows:

Questions Presented:

1. Will the proposed multifamily use require City Council approval?
2. If not, will the project require any other Council approval?
3. If so, what will be Council's role and level of discretion?

Short Answers:

1. No.
2. Only in the unlikely event that a major warrant is required to provide required fire safety access revisions to the site plan.
3. If a major warrant comes before Council, Council's review will be limited to the matter of the major warrant application. Council will exercise its discretion in accordance with section 1.5.3 of the FBC and general state law that prohibits an arbitrary or capricious decision.

Discussion:

1. Will the proposed multifamily use require City Council approval?
No, City Council approval is not required. The City Council, by ordinance, designated the property as Urban Neighborhood, which generally allows more dense, multi-family uses. In accordance with the City's Form Based Code ("FBC"), the property owner's rights in the zoning vested upon administrative approval of the regulating plan which was initially filed by the developer on October 12, 2020 and approved on December 11, 2020 after two resubmittals. The landowner or developer would likely argue that under Chapter 245 of the Texas Local Government Code vesting occurred at the time of submission of the application providing fair notice of the intended use which is allowed under the current zoning. Regardless, no further Council approval is required or contemplated as to the multifamily use or the zoning of this property.

2. If not, will the project require any other Council approval?

The only potential for the project coming back to Council would be for approval of a major warrant application. Major warrants allow deviations from a standard otherwise required by the FBC and may only be approved by the City Council, following a recommendation by the Planning and Zoning Commission. It is possible, although not probable, that JPI may need a major warrant to meet the fire safety access requirements for the property. If so, this limited matter – consideration of the requested major warrant - would come before the Council.

3. If so, what will be Council's role and level of discretion?

Council may approve a major warrant if the application:

- a. Meets the general intent of the FBC Article 1.2 and the FB District in which the property is located;
- b. Will result in an improved project which will be an attractive contribution to the FB District; and
- c. Will not prevent the realization of the overall intent of the FB District(s).

Moreover, as with all matters affecting land use, the City Council's action must not be arbitrary or capricious, meaning that there must be a reasonable basis or grounds for the decision.

EXTENSION AND/OR MODIFICATION AND RELEASE AGREEMENT COMMERCIAL INDEBTEDNESS

Effective Date:

Account No : 1013362160

Borrower : Savannah at Lakeview, LP

Date of Original Note: 4/28/2023

Original Principal Amount of Note: \$3,446,491.00

The Outstanding Principal Balance of the Note as of the Effective Date is \$ _____, and is due and payable on demand, or if no demand, as follows (loan terms):

NUMBER OF PAYMENTS	FREQUENCY	AMOUNT OF PAYMENTS	WHEN PAYMENTS ARE DUE
11	Monthly	Interest Only	Beginning May 28, 2024
1	Final	Principal balance plus accrued and unpaid interest	At Final Maturity

Final Maturity Date: 4/28/2025

The interest rate shall be floating at 0.00% per annum above the New York (Prime Rate) (as described below) as it fluctuates from time to time; provided, however, that in no event shall the rate of interest to be paid on the unpaid principal of this Note be less than 7.00% per annum, nor more than the maximum legal rate allowed by applicable law. The starting interest rate on this Note shall be 8.50% per annum. The rate of interest due hereunder shall be recomputed as of the date of any change in the Prime Rate.

The NEW YORK PRIME RATE shall mean the annual lending rate of interest announced from time to time by the JP Morgan Chase & Co., New York, New York, as its prime rate. If the New York Prime Rate has been selected as the Prime Rate and if, thereafter, a prime rate is not announced by JP Morgan Chase & Co., New York, New York, then the International Bank of Commerce Prime Rate minus one percent (1%) shall be the Prime Rate.

The INTERNATIONAL BANK OF COMMERCE PRIME RATE shall mean the annual lending rate of interest announced from time to time by International Bank of Commerce, as its prime rate.

Use of the term Prime Rate is not to be construed as a warranty or representation that such rate is more favorable than another rate or index, that rates on other loans or credit facilities may not be based on other indices or that rates on loans to others may not be made below such prime rate.

At Lenders sole discretion, any interest rate increase will take the form of higher periodic payments, a greater balloon payment (if applicable), and/or an increase in the number of periodic payments. The periodic payment amount will not increase more than once per month, with no limitation on such increase. Any new periodic payment amount will be due and payable only after timely and proper notice of such new payment amount from Lender. This paragraph is inapplicable if the maturity of the outstanding indebtedness under this Note is accelerated and/or demanded in full.

1. Note. This Note is a multiple advance non-revolving credit facility for the Borrower. Borrower acknowledges that the original principal amount of this Note as stated therein has been advanced to Borrower at the time of execution of the Note or may be advanced at various times to Borrower by Lender. As used herein, the term Loan Documents means, collectively, this Note and any other document or instrument executed in connection with this Note by Borrower, any guarantor of this Note, and any party pledging property as security for the repayment of this Note (Pledgor).

2. Principal and Interest. Borrower shall be obligated to repay only that portion of the principal amount which has actually been advanced and not repaid, and interest shall accrue as set forth in this Note on the unpaid outstanding principal balance from date of the advance of such principal until repaid. All advances are subject to the conditions set forth herein and in all other Loan Documents and agreements between the parties hereto.

3. Advances. The advances shall be made pursuant to and subject to the terms and conditions hereof and of the other Loan Documents and agreements between the parties, and if and only if (i) all conditions precedent to an advance have been fulfilled, (ii) there has been no Event of Default which is continuing, and (iii) the aggregate amount of the outstanding unpaid principal on this Note, plus the amount of any prior advances of principal, whether or not repaid, plus the amount of any and all pending requests for an advance, plus the

Borrower promises to pay to the order of International Bank of Commerce the Outstanding Principal Balance on the Note according to the terms hereof together with interest as it accrues on the outstanding unpaid principal balance until paid. In no event shall the rate of interest to be paid on the unpaid principal balance be less than 7.00% per annum, nor more than the maximum legal rate allowed by applicable law.

To the extent allowed by law, as the late payment charge under the Note/this Agreement, Lender may in its sole discretion (i) increase the interest on the principal portion of any payment amount that is not received by the payment due date until paid to the maximum rate allowed by law, computed on a full calendar year basis from the payment due date until paid, or (ii) should any payment be more than ten (10) days late, Borrower shall pay a one-time "late charge" per late payment equal to five percent (5%) of the amount of the past due principal and interest of such payment, with a minimum of \$10.00 and a maximum of \$1,500.00 per late payment.

The "late charge" may be assessed without notice, and shall be immediately due and payable.

Each payment shall be applied as of its scheduled due date and in the order of application as the Lender in its sole discretion may from time to time elect.

The failure of Borrower to pay any of the payment(s) of principal or any interest thereon or accrued late charges, when the same is due and payable shall permit Lender, at its option, to accelerate the maturity, without notice to Borrower, of all, or any portion, of the outstanding unpaid principal balance and all accrued and unpaid interest, and all accrued and unpaid late charges under the Note / this Agreement, whereupon the same shall be due and payable immediately.

All (i) outstanding and unpaid principal, (ii) accrued and unpaid interest (iii) fees, late charges and/or other charges payable by Borrower pursuant to the Note or any instrument evidencing, securing or executed in connection with the Note, if any, which remain due and owing on the Final Maturity Date are due and payable on such date.

Borrower renews and extends the Note, and any and all Security Agreements, security interests, Deeds of Trust, Mortgages and/or other liens created by Borrower in favor of International Bank of Commerce. Except as provided herein, all other terms and conditions of the Note, and all Security Agreements, security interests, Deeds of Trusts, Mortgages and/or other liens created by Deeds of Trusts, Mortgages and/or other Loan Documents, if any, continue as written, and remain in full force and effect.

TO THE EXTENT ALLOWED BY LAW, ALL MATURED UNPAID AMOUNTS WILL BEAR INTEREST AT THE MAXIMUM LEGAL INTEREST RATE ALLOWED BY APPLICABLE LAW. If applicable law does not set a maximum rate of interest for matured unpaid amounts, then Borrower agrees that the maximum rate for such amounts shall be eighteen percent (18%) per annum.

Borrower, Pledgor/Grantor and Guarantors hereby release and forever discharge Lender, its partners, affiliates, subsidiaries and related parties and their respective directors, officers, employees, agents, predecessors, successors, assigns, attorneys, and representatives (collectively the "Lender Parties") from any and all damage, loss, claims, demands, liabilities, obligations, actions and causes of action whatsoever which they or any of them might now have or claim to have against any Lender Party, whether presently known or unknown, and of every nature and extent whatsoever on account of or in any way concerning, arising out of or founded on the Note and/or the loan documents executed in connection with the Note, including, without implied limitation, all such loss or damage of any kind heretofore sustained or that might arise as a consequence of the dealings between Borrower and/or Guarantors and any Lender Party.

NO ORAL AGREEMENTS

THIS WRITTEN LOAN AGREEMENT REPRESENTS 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.

THIS AGREEMENT SHALL BE GOVERNED BY THE LAW OF THE STATE WHOSE LAWS GOVERN THE NOTE.

Borrower

Savannah at Lakeview, LP
A Texas Limited Partnership

By: Savannah At Lakeview GP, LLC
A Texas Limited Liability Company
Title: General Partner

By: _____
Name: Jeff Winget
Title: President

Savannah at Lakeview Holdings, LLC
A Texas Limited Liability Company

By: _____
Name: Jeff Winget
Title: President

Address: 1601 Elm St
4360
Dallas, Texas 75201

Savannah at Lakeview, LP
A Texas Limited Partnership

By: Savannah At Lakeview GP, LLC
A Texas Limited Liability Company
Title: General Partner

By: _____
Name: Jeff Winget
Title: President

Address: 16812 Dallas Parkway
Dallas, Texas 75248

Date Executed: _____

PLEDGOR(S)

Rise Residential Construction, LP
A Texas Limited Partnership

By: Rise Residential Construction GP, Inc.
A Texas Corporation
Title: General Partner

By: _____
Name: Melissa Renee Fisher
Title: President

Address: 5420 Lbj Freeway Ste 1355
Dallas, Texas 75240

RRC Development Lakeview Seniors, LLC
A Texas Limited Liability Company

By: _____
Name: Melissa Renee Fisher
Title: Manager

Address: 16812 Dallas Parkway
Dallas, Texas 75248

RRC Development Memorial, LLC
A Texas Limited Liability Company

By: _____
Name: Melissa Renee Fisher
Title: Manager

Address: 16812 Dallas Parkway
Dallas, Texas 75248

RRC Development Riverside Seniors LLC
A Texas Limited Liability Company

By: _____
Name: Melissa Renee Fisher
Title: Manager

Address: 16812 Dallas Pkwy
Dallas, Texas 75248

Savannah at Lakeview, LP
A Texas Limited Partnership

By: Savannah At Lakeview GP, LLC
A Texas Limited Liability Company
Title: General Partner

By: _____
Name: Jeff Winget
Title: President

Address: 16812 Dallas Parkway

GUARANTOR(S)

Rise Residential Construction, LP
A Texas Limited Partnership

By: Rise Residential Construction GP, Inc.
A Texas Corporation
Title: General Partner

By: _____
Name: Melissa Renee Fisher
Title: President

Address: 5420 Lbj Freeway Ste 1355
Dallas, Texas 75240

Rise Residential Development, LLC
A Texas Limited Liability Company

By: _____
Name: Melissa Renee Fisher
Title: Manager

Address: 16812 Dallas Pkwy
Dallas, Texas 75248

Name: Melissa Renee Fisher, Individually

Address: 2821 Lovers Ln
University Park, Texas 75225

SECURED PARTY

International Bank of Commerce

By: _____
Name: Lee Reed
Title: President

CERTIFICATION OF BENEFICIAL OWNER(S)



International Bank of Commerce

1600 FM 802
Brownsville, Texas 78526
(956) 547-1000- Member FDIC

Persons opening an account on behalf of a legal entity must provide the following information:

a. *Name and Title of Natural Person Opening Account -*
Jeff Winget
President

b. *Name, Type and Address of Legal Entity for Which the Account is Being Opened -*
Savannah at Lakeview, LP
Partnership - Limited (LP)
16812 Dallas Parkway
Dallas, TX 75248

c. *The following information for each individual, if any, who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, owns 25 percent or more of the equity interests of the legal entity listed above -*

Name	Date of Birth	Address (Residential or Business Street Address)	<i>For U.S. Persons:</i> Social Security Number	<i>For Non-U.S. Persons:</i> Social Security Number, Passport Number and Country of Issuance, or other similar identification number
Not Applicable				

(If no individual meets this definition, please write "Not Applicable.")

d. The following information for one individual with significant responsibility for managing the legal entity listed above, such as -

- An executive officer or senior manager (e.g., Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Managing Member, General Partner, President, Vice President, Treasurer); or
- Any other individual who regularly performs similar functions.

(If appropriate, an individual listed under section (c) above may also be listed in this section (d)).

Name/Title	Date of Birth	Address (Residential or Business Street Address)	<i>For U.S. Persons:</i> Social Security Number	<i>For Non-U.S. Persons:</i> Social Security Number, Passport Number and Country of Issuance, or other similar identification number ⁱ
Jeff Winget President		4113 Main St. 105 Rowlett, Texas 75088 United States		

I, Jeff Winget (name of natural person opening account), hereby certify, to the best of my knowledge that the information provided above is complete and correct. Customer agrees to notify IBC/Commerce Bank of any change in Beneficial Ownership as long as any deposit or loan account remains open with IBC/Commerce Bank.

Signature: _____ **Date:** _____

Legal Entity Identifier _____ (Optional)

ⁱ In lieu of a passport number, Non –U.S. Persons may also provide a Social Security Number, an alien identification card number, or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.

DISCLOSURE OF LOAN FEES



Principal	Loan Date	Maturity	Loan Number	Officer	Initial
			1013362160	Lee Reed	

Borrower(s): Savannah at Lakeview, LP

Lender: International Bank of Commerce

Dear Borrower(s):

The following fee and/or expenses were incurred during the processing of your loan transaction. You are responsible for the total fees indicated as due from borrower

Description	Paid from Loan Proceeds	Due from borrower
Flood Fees	\$0.00	\$15.00
TOTAL:	\$0.00	\$15.00

Please indicate below the method of payment for your portion of fees listed above. You may contact your Loan Officer with questions about this fee billing. As always, we appreciate your business and welcome the opportunity to work with you again.

- Please debit my International Bank of Commerce account _____ for the total amount due from borrower listed above
- Please deduct the amount listed above from my loan proceeds.
- I have attached a check payable to International Bank of Commerce for the total amount due from borrower listed above.

Signature

FIRST AMENDMENT TO CONSTRUCTION LOAN AGREEMENT

March _____, 2024

This First Amendment to Construction Loan Agreement (this "Amendment") is made and entered into by and among the following:

INTERNATIONAL BANK OF COMMERCE, a Texas state banking corporation ("Lender"), whose mailing address is 1600 Ruben Torres Blvd., Brownsville, Texas 78526;

SAVANNAH AT LAKEVIEW, LP, a Texas limited partnership fka TX Lakeview Seniors, LP (the "Borrower"), whose mailing address is 16812 Dallas Parkway, Dallas, Texas 75248; and

MELISSA RENEE FISHER, individually;

RISE RESIDENTIAL CONSTRUCTION, LP a Texas limited partnership ("Rise"); and

RISE RESIDENTIAL DEVELOPMENT, LLC, a Texas limited liability company ("Rise Development")

(collectively, the "Guarantors"),

The collective mailing address of the Guarantors is 16812 Dallas Parkway, Dallas, Texas 75248.

Borrower and Guarantors are collectively referred to herein as the "Obligor."

REFERENCE IS HEREBY MADE FOR ALL PURPOSES TO THE FOLLOWING:

1. Loan dated April 28, 2023, in the original principal amount of THREE MILLION, FOUR HUNDRED FORTY-SIX THOUSAND, FOUR HUNDRED NINETY-ONE AND NO/100 DOLLARS (\$3,446,491.00) (the "Loan – 2023") evidenced by that certain Real Estate Lien Note dated as of the Loan – 2023, executed by Borrower and made payable to the order of Lender, in the amount of the Loan – 2023 (the "Note – 2023"), secured by certain collateral as discussed more particularly in any and all documents executed in connection with and/or securing the Note – 2023 (collectively, the "Loan Instruments – 2023"); and

2. Loan dated of even date herewith, in the original principal amount of THREE MILLION, FIVE HUNDRED THOUSAND AND NO/100 DOLLARS \$3,500,000.00 (the "Loan – 2024") evidenced by that certain Promissory Note dated as of the Loan – 2024, executed by Borrower and made payable to the order of Lender, in the amount of the Loan – 2024 (the "Note – 2024"), secured by certain collateral as discussed more particularly in any and all documents executed in connection with and/or securing the Note – 2024 (collectively, the "Loan Instruments – 2024").

RECITALS

A. In connection with the Loan – 2023, Lender and Obligor entered into that certain Loan Agreement dated April 28, 2023 (the "Loan Agreement"), which contained certain terms and conditions, including provisions for advancements of the proceeds of the Loan – 2023.

B. Contemporaneously with the execution of this Amendment, Lender has loaned additional money to Borrower in connection with the Loan – 2024.

C. So that the Loan – 2023 and the Loan – 2024 are both governed by the Loan Agreement, Lender and Obligor have entered into this Amendment to amend the Loan Agreement as set forth and discussed below.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual terms, covenants and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lender and Obligor hereby agree as follows:

1. Amendments to the Loan Agreement.

A. The first paragraph on Page 1 is amended by deleting this paragraph in its entirety and inserting the following paragraph in its place:

THIS CONSTRUCTION LOAN AGREEMENT (this "Loan Agreement"), dated April 28, 2023, is made by and among the following:

INTERNATIONAL BANK OF COMMERCE, a Texas state banking corporation ("Lender"), whose mailing address is 1600 Ruben Torres Blvd., Brownsville, Texas 78526;

SAVANNAH AT LAKEVIEW, LP, a Texas limited partnership fka TX Lakeview Seniors, LP (the "Borrower"), whose mailing address is 16812 Dallas Parkway, Dallas, Texas 75248; and

MELISSA RENEE FISHER, individually;

RISE RESIDENTIAL CONSTRUCTION, LP a Texas limited partnership ("Rise"); and

RISE RESIDENTIAL DEVELOPMENT, LLC, a Texas limited liability company ("Rise Development")

(collectively, the "Guarantors"),

with respect to a construction loan dated April 28, 2023 in the principal sum of THREE MILLION, FOUR HUNDRED FORTY-SIX THOUSAND, FOUR HUNDRED NINETY-ONE AND NO/100 DOLLARS (\$3,446,491.00) and a loan dated March __, 2024 in the principal sum of THREE MILLION, FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$3,500,000.00).

B. Section 1.15 is amended by deleting "October 31, 2023" and inserting "December 31, 2024" in its place.

C. Section 1.24 is amended by deleting Section 1.24(1) and inserting the following Section 1.24(1) in its place, and adding the following Section 1.24(v) and Section 1.24(w) thereto:

(l) The holder of any lien, security interest or assignment on the Property institutes foreclosure or other proceedings or takes other action for the enforcement of its remedies thereunder; except that this condition shall not apply with respect to the proceedings described in Schedule A attached hereto and made a part hereof.

(v) A default or breach of any of the Loan Instruments – 2023.

(w) A default or breach of any of the Loan Instruments – 2024.

D. Section 1.49 is amended by deleting this section and inserting the following Section 1.49 in its place:

1.49 Loan.

The term "Loan" shall collectively mean (i) the Loan – 2023, and (ii) the Loan – 2024, both loans not to exceed, in the aggregate, the payment of the costs of labor, materials, and services supplied for the construction on the Improvements and all other expenses incidental to the construction of the Improvements on the Property, all as specified in the Approved Budget, for such other funding as approved by Lender in its sole discretion.

The following definitions are hereby added after the definition of Loan:

1.49(a) Loan – 2023.

The term "Loan – 2023" shall mean the loan by Lender to Borrower in the amount of \$3,446,491.00 dated April 28, 2023.

1.49(b) Loan – 2024.

The term "Loan – 2024" shall mean the loan by Lender to Borrower in the amount of \$3,500,000.00 dated of even date herewith.,

E. Section 1.51 is amended by deleting this section and inserting the following Section 1.51 in its place:

1.51 Loan Instruments.

The term "Loan Instruments" shall collectively mean the Loan Instruments – 2023 and the Loan Instruments – 2024.

The following definitions are hereby added after the definition of Loan Instruments:

1.51(a) Loan Instruments – 2023.

The term "Loan Instruments – 2023" shall mean this Loan Agreement, as amended by this Amendment, the Deed of Trust, the Note, the Security Agreement, the Collateral Assignments, the Collateral Assignment of Leases, the Guaranty Agreement, the Financing Statements, the IBC Account Assignment, the Litigation Assignments, and such other instruments evidencing, securing, or pertaining to the Loan – 2023 as shall, from time to time, be executed and delivered by Borrower, or any other party to Lender pursuant to this Loan Agreement, including, without limitation, each Application for Advance, the Approved Budget, the Contractor's Consent, the Subcontractor's Consent, and the Architect's Consent.

1.51(b) Loan Instruments – 2024.

The term "Loan – 2024" shall mean the Loan Agreement, as amended by this Amendment, the Note – 2024, the Security Agreement, the Guaranty Agreement, the Financing Statements, the Litigation Assignments, and such other instruments evidencing, securing, or pertaining to the Loan – 2024 as shall, from time to time, be executed and delivered by Borrower, or any other party to Lender pursuant to this Loan Agreement, including, without limitation, each Application for Advance, and the Approved Budget.

F. Section 1.52 is amended by deleting this paragraph and inserting the following paragraph in its place:

1.52 Note

The term "Note" shall collectively mean the (i) Note – 2023, and (ii) Note – 2024.

The following definitions are hereby added after the definition of Note:

1.52(a) Note - 2023

The term "Note – 2023" shall mean that certain the Real Estate Lien Note in the original principal sum of \$3,446,491.00, executed by Borrower and payable to the order of Lender of even date herewith evidencing the Loan - 2023.

1.52(b) Note – 2024

The term "Note – 2024" shall mean that certain the Promissory Note in the original principal sum of \$3,500,000.00, executed by Borrower and payable to the order of Lender of even date herewith evidencing the Loan – 2024.

G. Article 1 is hereby amended by adding Section 1.72 thereto which shall provide as follows:

1.72 Tax Credit Capital Contributions.

The term "Tax Credit Capital Contributions" shall have the same meaning given to the term "Capital Contribution" in the Partnership Agreement.

H. Section 7.15 is amended by deleting second sentence of the second paragraph therefrom and inserting the following sentence in its place::

Notwithstanding the foregoing, with respect to the Insurance Lawsuit only, so long as such settlement of the Insurance Lawsuit results in no less than Six Million, Five Hundred Thousand and No/100 Dollars (\$6,500,000.00) in net proceeds to Borrower with written evidence of same satisfactory to Lender in its sole discretion evidencing such monetary settlement and net proceeds in excess of \$6,500,000.00 to Borrower, Borrower may settle and/or resolve solely the Insurance Lawsuit without the consent of Lender, and after such settlement occurs, Borrower will provide Lender with written notice thereof.

I. Article 9 is amended by adding Sections 9.23, 9.24, 9.25, and 9.26 thereto:

9.23 Cross Default and Cross Collateralization.

A default of the Note – 2024 and/or the other Loan Instruments – 2024 shall constitute a default of the Note – 2023 and the other Loan Instruments – 2023 and the Prior Loans and the Prior Loan Documents. Likewise, a default of the Note – 2023 and/or any of the other Loan

Instruments – 2023 shall constitute a default of the Note – 2024 and the other Loan Instruments – 2024 and the Prior Loans and the Prior Loan Documents. A default of the Prior Loan and/or the Prior Loan Documents shall constitute a default of the Note – 2024 and the other Loan Instruments – 2024 and the Note – 2023 and the other Loan Instruments – 2023. Furthermore, Obligor covenants and agrees that it is contemplated that the Prior Loan Documents and the Loan Instruments are all incorporated with cross collateralization provisions by their other and future indebtedness provisions, such that the other and future indebtedness provisions contained in the Prior Loan Documents and the Loan Instruments have the effect that the repayment of the Loan and the Prior Loans shall be secured by all of the Prior Loan Documents and the Loan Instruments.

9.24 Litigation Proceeds.

Borrower covenants and agrees that any and all proceeds from settlement of the Litigation shall be used first to pay down the Loan – 2024 until the Note – 2024 is paid in full. Lender, as "Servicer" (as defined in the Construction Disbursement Agreement and the Funding Loan Agreement) and as "Initial Funding Lender" (as defined in the Construction Disbursement Agreement and the Funding Loan Agreement) with respect to the Prior Loans, waives any provisions regarding the use of "Net Proceeds" (as defined in the Funding Loan Agreement) in the Prior Loan Documents to the extent that any such provision conflicts with the provisions in the Loan Instruments and consents to the use of the proceeds from settlement of the Litigation as set forth in this Section 9.24.

9.25 Capital Contributions.

Borrower covenants and agrees that any and all Tax Credit Capital Contributions shall be used first to pay down the Loan – 2024 until the Note – 2024 is paid in full. Lender, as Servicer and as Initial Funding Lender with respect to the Prior Loans, waives any provisions regarding the use of Tax Credit Capital Contributions in the Prior Loan Documents to the extent that any such provision conflicts with the provisions in the Loan Instruments and consents to the use of Tax Credit Capital Contributions as set forth in this Section 9.25.

9.26 Servicer/Initial Funding Lender Consent.

With respect to the Prior Loans, Lender, as Servicer and as Initial Funding Lender, consents to the Loan and the Loan Instruments.

2. Ratification. Except as so modified and amended hereby, the Loan Agreement is otherwise unchanged and the parties hereby RATIFY and AFFIRM the same.

3. Multiple Counterparts. This Amendment may be executed in multiple counterparts, all of which, when put together, will constitute one and the same Amendment.

[Signature pages follow]

BORROWER:

Savannah at Lakeview, LP,
a Texas limited partnership

By: Savannah at Lakeview GP, LLC,
a Texas limited liability company,
its General Partner

By: _____
Jeff Winget, President

GUARANTORS:

Melissa Renee Fisher

Rise Residential Construction, LP,
a Texas limited partnership

By: Rise Residential Construction GP, Inc.
a Texas corporation
its General Partner

By: _____
Melissa Renee Fisher, Manager

Rise Residential Development, LLC,
a Texas limited liability company

By: _____
Melissa Renee Fisher, Manager

LENDER:

International Bank of Commerce,
a Texas state banking corporation

By: _____
Lee Reed, President

Budgeted Uses of \$3,500,000 Loan from IBC

5/1/2024

Hard Cost Construction Completion	\$	2,963,541.75
Interest Expense	\$	536,458.25
<u>Total Uses</u>	\$	3,500,000.00

Lakeview Fire: Construction Budget Detail

as of 04.15.24

Cost Code Tier 1	Budget Code	Budget Code Description	Budget Amount	Incurred to date	Left to complete
01 - General Conditions	01-310010.L	Project Management	\$ 1,266,074.60	\$ 1,220,672.00	\$ 45,402.60
02 - Existing Conditions	02-000020.S	Demolition.Commitment	\$ 582,339.00	\$ 578,419.00	\$ 3,920.00
03 - Concrete	03-540010	Lightweight/Gypcrete	\$ 99,545.00	\$ -	\$ 99,545.00
04 - Masonry	04-000010.O	Masonry.	\$ 93,700.00	\$ 93,700.00	\$ -
06 - CARPENTRY	06-110002.S	Wood Framing	\$ 1,166,758.73	\$ 884,899.31	\$ 281,859.42
07 - Thermal & Moisture Protection	07-211610.S	Batt Insulation.Commitment	\$ 197,561.00	\$ 148,594.00	\$ 48,967.00
08 - DOORS & WINDOWS	08-140002.M	Doors - Interior.Materials	\$ 223,829.02	\$ 223,829.02	\$ -
09 - FINISHES	09-000040.O	Drywall inc draw 6	\$ 1,322,425.64	\$ 841,071.82	\$ 481,353.82
10 - DOOR HARDWARE	10-110000	Door hardware	\$ 31,692.94	\$ 2,895.70	\$ 28,797.24
11 - Equipment	11-000010	Equipment Budget (Appliances)	\$ 464,808.75	\$ 5,540.00	\$ 459,268.75
12 - FURNISHINGS	12-353013.S	Cabinets.Commitment	\$ 409,520.00	\$ 111,096.00	\$ 298,424.00
13 - SPECIAL CONSTRUCTION	13-000020.S	Carports.Commitment	\$ 160,000.00	\$ 130,000.00	\$ 30,000.00
14 - CONVEYING SYSTEMS	14-240000.S	Elevators.Commitment	\$ 168,280.51	\$ 60,790.00	\$ 107,490.51
21 - FIRE SUPPRESSION	21-100000.S	Fire Sprinkler.Commitment	\$ 223,669.79	\$ 223,669.79	\$ -
22 - PLUMBING	22-000010.S	Plumbing.Commitment	\$ 367,064.25	\$ 205,777.00	\$ 161,287.25
23 - HVAC	23-000010.S	HVAC.Commitment	\$ 675,698.12	\$ 407,010.70	\$ 268,687.42
26 - ELECTRICAL	26-000010.S	Electrical.Commitment	\$ 990,617.15	\$ 768,113.00	\$ 222,504.15
28 - ALARMS AND SURVEILLANCE	28-000020.S	Access Control.Commitment	\$ 6,115.90	\$ 6,155.90	\$ (40.00)
31 - EARTHWORK	31-230660.S	Earthwork	\$ 3,500.00	\$ 3,500.00	\$ -
50-000010 FEES	50-000010	Overhead 2%	\$ 137,708.00	\$ 87,478.10	\$ 50,229.90
50-000020 FEES	50-000030	Profit 6%	\$ 413,124.00	\$ 262,434.32	\$ 150,689.68
Total			\$ 9,004,032.40	\$ 6,265,645.66	\$ 2,738,386.74
Retainage withheld from GC					\$ 225,155.01
Balance to finish including retainage release					\$ 2,963,541.75

Associated Rock

Litigation

\$125,337.50 <- Their retainage total

The amount due is retainage which has not been paid to Rise. Agreement to dismiss the case was reached in March 2024 without prejudice while waiting for retainage.

CQ Insulation

Litigation

\$34,723.90 <- Their retainage total

We filed the Motion to Stay Litigation, Agreed Order Staying Litigation was signed on 4/3/11. They will be paid when retainage is paid.

McMahon Flooring

Litigation

\$43,272.16 <- their retainage total

We filed the Motion to Stay Litigation, Compel Arbitration. Pending.

Oncor Electric Delivery Company LLC

Litigation Pending, related to below

ASI Lloyd's London et al (Insurance)

Litigation

Pending Arbitration in New York. Working on dates with Munsch Hardt now. Sent check for arbitration fee and local counsel retainer today. Please see engagement letter for GP review and signature. Feel free to reach out to Justin Ratley to discuss current state of fire litigation, or I am happy to set up a call.



Greystone Plaza
7200 North Mopac Expressway, Suite 430
Austin, Texas 78731
t. 512.685.1400 f. 866.232.8709

Lee H. Shidlofsky
lee@shidlofskylaw.com

March 14, 2024

VIA E-MAIL:

Justin Ratley
MUNSCH HARDT
700 Milam Street, Suite 800
Houston, Texas 77002

Re: Arbitrator Retention Agreement

Savannah at Lakeview, LP; RISE Residential Construction, LP v. Certain Underwriters at Lloyd's London Subscribing to Certificate No. AMR-61796; Certain Underwriters at Lloyd's London Subscribing to Certificate No. AMR-61796-01; Indian Harbor Insurance Company; QBE Specialty Insurance Company; General Security Indemnity Company of Arizona; United Specialty Insurance Company; Lexington Insurance Company; Old Republic Union Insurance Company; Safety Specialty Insurance Company; and HDI Global Specialty, SE

Dear Mr. Ratley:

This letter describes the terms of my retention as an arbitrator on behalf of Savannah at Lakeview LP and RISE Residential Construction, LP ("You" or the "Client") in connection with the above-referenced matter. It is my policy to request each Client or its representative to sign a copy of this letter agreeing to the following terms and conditions.

1. You have requested that I serve as a party-appointed arbitrator in the above-referenced matter.
2. My fee for arbitration is based on my hourly rate. The hourly rate in effect for this matter is as follows: (i) Lee H. Shidlofsky - \$700. The hourly rate is charged for all work performed on this matter, including travel time. I may utilize other attorneys in my firm for research as appropriate. The rates for other attorneys at my firm are \$595/hr.
3. It is my practice to bill the Client monthly for fees and out-of-pocket expenses. The monthly bill will describe services performed and expenses incurred. I do not charge for in-house copies, facsimiles, computer research within our established plan, or long-distance phone calls. In addition, I do not charge for work performed by legal secretaries or paralegals.

I typically send monthly statements by e-mail. If you agree to receive your statement by e-mail, please list the appropriate e-mail address(es) to whom our monthly statement can be sent:

Bill.Fisher@sonomaadvisors.com

Mfisher@rise-residential.com

4. By Your execution of this engagement letter, You agree that I am relieved from the responsibility of performing any further work should there be a failure to pay any monthly statement for fees and expenses within sixty (60) days of Your receipt of such statements or requests.
5. **Retainer:** Arbitrations require a \$10,000 retainer that will be held in the firm's IOLTA account as security for the final arbitration invoice. It will not be billed against during the arbitration. At the conclusion of the arbitration, the \$10,000 retainer will be applied and any amounts remaining will be promptly returned.
6. **Cancellation:** My cancellation fee is \$8,000 per day for any designated hearing days (including any non-refundable expenses). The cancellation period is 16 days prior to the hearing.

I am presenting the terms and conditions of our engagement this candidly because the Client entitled to know my policies, and I believe that a frank discussion will avoid any misunderstandings later. Please sign a copy of this letter in the space provided below, indicating Your agreement to the terms and conditions set forth above and fax it back to me at Your earliest convenience. **This agreement will be effective as of March 15, 2024.**

Sincerely yours,

SHIDLOFSKY LAW FIRM PLLC



By: _____
Lee H. Shidlofsky, Member

SAVANNAH AT LAKEVIEW LP
RISE Residential Construction, LP
March 14, 2024
Page 3 of 3

ACCEPTED:

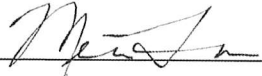
CLIENT: SAVANNAH AT LAKEVIEW LP

By: _____

Date: _____

ACCEPTED:

CLIENT: RISE RESIDENTIAL CONSTRUCTION, LP

By:  _____

Date: 4/2/24 _____

April 22, 2024

VIA E-MAIL

Rowlett Housing Finance Corporation
4113 Main Street, Suite 105
Rowlett, Texas 75088

Re: Engagement for Legal Services

Ladies and Gentlemen:

This letter sets forth the terms of the engagement of Chapman and Cutler LLP (the “*Firm*”) as (i) general counsel (in such capacity, “*General Counsel*”) to the Rowlett Housing Finance Corporation (the “*RHFC*”), (ii) bond counsel to the RHFC (in such capacity, “*Bond Counsel*”) and (iii) counsel to RHFC and its various subsidiaries (the “*RHFC Affiliates*”) formed in connection with its role in the ownership of multifamily developments from time to time (in such capacity, “*Partnership Counsel*”). We look forward to working with you and wanted to take this opportunity to set forth the scope of our responsibilities and to describe the basis for our compensation.

Identification of Client. The RHFC and the RHFC Affiliates will be our clients pursuant to the terms of the engagement outlined herein. Developer partners of the RHFC and the RHFC Affiliates on any multifamily financings will be represented by separate counsel and will not be represented by the Firm.

Scope of Services. As General Counsel, our services will include, among other things as requested by RHFC’s Board of Directors or staff:

1. Providing routine legal advice, from time to time, as requested by RHFC in connection with RHFC financings, ownership of multifamily developments and various housing programs. In such capacity, we will review legal documents, participate in conference calls and provide general legal advice when requested by RHFC’s Board of Directors and staff.
2. In connection with bond financings or in any other applicable instance, the Firm will review the applicable financing documents and render an opinion on behalf of RHFC

with respect to the due authorization, execution and enforceability of the applicable legal documents.

3. Advise RHFC and the RHFC Board of Directors on matters related to the governance, purpose and activities of RHFC. In such capacity, the Firm may advise RHFC with respect to RHFC's Articles of Incorporation, Bylaws and other state law requirements and matters.
4. The Firm will attend RHFC Board of Directors meetings in-person when requested by RHFC Board and staff or by teleconference.
5. Advise RHFC on such other matters as requested by the RHFC Board of Directors and staff.

As Bond Counsel, we will be responsible for:

1. Delivering an opinion with respect to the legality and enforceability of the bonds.
2. Delivering an opinion regarding the excludability of interest on the bonds from gross income for federal tax purposes.
3. Preparing the financing documents, tax certifications, initial drafts of opinions, resolutions and most other closing documents.
4. Attend meetings required to be held with respect to the bonds and the project, conduct the tax work needed to give the opinions, prepare and submit bond transcripts to the Attorney General of Texas for approval, file required documents with the Texas Secretary of State and the Internal Revenue Service and generally be responsible for coordinating the bond approval process.

Our duties as Bond Counsel are limited as stated above. Among other things, our duties *do not* include:

1. Giving any advice, opinion or representation as to the financial feasibility or the fiscal prudence of issuing the bonds or any other aspect of the bond transaction, such as the investment of bond proceeds (except for any rebate memorandum or explanation of rebate and yield limitations), or the making of any investigation of or the expression of any view as to the creditworthiness of the bonds.
2. Assisting in the preparation or review of an official statement or any other disclosure document with respect to the bonds (except for any written material submitted by us

for inclusion in such document) or performing an independent investigation to determine the accuracy, completeness or sufficiency of any such document or rendering any advice, view or comfort that the official statement or other disclosure document does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

3. Preparing any requests for tax rulings from the Internal Revenue Service, blue sky or investment surveys with respect to the bonds or state legislative amendments.
4. Opining on securities law compliance or as to the continuing disclosure undertaking pertaining to the bonds; or, after the execution and delivery of the bonds, providing advice as to any Securities and Exchange Commission investigations or concerning any actions necessary to assure compliance with any continuing disclosure undertaking.
5. After the issuance of the bonds, providing continuing advice to the Borrower or any other party concerning any actions necessary to assure that interest paid on the Bonds will continue to be tax-exempt.
6. Any representation of the borrower of the proceeds of the bonds in the event an audit of such borrower or this transaction is commenced by the Internal Revenue Service. However, if separately engaged, we would be available to undertake representation for such purpose.

As Partnership Counsel, we will be responsible for advising the RHFC and the RHFC Affiliates in connection with its various roles with respect to the financing and/or ownership of a multifamily housing development. In this capacity, we will:

1. Form various subsidiary entities to serve in the roles as general partner, ground lessor, co-developer and general contractor.
2. Draft and submit a predetermination request letter to the Dallas Central Appraisal District in connection with the ad valorem property tax exemption.
3. Draft and negotiate the terms of the Memorandum of Understanding, the Ground Lease and various other documents related to the applicable financing and/or ownership or partnership participation.
4. Review and negotiate the terms of the Partnership Agreement or Operating Agreement, the Management Agreement, the Development Agreement, the Construction Contract

and Master Subcontract and any related documents with respect to the Development on behalf of the RHFC and the RHFC Affiliates.

5. Draft any applicable approving resolutions in connection with the roles of the RHFC Affiliates as general partner, ground lessor, co-developer and general contractor.
6. Render a legal opinion on behalf of the RHFC and the RHFC Affiliates.

Our duties are limited as stated above. Among other things, our duties *do not* include:

1. Giving any advice, opinion or representation as to the financial feasibility or the fiscal prudence of the transaction.
2. Rendering a legal opinion on property or sales tax issues.
3. Any representation of the RHFC or any of the RHFC Affiliates in the event an audit is commenced by the Internal Revenue Service. However, if separately engaged, we would be available to undertake representation for such purpose.

Legal Fees. In connection with our fees as General Counsel, we would anticipate the following:

- (i) General Corporate Representation

We would anticipate charging the RHFC a flat, monthly fee of \$1,500, which would include physical attendance (and related out-of-pocket costs) at a regular RHFC Board of Directors meeting and routine matters that occur during such month. If attendance at a Board of Directors meeting is not required, then such monthly fee shall be reduced accordingly and, subject to the following paragraph, shall not exceed \$750 per month.

In the event that we are asked to perform services beyond the routine matters arising from time to time, outlined the preceding paragraph, we would anticipate billing on a discounted hourly basis for such matters. Such rate, which reflect a 25% discount from our standard rates, range from approximately \$365 for associates to \$675 for partners.

It is our goal and intention to minimize the out-of-pocket legal costs to the RHFC. Prior to engaging in any work that we would intend to bill the RHFC as an out-of-pocket expense, we will seek and obtain the written approval of RHFC staff and establish a fixed fee arrangement whenever possible.

(ii) Bond Counsel Services

In connection with our role as Bond Counsel, we would anticipate the following fee schedule, which fees would be payable by the applicable developer and in no instance will be payable by RHFC:

BOND ISSUE AMOUNT	FIXED FEE
Less than \$20,000,000	\$125,000
\$20,000,000 and above	\$125,000 <i>plus</i> \$5.00 per \$1,000 of bonds in excess of \$20,000,000

We would expect to charge a fee equal to \$1,000 per \$1,000 of bonds (with a \$15,000 minimum) in connection with the rendering of an issuer's counsel opinion on behalf of RHFC on any bond financing. We would anticipate that on multifamily transactions, this fee would be payable by the applicable developer.

(iii) Partnership Counsel Services

In connection with our role as Partnership Counsel, we would anticipate the following fee schedule, which fees would be payable by the applicable developer and in no instance will be payable by RHFC:

BOND ISSUE AMOUNT	FIXED FEE
Less than \$20,000,000	\$115,000
\$20,000,000 - \$24,999,999	\$120,000
\$25,000,000 - \$29,999,999	\$125,000
\$30,000,000 or more	\$130,000

With respect to non-bond financed transactions or alternative financing structures such as governmental purpose bond issuances, we would calculate a flat fee based on the size and nature of the transaction that is acceptable to the RHFC. In any conduit financing, we would expect to charge separately for any reasonable out-of-pocket expenses incurred, which fees would be payable by the developer partner and would not be billed to the RHFC or the RHFC Affiliates.

(iv) General Transactional Services

For general transactional services, such as the establishment of a down payment assistance program or an acquisition, sale or refinancing of a multifamily housing development, we would anticipate arriving at a fixed fee for such transaction that is acceptable to the RHFC based on the expected time commitment and complexity of the transaction. Where applicable, we would anticipate that these fees would be paid by the developer partner or the property owner and would not constitute an out-of-pocket expense for the RHFC.

General Terms. Upon execution of this engagement letter, the RHFC and the RHFC Affiliates will be our clients, and an attorney-client relationship will exist between us.

During the course of our representation of the RHFC and the RHFC Affiliates, we may express opinions or beliefs about a matter or various courses of action and the results that might be expected. Any such statement made by any lawyer of our Firm is intended to be an expression of opinion only, based on information available to us at the time. Similarly, the Firm may deliver a written opinion about a legal aspect of the matter. All of such statements, whether written or verbal, are expressions of professional judgment based on information then available. They should not be construed as a promise or guaranty of a particular result.

The RHFC and the RHFC Affiliates may terminate our services and representation at any time upon written notice to the Firm. Similarly, upon written notice to you, we may withdraw from our representation of you in circumstances where such withdrawal is required or permitted by the applicable Rules of Professional Conduct. In the event that we terminate the engagement, we will take such steps as are reasonably practicable to protect your interests in any continuing matter, and you agree to take all steps necessary to free us of any obligation to perform further, including the execution of any documents necessary to perfect our withdrawal.

This engagement letter shall be deemed to have been made, executed and delivered in the State of Texas.

This engagement letter contains the entire agreement between the parties hereto respecting the settlement of any lawsuit. The parties hereto acknowledge and agree that this agreement shall be governed by and construed in accordance with the laws of the State of Texas.

[Remainder of Page Intentionally Left Blank]

Please acknowledge your acceptance of this engagement letter by executing in the space provided below and returning an executed engagement letter to us at your earliest convenience.

Very truly yours,

CHAPMAN AND CUTLER LLP

By Ryan J. Bowen
Ryan J. Bowen

ACKNOWLEDGED AND AGREED TO:

ROWLETT HOUSING FINANCE CORPORATION

By _____
Name: _____
Title: _____