Resolution No. SHFC-2025-26

RESOLUTION (THE "RESOLUTION") OF THE BOARD OF DIRECTORS OF STRATEGIC HOUSING FINANCE CORPORATION OF TRAVIS COUNTY (THE "CORPORATION") APPROVING A MEMORANDUM OF UNDERSTANDING REGARDING THE CORPORATION'S PARTICIPATION IN THE OWNERSHIP AND OPERATION OF CAMBRIDGE VILLAS APARTMENTS, A MULTIFAMILY RESIDENTIAL DEVELOPMENT LOCATED AT 15711 DESSAU ROAD, PLUGERVILLE, TEXAS 78660 (THE "DEVELOPMENT"); AND CONTAINING OTHER PROVISIONS RELATED THERETO

A. APPROVAL OF MEMORANDUM OF UNDERSTANDING

WHEREAS, Strategic Housing Finance Corporation of Travis County (the *"Corporation"*) has been duly created and organized pursuant to and in accordance with the provisions of the Texas Housing Finance Corporations Act, as amended, Texas Local Government Code, Chapter 394 (the *"Act"*), for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices or rentals they can afford; and

WHEREAS, Jan Wenig is President of the Board of Directors of the Corporation (the *"President"*); and

WHEREAS, Dianna Grey is Executive Director of the Corporation (the *"Executive Director"*); and

WHEREAS, the Corporation owns fee title to the land (the *"Land"*) on which the multifamily residential development known as "Cambridge Villas Apartments" (the *"Development"*) is located and, in the Corporation's capacity as landlord under that certain Ground Lease dated as of May 1, 2006 (the *"Ground Lease"*) between the Corporation and Cambridge Villas Apartments Limited Partnership, a Texas limited partnership (the *"Partnership"*), the Corporation has leased the Land to the Partnership in connection with the Partnership's operation of the Development; and

WHEREAS, the Corporation is the sole member of SHFC Cambridge Villas, LLC, a Texas limited liability company (the *"General Partner"*) of the Partnership, which is governed by that certain Amended and Restated Agreement of Limited Partnership, dated as of May 1, 2006, and as amended (the *"Partnership Agreement"*); and

WHEREAS, the Development is subject to affordability restrictions set forth in that certain Declaration of Land Use Restrictive Covenants/Land Use Restriction Agreement for Low-Income Housing Credits, dated as of September 13, 2007 and as amended (the *"Affordability Restrictions"*); and

WHEREAS, the structure described herein has allowed the Development to receive a full abatement of ad valorem taxes pursuant to the Act (the *"Exemption"*); and

WHEREAS, the Special Limited Partner, a subsidiary of Alden Torch (the *"Special Limited Partner"*), has exercised its right under the Partnership Agreement to require a sale of the Development; and

WHEREAS, FRH Realty LLC, a Delaware limited liability company (the *"Purchaser"*) and the Partnership intend to enter into a Purchase and Sale Agreement and Escrow Instructions (the *"PSA"*), setting forth the terms and conditions for the Partnership to sell and the Purchaser to purchase the Development; and

WHEREAS, pursuant to SHFC Resolution No. SHFC-2025-11, the Board previously authorized the Executive Director, on behalf of the Corporation, to negotiate a Memorandum of Understanding (the *"MOU"*) setting forth the proposed terms and conditions of the Corporation's participation in the Development in order to continue the Exemption; and

WHEREAS, pursuant to the Corporation now intends to enter into the MOU with the Purchaser or an affiliate of the Purchaser.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE STRATEGIC HOUSING FINANCE CORPORATION OF TRAVIS COUNTY (THE *"BOARD"*), THAT:

Section 1: The Executive Director, on behalf of the Corporation, acting on its own behalf, is hereby authorized to execute and deliver the MOU, and such other documents and instruments that may be necessary and desirable to effectuate the MOU.

Section 2: That the President, Secretary and Executive Director of the Corporation are each individually authorized to certify and attest to the adoption and approval of the foregoing Resolution.

Section 3: If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

[Signature page and certification to follow]

PASSED AND APPROVED this 14th day of August, 2025.

Jan Wenig
President, Board of Directors

CERTIFICATION

The above resolution, adopted by the Board of Directors of the Strategic Housing Finance Corporation of Travis County at a meeting held on the 14th day of August, 2025, is hereby certified to be a true and correct copy of an official copy thereof on file among the official records of such Corporation.

WITNESS my hand this 14th day of August, 2025.

By: ______________________
Dianna Grey
Executive Director and Secretary

MEMORANDUM OF UNDERSTANDING

BETWEEN

STRATEGIC HOUSING FINANCE CORPORATION OF TRAVIS COUNTY

AND

FAIRFIELD AFFORDABLE HOUSING PRESERVATION FUND LP

"CAMBRIDGE VILLAS"

THIS MEMORANDUM OF UNDERSTANDING (this *"MOU"*) is between STRATEGIC HOUSING FINANCE CORPORATION OF TRAVIS COUNTY (the *"Strategic HFC"*), a public, nonprofit housing finance corporation organized under Chapter 394 of the Texas Local Government Code, and FAIRFIELD AFFORDABLE HOUSING PRESERVATION FUND LP (the *"Fairfield"*), a Delaware limited partnership, and is dated and effective as of [August 14], 2025.

Fairfield and its affiliates develop affordable housing in the State of Texas. Strategic HFC is a public, nonprofit housing finance corporation whose mission is to provide safe, decent and sanitary housing for persons of low and moderate income. Fairfield and Strategic HFC hereby agree to work cooperatively to own and operate Cambridge Villas, a 208-unit development located at 15711 Dessau Road, Pflugerville, Travis County, Texas 78660 (the *"Project"*) in accordance with the terms of this MOU.

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

AGREEMENTS

A. OWNERSHIP STRUCTURE

1. Fairfield has formed or will form a limited partnership named Fairfield Cambridge Villas LP, a Texas limited partnership (the *"Partnership"*) for the purpose of owning the Project. SHFC Cambridge Villas, LLC, Texas limited liability company that is wholly-owned by Strategic HFC will be admitted into the Partnership as the sole general partner (the *"General Partner"*) at Closing (as defined herein).

2. Fairfield will designate an affiliate, Cambridge Villas SLP LLC, a to-be-formed Delaware limited liability company, to serve as a special limited partner of the Partnership (the *"Special LP"*), with certain oversight and approval rights (subject at all times to the Major Decision rights of Strategic HFC set forth in *Exhibit B*).

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, which will be a fund managed by an affiliate of Fairfield, as

the limited partner (the *"Investor LP"*). The parties will cooperate in good faith to cause the Partnership Agreement to contain terms consistent with *Exhibit B* hereto, it being recognized that approval of Strategic HFC's Board of Directors is contingent upon the Partnership Agreement containing terms consistent with *Exhibit B*.

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 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 Strategic HFC is solely for its own benefit;

(ii) The General Partner shall be indemnified by the Partnership (only to the extent of its assets), the Special LP and Fairfield and the for any liabilities incurred under the Partnership Agreement or in connection with the Project, except for (a) liabilities incurred as a result of the General Partner's gross negligence or willful misconduct and (b) liabilities incurred or arising from the period of time prior to Fairfield's ownership interest in the Project and the Partnership, and in no event shall such indemnification be contingent upon a ruling of a court of law;

(iii) The Ground Lessor (as defined herein) shall be indemnified by the Partnership (only to the extent of its assets), Special LP and Fairfield for any liabilities incurred under the Ground Lease (as defined herein) and in connection with the Project, except for (a) liabilities incurred as a result of the respective gross negligence or willful misconduct of the Ground Lessor and (b) liabilities incurred or arising from the period of time prior to Fairfield's ownership interest in the Project and the Partnership, and in no event shall such indemnification be contingent upon a ruling of a court of law;

(iv) If Fairfield seeks a sales tax exemption with respect to any rehabilitation materials, the Contractor (as defined herein) shall be indemnified by the Partnership, Special LP and Fairfield for any liabilities incurred under the Construction Contract (as defined herein) in connection with the Project, except for (a) liabilities incurred as a result of the respective gross negligence or willful misconduct of the Contractor and (b) liabilities incurred or arising from the period of time prior to Fairfield's ownership interest in the Project and the Partnership, and in no event shall such indemnification be contingent upon a ruling of a court of law;

(v) 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

(vi) 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.

4. Certain rights and obligations of Strategic HFC, Fairfield, 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 on which the Project is located shall be taken in the name of a subsidiary of Strategic HFC (the *"Ground Lessor"*), and the Ground Lessor shall then enter into a 60-year ground lease (the *"Ground Lease"*) with the Partnership, as tenant, holding title to the improvements that constitute the Project. The Ground Lessor will require delivery by the title company of a title policy showing the Ground Lessor as a named insured. Funding for the acquisition of the land will come from the financing of the Project, and may be paid to the Ground Lessor in the form of an up-front Ground Lease payment. Upon expiration of the term of the Ground Lease, ownership of the improvements constituting the Project shall revert to the Ground Lessor. In the event that the Project is sold, the Ground Lease shall provide for a transfer of title to the land to a purchaser upon payment to the Ground Lessor of a nominal cost. At all times during the term of the Ground Lease, the Partnership will own the improvements that constitute the Project.

B. Due Diligence

As a condition to Strategic HFC's participation in the Project, Strategic HFC requires Fairfield to provide due diligence information about the Project and its proposed financing and operations pursuant to the due diligence checklist (the *"Checklist"*) attached hereto as *Exhibit A*. Fairfield shall deliver the due diligence items on the Checklist within a reasonable time after such due diligence items are available to Fairfield. Failure of Fairfield to deliver to Strategic HFC due diligence items acceptable to Strategic HFC shall be grounds for Strategic HFC to terminate this MOU in its discretion.

C. Financing

1. On behalf of the Partnership, Fairfield will apply for loan financing (the *"Loan"*). Fairfield shall be responsible for selecting the lender and negotiating the Loan terms on behalf of the Partnership; *provided*, that Strategic HFC shall have the right to review and approve the financing arrangements and the terms and conditions of any Loan documents. The Loan is expected to be provided through an expansion of an existing credit facility provided by Fannie Mae and serviced by Berkadia, in an estimated amount of $16,266,806, with an estimated 5.95% fixed interest rate (the "*Proposed Loan*"). The Proposed Loan amortizes over 35 years, requires a 1.20 debt service coverage ratio, and interest-only payments are due during its term with a balloon at maturity.

2. A fund managed by an affiliate of Fairfield will provide the equity investment (the *"Equity"*) for the Project, the terms of which Equity financing will be contained within the

Partnership Agreement. Strategic HFC will have the right to review and approve any additional Equity financing documents to which it will be a party.

3. Fairfield shall pay all costs and fees associated with applying for the Loan and facilitating the Equity financing (if any costs or fees are applicable), which costs, along with all other pre-development costs incurred by Fairfield (to the extent included within the approved budget), shall be reimbursed at Closing from the proceeds of the Loan and Equity. In the event this MOU is terminated or the transaction fails to close as contemplated herein, Fairfield shall be solely responsible for all costs described above, and Strategic HFC and its affiliates shall have no responsibility for payment or reimbursement of such costs.

4. THE SPECIAL LP OR ITS DESIGNATED AFFILIATE SHALL PROVIDE ANY GUARANTEES OF OPERATING EXPENSES, RETURN ON EQUITY (IF REQUIRED), AND THE LIKE THAT MAY BE REQUIRED IN CONJUNCTION WITH THE LOAN FINANCING OR THE EQUITY FINANCING. STRATEGIC HFC, THE GENERAL PARTNER AND/OR ANY OF THEIR AFFILIATES SHALL NOT PROVIDE ANY GUARANTEES OR INDEMNITIES IN CONNECTION WITH THE FINANCING OF THE PROJECT AND SHALL NOT BE LISTED AS A SECTION 50 GUARANTOR SHOULD THE PROJECT BE FINANCED WITH A HUD-INSURED LOAN.

D. DESIGN AND REHABILITATION/CONSTRUCTION

1. Fairfield and Strategic HFC anticipate that the Partnership will provide capital expenditures of approximately $16,000 per residential unit to rehabilitate the Project, to be expended over a five-year period following Closing (or such other amount to be expended over a period of time as reasonably determined by Strategic HFC and Fairfield), the scope of which expenditures are to be determined by Fairfield. In connection with such rehabilitation, Fairfield Development L.P. ("*Construction Manager*") may provide construction management services to the Partnership pursuant to the Property Management Agreement (the *"PMA"*) to be entered into by the Partnership and FF Properties L.P. (the *"Property Manager"*). The Construction Manager will receive a fee of 7.5% plus any reimbursable costs, as more fully identified in the PMA.

2. If requested by Fairfield to secure an exemption from state sales tax for the acquisition of building materials, Strategic HFC or its designated affiliate shall enter into a construction agreement with the Partnership to serve as the general contractor (the *"Contractor"*) and a master subcontractor agreement with the master subcontractor (anticipated to be an affiliate of Fairfield) (such agreements, collectively, the *"Construction Contract"*). For its services in connection with the Construction Contract, the Contractor shall be entitled to a fee to be agreed upon by Fairfield and Strategic HFC. Such fee shall be a contractual obligation of the Partnership payable to the Contractor, half of which fee shall be payable at Closing and the remainder of which fee shall be payable upon issuance of the final certificate of occupancy for the Project.

3. Fairfield shall prepare and promptly provide Strategic HFC a detailed development budget for the Project.

4. Fairfield shall be responsible for obtaining all governmental approvals and permits needed in order to construct and operate the Project.

E. MANAGEMENT AND OPERATION

1. The parties anticipate that FF Properties L.P. will be the property manager for the Project, which arrangement will be memorialized in the PMA in form and substance acceptable to Strategic HFC. The PMA will include industry-standard terms and conditions, including the right to replace the Property Manager in the event of Property Manager's default under the PMA.

2. Annually, by no later than December 1 of the preceding calendar year, the Property Manager shall provide the General Partner and the Special LP with a proposed annual operating and capital budget (the *"Annual Budget"*). The proposed budget shall be subject to the written approval of the General Partner and the Special LP; *provided, that* any section of the proposed Annual Budget not objected to by the General Partner within 30 days of receipt shall be deemed to be approved. To the extent any items in the proposed Annual Budget are in dispute, the Partnership shall continue to operate under the Annual Budget for the previous year, with adjustments to the Annual Budget as may be necessary to reflect (i) deletions for non-recurring expense items set forth in the previous Annual Budget, (ii) increases or decreases to account of actual changes in non-discretionary expenses (including, without limitation, debt service payments, taxes and insurance costs), and to reflect all contractual obligations of the Partnership, and (iii) a 5% increase for all other costs.

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

4. The Strategic HFC Lease Addendum shall be attached and made a part of every residential lease signed, including lease renewals, during the period of Strategic HFC's ownership in the Project, as described in this MOU.

F. COMMUNITY SUPPORT

Fairfield shall be primarily responsible for interfacing with the local governmental officials in connection with support for the Project and Strategic HFC shall provide reasonable cooperation in connection with such matters. 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. TAX EXEMPTION

The ownership structure contemplated herein is expected to generate an ad valorem tax exemption for the Project (the *"Exemption"*). Strategic HFC makes no representations or guaranties that the Exemption will be obtained and will take no responsibility for maintaining the

Exemption after Closing other than to reasonably provide cooperation to and at the direction of the Special LP. Notwithstanding the foregoing, in the event that the Exemption is lost, such that any ability to pursue recourse or appeal is either unavailable or has been exhausted and the Partnership incurs actual tax liability (the *"Exemption Loss"*), for any reason other than the action or inaction of the Special LP or the Property Manager, the Ground Lessor shall transfer the land on which the Project is located within thirty (30) days of such Exemption Loss for $100. Unless such Exemption Loss and subsequent transfer is caused by the gross negligence or willful misconduct of the General Partner or any other affiliate of the Strategic HFC, the General Partner shall receive any accrued but unpaid fees (as described in H below) for the period of time in which the Exemption was in effect.

H. FEES AND EXPENSES

1. The General Partner shall be entitled to receive an annual ground lease payment, payable by the Partnership on each January 1 following Closing, in the initial amount of $70,531 and increasing by 3% annually. Such fee shall be payable as the first item in the cash flow waterfall under the Partnership Agreement and shall accrue with 3% interest annually compounding in the event Net Cash Flow (defined below) is insufficient to pay such fee in any year.

2 For its services as General Partner, the General Partner shall be entitled to receive a share equal to 10% of remaining Net Cash Flow available for distribution at the bottom of the cash flow waterfall following a Preferred Equity (as defined below) return to the Investor LP. In the event the financing structure does not allow the General Partner to receive the full Net Cash Flow share, then other fees payable or the share of Net Cash Flow distributed to the General Partner or its affiliates shall be adjusted to provide an equivalent amount as set forth more fully in the Partnership Agreement. "Net Cash Flow" shall be defined as revenues from Project operations less all operating expenses, capital expenditures, allowance for reserves and hard debt service payments. "Preferred Equity" shall mean a preferred return payable to the Investor LP in an amount equal to 7% of its capital contributions made to the Partnership.

3. The General Partner shall be entitled to receive a fee equal to (i) 10% of the net sales price or loan proceeds available for distribution pursuant to a sale or refinance of the Project (after repayment of all debt and Preferred Equity return to the Investor LP as applicable *plus,* (ii) in the event of a sale, 10% of the Partnership's reserve account balance.

4. 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.

5. The Partnership will make quarterly distributions of Net Cash Flow.

6. All out-of-pocket expenses incurred by Strategic HFC in connection with this MOU, including but not limited to third-party reports, GP Counsel (as defined below), special real estate

counsel (if applicable), and other expenses incurred by Strategic HFC in connection with the proposed Project (the "*Costs*") and Fairfield's costs, shall be included in the Project's development budget and reimbursed by the Partnership to Strategic HFC concurrently with Closing.

7. If, upon termination of this MOU or the Project, Strategic HFC has unreimbursed Costs, Strategic HFC or GP Counsel, as applicable, shall invoice Fairfield for these Costs and Fairfield shall reimburse Strategic HFC or such third party directly for these Costs within sixty (60) days of receipt of such invoice.

8. Fairfield acknowledges and agrees that it is the intent of the parties hereto that Strategic HFC shall bear no out-of-pocket costs or expenses in connection with the Project.

I. LONG TERM OWNERSHIP

1. The Special LP shall have the right to market the Project for sale following the fifth anniversary of Closing. In the event the Special LP has determined to cause the Partnership to sell the Project to a third party buyer, the General Partner, Strategic HFC, or Strategic HFC's designated affiliate shall have a right of first refusal to acquire the Project on the same terms as the third-party offer. In addition, as of the Closing date, the General Partner, the Ground Lessor, or other Strategic HFC affiliate shall have an option to acquire the interests of the Special LP and an option to acquire the Project at the greater of fair market stabilized value or an 18% IRR return to the Investor LP, plus payment of any exit taxes owed by the Special LP or Investor LP.

2. The General Partner shall not have the right to market or sell the Project or the leasehold interest held by the Partnership.

3. In no event shall the Special LP have the right to sell or assign its interests in the Partnership without the written consent of the General Partner, which consent may be granted or withheld in the sole discretion of the General Partner; *provided further*, that the Special LP may not sell or assign its interest in the Partnership during the five-year period following Closing or an earlier date reasonably consented to by Strategic HFC due to a liquidity need or other commercially reasonable need to exit by the investors of the Special LP. Following sale or assignment of the Special LP's interests in accordance with the above, Strategic HFC will maintain its participation in the Project as described herein for purposes of the Exemption for the remaining duration of the Ground Lease, which Ground Lease and the Partnership Agreement may be amended at the reasonable request of the incoming special limited partner with Strategic HFC's sole discretion consent and on terms no less favorable as the existing Ground Lease and Partnership Agreement.

The General Partner may consider the following factors when determining whether to provide such consent for admission of a substituted Special LP, provided that such factors shall not limit the General Partner's sole discretion under any circumstances: the General Partner's and/or SHFC's prior business relationship with the proposed Special LP (the "*Assignee*"), the

Assignee's experience and track record as an operator of affordable housing, including of comparable projects withing the state of Texas, the financial condition of the Assignee, the Assignee's ability and willingness to provide equivalent indemnities to the General Partner as described in this MOU, the potential financial and reputational cost and impact to the General Partner and its affiliates associated with such admission, and any other factors that would be commercially reasonable for the General Partner and SHFC to assess in connection with such admission, in keeping with the public purpose of SHFC.

J. REGULATORY RESTRICTIONS; COMPLIANCE

1. The Project is subject to that certain Declaration of Land Use Restrictive Covenants/Land Use Restriction Agreement for Low-Income Housing Credits between Cambridge Villas Apartments Limited Partnership and the Texas Department of Housing and Community Affairs (*"TDHCA"*), recorded on September 13, 2007, Document No. 2007171080 in the Official Public Records of Travis County, Texas (the *"LURA"*). Pursuant to the LURA, Fairfield and Strategic HFC agree that at least 96% of the units in the Project (the *"Restricted Units"*) will be restricted for rent to individuals and families earning less than 60% 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) (the *"AMI"*). The Project will be subject to any such other restrictions as shall be required under Chapter 394 of the Texas Local Government Code.

The Special LP shall, at the Partnership's expense and with reasonable cooperation from the General Partner and SHFC, take all steps to obtain any necessary approvals from TDHCA in connection with the transactions described herein. Following Closing, the Special LP shall, at the Partnership's expense, cause the Partnership and the Project to comply with any ongoing TDHCA requirements, including any audits, as applicable pursuant to the LURA and/or Chapter 394 of the Texas Local Government Code.

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. If consent or approval is required from Strategic HFC (or any of its affiliates or assignees) for any action or inaction set forth in any Project Documents (defined below), Strategic HFC (or its relevant affiliate or assignee) shall have fourteen (14) calendar days from receipt of a written request to respond in writing. If no response is provided within this period, consent or approval shall be deemed granted; *provided, however*, this provision will not apply if Strategic HFC response requires the approval of its governing board, in which case, if written request for consent or approval is received by Strategic HFC at least fourteen (14) days prior to the next regular or special meeting of Strategic HFC's governing board, Strategic HFC shall have fourteen

(14) days after such meeting to provide its response. Unless otherwise specified as consent in Strategic HFC's sole discretion, all consents required from Strategic HFC shall not 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. Strategic HFC's execution of this MOU is subject to approval by Strategic HFC's Board of Directors.

5. 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

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

7. In case any one or more of the provisions contained in this MOU for any reason 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.

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

9. 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.

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

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

(a) Strategic HFC and Fairfield sign a mutual consent to terminate this MOU;

(b) Loan and Equity financing for the Project are not closed by within one year of the Effective Date;

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

(d) Strategic HFC's Board of Directors takes action to disapprove the Project;

(e) Developer fails to deliver Checklist items as required herein;

(f) 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; or

(g) 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.

12. 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, except for the obligation of Fairfield to reimburse Strategic HFC for Costs as provided herein.

13. In addition, the provisions of this MOU with respect to the Project will be terminated when the General Partner is admitted to the Partnership and Strategic HFC and Fairfield and their affiliates, as applicable, enter into definitive agreements with respect to the governance of the Partnership and the management, financing, leasing and operation of the Project as contemplated herein (collectively, the *"Project Documents"*).

14. The parties acknowledge that Strategic HFC, the General Partner and certain affiliates will be represented in this transaction by Chapman and Cutler LLP (*"GP Counsel"*) in a legal capacity. The Partnership, Fairfield, the Special LP and their affiliates will be represented by separate legal counsel, will not be entitled to rely on GP Counsel for legal representation in this matter.

15. Any notice, request, demand, instruction or other document to be given or served hereunder shall be in writing and shall be (a) delivered personally, (b) sent by overnight express courier, postage prepaid, or (c) sent by facsimile or electronically (e-mail), each addressed to the parties at their respective addresses set forth below, and the same shall be effective upon receipt if delivered personally, by overnight courier or by facsimile or electronically (with proof of delivery). A party may change its address for receipt of notices by service of a notice of such change in

accordance herewith. If any deadline under this MOU falls on a Saturday, Sunday or legal holiday, the deadline shall be extended to the next business day.

Strategic HFC:	Strategic Housing Finance Corporation of Travis County 1033 La Posada Drive, Suite 180 Austin, Texas 78752 Attention: Dianna Grey, Executive Director
With a copy to:	Chapman and Cutler LLP 320 South Canal Street, 27th Floor Chicago, Illinois 60606 Attention: Ryan J. Bowen
Fairfield:	Fairfield Affordable Housing Preservation Fund LP 5355 Mira Sorrento Place Suite 100 San Diego, California 92121 Attention: Jenna Woods and Paul Kudirka

[Signature Page Follows]

EXECUTED to be effective as of the date above shown.

STRATEGIC HOUSING FINANCE CORPORATION OF TRAVIS COUNTY

By ______________________
Dianna Grey
Executive Director

FAIRFIELD AFFORDABLE HOUSING PRESERVATION FUND LP

By ______________________
Name: ______________________
Title: ______________________

EXHIBIT A

STRATEGIC HOUSING FINANCE CORPORATION OF TRAVIS COUNTY
CHECKLIST OF DUE DILIGENCE

FINANCING ITEMS		
RECEIVED	ITEM	NOTES
	15-year Pro Forma	
	Debt financing commitment	
	Description of all other sources of financing	
	Application for debt financing	
OPERATIONAL ITEMS		
RECEIVED	ITEM	NOTES
	Resume of property management company, with evidence of experience	
	Proposed Rent Schedule, with tenant income restrictions	
ORGANIZATIONAL ITEMS		
RECEIVED	ITEM	NOTES
	Organizational documents for limited partnership	

Exhibit B

Partnership Agreement Terms

The following is a summary of terms that Strategic HFC will require in the Partnership Agreement. The following list is not intended to be exhaustive and is intended to supplement and not limit the terms of the MOU.

Representations

- The General Partner will make representations only as to its due formation and existence, good standing, and due authorization and execution of Partnership documents and any other documents executed in connection with the transactions contemplated by this MOU, and the validity and binding nature thereof.
- The General Partner will become a partner in the Partnership at Closing, therefore pre-closing items must be addressed by the Special LP or other Fairfield affiliate. Under no circumstances will the General Partner execute documents on behalf of the Partnership that are effective prior to the General Partner's admission to the Partnership.
- The General Partner will provide reasonably requested due diligence on the Project prior to Closing. Any ongoing representations regarding the Project (except as agreed by the General Partner related to matters that arise prior to Closing) must be provided by the Special LP.
- The General Partner's representations are generally as to its own knowledge. The knowledge of the General Partner may not be qualified by phrases such as "after due inquiry" other than with respect to its due formation and existence, good standing, and due authorization to enter into the transactions contemplated by this MOU. The General Partner will make no inquiry.

Covenants

- The General Partner may covenant not to take affirmative actions, but the General Partner cannot covenant not to permit or allow others to do things.
- The General Partner cannot covenant to maintain the Exemption, but the General Partner will agree to reasonably cooperate with the Special LP in making any required filings.
- Any covenants relating to the operation of the Partnership or operation of the Project following Closing shall be made by the Special LP.
- The General Partner will not covenant to maintain adequate capital.
- The General Partner and Strategic HFC cannot covenant to seek lender approval of any changes to the Board of Directors of Strategic HFC. Any lender-imposed fees associated with such changes shall be the responsibility of the Partnership and not of the General Partner or Strategic HFC.

INDEMNITIES AND GUARANTEES

- The General Partner shall be indemnified for all losses other than those caused by the General Partner's gross negligence or willful misconduct, or those that occur or arise from the period of time prior to Fairfield's ownership interest in the Project and the Partnership.
- The General Partner's indemnification shall not be conditioned on a court determination.
- The General Partner will indemnify only for its own gross negligence or willful misconduct. The General Partner will not indemnify for actions or inactions of the Special LP.
- The General Partner will not provide completion guarantees, environmental guarantees, credit guarantees, or covenant to make up for cash flow shortfalls.
- The General Partner will not be required to make loans to the Partnership.
- If the Partnership is required to provide a guarantee, the guarantee should either be limited to the assets of the Partnership or should explicitly state that the guarantee is not intended to be recourse to the General Partner.

DUTIES AND OBLIGATIONS FOR ADMINISTRATION OF PARTNERSHIP

- The General Partner will make a broad delegation to the Special LP with respect to the administration of the Partnership and the operation of the Project, subject to the General Partner's Major Decision rights (as set forth below).
- The Special LP will be responsible for obtaining any insurance required by the Partnership Agreement or other Partnership documents and will name the General Partner and Contractor as additional insured parties where applicable.
- The Special LP will be responsible for ensuring any requirements for maintaining the ad valorem tax exemption are met, including any ongoing correspondence with the applicable appraisal district. The Special LP shall cause its counsel or third-party counsel, at the expense of the Partnership, to deliver an opinion regarding the ad valorem exemption, which opinion must be addressed to and in form and substance acceptable to Strategic HFC and the Ground Lessor. The General Partner will agree to provide reasonable cooperation at the direction of the Special LP with respect to the ad valorem tax exemption.
- All reports that are required by the Investor LP, TDHCA or any lender shall be made by the Special LP, and any penalties imposed for late reports shall be imposed only on the Special LP.
- Notices required by the Investor LP, TDHCA or any lender shall be made by the Special LP.

MAJOR DECISIONS

- The General Partner shall have the right to grant or withhold its consent to the following items (each a *"Major Decision"*), which consent shall not be unreasonably withheld, conditioned or delayed, except where otherwise noted:
    - Approval of any arrangements between the Partnership and affiliates of any partner, other than pre-approved arrangements memorialized in the Partnership Agreement;
    - Approval of the Annual Budget;
    - Causing or consenting to any event of bankruptcy with respect to the Partnership;

- Causing or consenting to a merger involving the Partnership;
- Capital expenditures for the Project that exceed $250,000 (unless otherwise approved in the Annual Budget);
- Termination and replacement of the Property Manager;
- Other decisions relating to the Property Manager that require approval from the Partnership as may, from time to time, be mutually agreed upon by the General Partner and Special LP; and
- Refinancing any Loan on standards consistent with Fannie Mae or Freddie Mac standards.

The General Partner's consent for the following Major Decisions may be granted or withheld in the General Partner's sole discretion:

- Modifying or amending the Partnership Agreement;
- Refinancing any Loan, other than as set forth above; and
- Admission of a substituted Special LP to the Partnership.

OPTIONS/RIGHTS OF FIRST REFUSAL

- Strategic HFC will be granted the purchase option and right of first refusal described in the MOU.
- Under no circumstances shall the Special LP be granted an option to purchase the Project or the General Partner's Partnership interests.
- The General Partner shall not have a right to market the Project or the leasehold interest held by the Partnership.
- The Special LP shall have the right to market and sell the Project, subject to Strategic HFC's purchase option and right of first refusal as described in the MOU.

TAXES AND ALLOCATIONS

- The Special LP will be responsible for the preparation of the tax return and tax filings. The General Partner will cooperate with the Special LP to the extent its signature is required.
- Losses in excess of capital accounts are allocated to the Special LP rather than the General Partner.
- The General Partner will not have a deficit restoration obligation either annually or on liquidation.
- The Special LP will be the "partnership representative" for the purposes of tax audits.
- If the Partnership has an adjustment on audit, the General Partner will pay its allocated share but will not put additional funds into the Partnership.

REMOVAL

- Unless a removal is caused by its own gross negligence or willful misconduct, the General Partner will not be liable for the costs related to removal or replacement.
- The General Partner will not be liable for events after removal.

Miscellaneous

- Except with respect to the master credit facility documents entered between affiliates of Fairfield and Berkadia Commercial Mortgage LLC, which are governed by the laws of Washington, D.C., and which credit facility may be used to finance a portion of the Project, all debt documents and the Partnership Agreement will be governed by Texas law, and jurisdiction and venue for such documents will be in Travis County, Texas.
- Availability of Restricted Units must be marketed on the website of the Project and may be marketed by Strategic HFC.