ABANDONMENT OWNERSHIP INTEREST

IN

Calvert Arms, Ltd RD Case Number 50-98-963395646

THIS **ABANDONMEMT OF OWNERSHIP INTEREST** (this "**Abandonment**") is made and entered into and effective as of August 2, 2024, by the undersigned party (the "**Party**.")

WHEREAS, Calvert Arms, Ltd., a Texas limited partnership ("Partnership") is the owner of a 24-unit multifamily apartment development located at Mesquite & Mitchell, Calvert, Texas, known as Calvert Arms Apartments. 100% of such dwelling units are set aside for rental to elderly individuals of low income, as provided in Internal Revenue Code Section 42(g) ("Apartment Development"); and is governed by a certain Second Amended and Restated Agreement and Certificate of Limited Partnership, dated as of July 1, 1993 ("Partnership Agreement"); and capitalized terms used but not defined herein shall have the meanings ascribed to such terms in Article I of the Partnership Agreement; and

WHEREAS, the Apartment Development had a fire in one 8-unit apartment building which destroyed the entire building.

WHEREAS, the former Managing Agent misappropriated \$100,000 of the insurance proceeds and failed to restore the building within one-year as required by the insurance carrier in order to obtain the balance of the insurance proceeds needed to rehab the building.

WHEREAS, the city of Calvert required that and the building was raised.

WHEREAS, without the 8-units lost because of the fire, the Apartment Development does not have sufficient income to carry its operations on a monthly basis.

WHEREAS, the recent Managing Agent, Eagle Creek Mgmt., Inc., which terminated its management agreement as of July 31, 2024, ("Eagle") and an affiliate, have unpaid management fees and out of pocket expenses in attempting to keep the Apartment Development in operation of \$149,632.

WHEREAS, the Apartment Development has \$246,604.90 of unused insurance proceeds from the fire ("Unused Insurance Proceeds"), which Eagle requested USDA-RD use to reimburse it for its Advances to \$149,632 and the negative cash flow from the continued operation of the Apartment Development, but USDA-RD indicated that the reserve requests for expenses are not an eligible replacement reserve account use and that the remaining insurance proceeds will need to be applied to the principal balance of the mortgage.

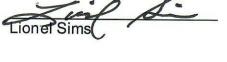
WHEREAS, the Party due to serious health issues cannot and doesn't know of anyone who could keep funding operating deficits and managing the Apartment Development.

WHEREAS, the Party by email dated July 26, 2024, notified USDA-RD that he was turning the project over to USDA-RD to be foreclosed upon.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Party:

- 1) waives the time frame of any Servicing Letters from USDA-RD; and
- 2) abandons and relinquishment all rights title and interest in the Partnership, Calvert Arms, Ltd. RD Case Number 50-98-963395646.

IN WITNESS WHEREOF, the Party hereto has executed this Abandonment as of the date first written above.



State of Texas)

Fort Bend) ss.:

County of Harris)

On the 5 4 day of August in the year 2024, before me, the undersigned, a Notary Public in and for said State, personally appeared Lionel Sims, personally known to me or

proved to me on the basis of satisfactory evidence to be the Party subscribed to the within instrument and acknowledged to me that he executed the same in his individually capacity, and that by his signature on the instrument, the he executed the instrument.

