



January 7, 2026

Cody Campbell, Director of Multifamily Programs
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78701

Re: TDHCA Application 26076 - South Union Place Apartments 7210 Scott Street, Houston, TX
Request for Rehabilitation Age Waiver

Dear Mr. Campbell,

I am writing on behalf of the Applicant for the South Union Place Apartments 2026 Housing Tax Credit Applications. The housing tax credit request is for the rehabilitation of 125 multifamily units, all of which will be affordable for the elderly. In preparation for filing its pre-application, the Applicant requests a waiver of the new age of rehabilitation eligibility condition in this year's QAP.

Background

- The existing development received a \$739,345 housing tax credit award in July of 2004 and \$19,572 in supplemental credits in October 2006.
- The LURA is dated August 28, 2006, and recorded October 24, 2006.
- South Union Place was placed in service by December 31, 2006.
- There will be a nonprofit organization in the ownership structure.
- There are none nor will there be any tax exemptions associated with South Union Place.

Request

The current 2026 Qualified Allocation Plan precludes any rehabilitation that was placed in service on or after January 1, 2006 from being eligible to compete for 2026 tax credits. South Union Place was placed in service at the end of the same year and is 95% complete towards eligibility. See the following excerpt from the QAP for ineligibility.

(viii) Competitive Housing Tax Credit Applications that involve any existing Housing Tax Credit Development that has any building that placed in service on or after January 1, 2006, for its most recent award of Housing Tax Credits.

The applicant is seeking a determination of eligibility for its Development Site, and a waiver if deemed applicable as permitted by §11.207. Waiver of Rules of the Qualified Allocation Plan as follows.

- *The need for the waiver is not within the control of the Applicant or is due to an overwhelming need.*

- *The waiver request must establish how, by granting the waiver, it better serves the policies and purposes articulated in Tex. Gov't Code §§2306.001, 2306.002, 2306.359, and 2306.6701, (which are general in nature and apply to the role of the Department and its programs, including the Housing Tax Credit program) than not granting the waiver.*

Merit

South Union Place Apartments is a 9% LIHTC 2004 award placed in service at the end of 2006. The restriction listed above prevents the development from being eligible for rehabilitation funds this tax credit cycle. Despite this time constraint, the request has merit consistent with the approval conditions that justifies the Board's approval.

- This is a new requirement in this year's QAP intended to prevent TDHCA from awarding tax credits to recently built developments that do not have significant rehabilitation needs. South Union Place has significant needs that will cost more to repair by waiting another year.
- The site for South Union Place Apartments is located at 7210 Scott Street, Houston Texas, in the Greater OST/South Union Super Neighborhood. This is the only low-income housing within the census tract and thus fills an important gap in supporting the surrounding area.
- Allowing the Application to proceed will improve quality of life of 125 senior households. The attached General Contractor's Statement of Work includes much needed repairs including mold removal and lighting and HVAC upgrades.
- While 20 years is a reasonable round number, 20 is not necessarily consistent with the lifespan of all building products. The life cycle of products, such as roofs or wall siding, average anywhere from 15-20 years, which encompasses this apartment complex.
- Allowing the rehabilitation to start in 2026, the tax credits will go farther when compared to waiting another year while component continue to deteriorate. This is a more cost-effective use of the tax credits.
- By waiting for the 2027 tax credit cycle, the same renovations will cost more, and current residents will continue to deal with inferior conditions.

The buildings themselves have begun to deteriorate and lower quality of living standards, as seen in the attached excerpts from the Property Conditions Assessment. Many of the building components were constructed in 2005 and are now over 20 years old. An overwhelming need has been created over the years due to a proliferation of deferred maintenance. Conditions will continue to worsen should a waiver not be granted. If the applicant waits until the following tax cycle to apply for funding, the same amount of tax dollars will be distributed across the same issues as worsened, those of which could be mitigated and eliminated, should the Applicant be awarded funding to make the necessary repairs this cycle.

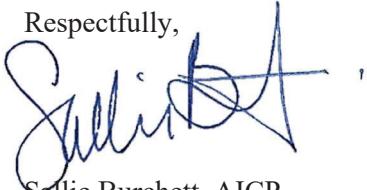
Summary

TDHCA is an organization that distributes tax credits to support Texans through quality, affordable housing. The Qualified Allocation Plan delineates eligibility of development sites and is a guideline to prevent misuse or appropriation of funds. The South Union Place Apartments, initially awarded in 2004, upholds and continues this mission by providing affordable housing for elderly citizens. As the age of the complex has become an issue, certain features and aspects have begun to impact the day-to-day interactions residents have with their housing. It has become clear that additional funding is necessary for

the safe and dignified habitation of South Union Place Apartments. The complex is shy 1 year for 2026 eligibility. By granting a waiver to the Applicant, and should the rehabilitation be awarded tax credits, the purposes and policies stated in Texas Government Code §§2306.001, 2306.002, 2306.359, and 2306.6701 will be upheld and furthered. The Applicant respectfully requests a waiver based on the information provided.

We appreciate your time and consideration. If you need additional information, please do not hesitate to contact me at 512/473-2527 or sallie@structuretexas.com.

Respectfully,



Sallie Burchett, AICP
Consultant to the project

Attachments:

Exhibit A 2025 General Contractor Statement of Work
Exhibit B 2006 Land Use Restriction Agreement
Exhibit C 2024 Property Condition Assessment Excerpts

Exhibit A

General Contractor Statement of Work

ICON BUILDERS

11 Greenway Plaza, Ste. 3150 – Houston, Texas 77046

REHAB BUDGET

South Union Place Apartments

Dec 19, 2025

ICON Builders is pleased to present you with our **Budget** for the South Union Place Apartments project.
This Proposal is based on a **6**-month schedule.

Attached you will find ICON Builders' Proposal Letter outlining the scope of work items along with our clarifications and exclusions.

ACKNOWLEDGMENT OF DOCUMENTS:

Our proposal is based on plans and specifications.

- 1) "South Union, Site Assessment", prepared for ITEX Group, not dated.
- 2) Property Condition Report, by AEI Consultants, dated 02/21/2024.
- 3) 71 Pages of Plans, by Jim Gwin Architects, last dated 06/02/2005.

PROPERTY DETAILS:

• Site Area (ACRE):	4.34 ACRES
• Gross Area (GSF):	120,143 GSF
• Net-Rentable Area (NRSF):	117,608 NRSF
• Clubhouse Area (SF):	2,535 SF
• Unit Count:	125 Units
• Parking Stalls:	177 Stalls

PROPOSAL AMOUNT (BASE BID): **\$9,020,682.00** (\$71,592.71 / Unit)

ALLOWANCES:

- Included with Sections below, if applicable (in bold).

VE ALTERNATES:

• 37,800-W Solar PV System Design-Build Allowance:	Add \$152,839.00
• 16 SEER2 HVAC Equipment ILO 15.2 SEER2:	Add \$212,276.00
• 300-350kW Generator & Associated Equipment:	Add \$303,252.00

QUALIFICATIONS, CLARIFICATIONS AND ASSUMPTIONS:

Div 1 – GENERAL CONDITIONS

Clarifications and Assumptions

- ICON Builders Qualifications, Clarifications and Assumptions will be included as part of the contract as exhibits.
- Our General Conditions are based on a continuous construction schedule of **6** months.
- This project will be constructed during normal working hours.
- This proposal is valid for 30 days.
- 10% Contingency.
- Performance & Payment Bond.
- General Liability Insurance.

- Builder's Risk Insurance.
- Jobsite Management & Security.
- Remodel Sales Tax.
- Periodic Cleaning.
- Final Clean.
- Dumpsters & Disposal Fees.
- **Mold Cleanup Allowance - \$20,625.00**
- HAZMAT / Asbestos Report **Allowance - \$2,750.00**
- Structural Foundation Assessment **Allowance - \$3,300.00**

General Exclusions

- Civil Engineering & Design.
- Building permit.
- Davis Bacon Wage Rates.
- Section 3 Requirements.
- CoH W/MBE Contracting Good-Faith Effort.
- Bid Bond.
- Build-America, Buy-America Accommodations.
- Cost Escalation or Contingency for Market Escalation.
- Municipal, capital recovery fees, utility, meter, tap, street/sidewalks use fees and impact related fees.
- Start-up power of utility company charges of any kind. Paid for by the Owner once building utilities are turned on and metered.
- Hazmat and/or Abatement of any kind.
- Radon Remediation.
- Work associated with unknown and/or concealed conditions.
- Removal of any and all unknown underground obstructions.
- Specifically exclude any responsibility for the consequences of design defects in, and will not warrant the sufficiency of plans, specifications or other design documents provided to us for pricing.
- FF&E.
- Equipment - not specifically listed below.
- Special Construciton.

SITE DEMOLITION

Scope of Work

- Demo Fencing as Described.
- Demo Concrete as Described.

SELECTIVE DEMOLITION

Scope of Work

- Flooring
- Cabinets & Countertops
- Appliances
- Fixtures (Lighting & Plumbing)
- HVAC

FOUNDATION & BUILDING CONCRETE

Scope of Work

- Slab Jacking, Pier & GB Install **Allowance - \$82,500.00**
- Foundation Underpinning & Skim-Coat Exposed Slab Edges.

Exclusions

- Engineering reports.
- Third party material testing.
- X-Ray Slab.
- Post-Tension Reinforcement Repairs.

GYPCRETE

Scope of Work

- Misc. Gypcrete/Lightweight Concrete Repairs **Allowance - \$22,000.00**

SITE CONCRETE

Scope of Work

- Concrete Pavement Remove & Replacement (50% of total).
- Curb & Gutter Removal & Replacement (30% of total).
- Sidewalk Removal & Replacement (75% of total).
- Flatwork Removal & Replacement (30% of total).

MASONRY

Scope of Work

- Misc. Tuck & Point Existing Brick Veneer (35% Building, 75% Clubhouse, 10% Pavilion)
Allowance - \$30,000.00

METALS

Scope of Work

- Misc. Metals Repairs & Welding **Allowance - \$16,500.00**

ROUGH CARPENTRY

Scope of Work

- Misc. In-Wall Blocking.
- New Kitchen Stud Wall(s) **Allowance - \$48,125.00**

SIDING, SOFFIT & FASCIA

Scope of Work

- Remove & Replace Hardie Lap Siding (20%)
- Remove & Replace (or Repair) Soffit & Fascia (30% Building, 50% Clubhouse & Pavilion).

FINISH CARPENTRY (TRIM)

Scope of Work

- Replace Damaged Trim in Units (20% of total).
- New Trim in Units (20% of total count).
- Miscellaneous Trim Replacement **Allowance - \$5,500.00**

CABINETS & COUNTERTOPS

Scope of Work

- Clubhouse: Remove and Replace Cabinets & Countertops in Kitchen.
- Units: Remove and Replace Cabinets & Countertops in Kitchen & Bathrooms.

Exclusions

- Built-Ins.
- Wall Paneling.
- Decorative Wood Ceilings.

WATERPROOFING

Scope of Work

- **Misc. Joint Sealants & Caulking Allowance - \$11,000.00**

Exclusions

- Fluid Applied, or Air Barrier Work of Any Kind.
- Below Grade Waterproofing of Any Kind.
- Traffic Coating of Any Kind.

INSULATION

Scope of Work

- **Misc. Repair to Ceiling Insulation Allowance - \$15,400.00**

Exclusions

- Spray Foam Insulation.
- Mineral Wool Insulation.
- Rigid Insulation.

ROOFING

Scope of Work

- Remove & Replace Existing Roofing throughout.
- Minor Repairs to Gutters & Downspouts.
 - Replace Splashblocks as needed.

DOORS, FRAMES & HARDWARE

Scope of Work

- Remove & Replace Riser Room Doors.
 - (4) Single HM's
 - (2) Double HM's
- Remove & Replace Five (5) Fire/Utility Room Doors.
- Interior Unit Doors (10% of Total).
- Unit Entry Doors (10% of Total).
- Door Hardware **Allowance - \$35,680.00**.

Exclusions

- Card Reader (including Power Supply & Contacts) - By Owner
- Electronic Entry Hardware.
- Attic Access & Draft Stop Doors.

OVERHEAD DOORS

Scope of Work

- **NONE IN SCOPE**

STOREFRONTS & CURTAINWALL

Scope of Work

- **NONE IN SCOPE**

WINDOWS

Scope of Work

- **Remove & Replace Windows Throughout.**

MIRRORS & GLAZING

Scope of Work

- Remove & Replace (126) Medicine Cabinets.
- Remove & Replace (125) Vanity Mirrors.
- Misc. Glazing Replacement **Allowance - \$1,500.00**

DRYWALL

Scope of Work

- **Crack & Damage Repair @ Clubhouse & Corridors.**
- Drywall Scope **Allowance - \$1000/Unit.**
- Drywall New Kitchen Walls - as needed.

FLOORING & TILE

Scope of Work

- Common Area Tile: Remove & Replace Clubhouse & Bldg Foyer Tile.
- Unit Tile: Remove & Replace 10% (of total) Tub Surrounds.
- Clean & Grout Remainder of Tub Surrounds Tile.
- Unit Flooring Scope **Allowance - \$454,084.00**

Exclusions

- Epoxy Flooring.
- Carpet.

PAINTING

Scope of Work

- Interior Paint:
 - Clubhouse & Corridors - Drywall Walls & Ceilings.
 - Units - **Allowance \$3,000.00 / Unit.**
- Exterior Paint: Siding, Soffit & Fascia Throughout.

Exclusions

- Staining.
- Painting of Fencing or Bollards.
- Wall Coverings, or Wall Paper.

SIGNAGE

Scope of Work

- Repairs, Corrections & Code Signage Scope **Allowance - \$5,500.00**

TOILET & BATH ACCESSORIES

Scope of Work

- Remove & Replace (as needed) **Allowance - \$28,490.00**

FIRE PROTECTION SPECIALTIES

Scope of Work

- Remove & Replace Semi-Recessed Cabinets & 5# Extinguishers.
- Remove & Replace Unit Extinguishers.
- Knox Boxes.

MAILBOXES

Scope of Work

- None in Scope

WIRE CLOSET SHELVING

Scope of Work

- None in Scope

APPLIANCES

Scope of Work

- Unit Appliances (New):
 - Refrigerator
 - Range
 - Dishwasher
 - Microwave/Exhaust Hood Combo (Std) Countertop Microwave (ADA)
 - Venthood (ADA)
- Clubhouse Appliances (New):
 - Commercial Food Tray + Warming Cabinet

- Refrigerator
- Dishwasher
- Countertop Microwave
- (3) Residential Washer
- (3) Residential Dryer (Electric)

WINDOW TREATMENTS

Scope of Work

- Remove Existing Window Treatments, Replace with 1" Mini-Blinds.

SWIMMING POOL

Scope of Work

- Chip Out Plaster & Replace @ Swimming Pool.
- Install New Chair Lift.
- Pool Equipment Replacement **Allowance - \$5,500.00**

ELEVATORS

Scope of Work

- Repair Elevator **Allowance - \$24,200.00**
- "Refurbish" Elevator **Allowance - \$44,000.00**

FACILITY CHUTES

Scope of Work

- NONE IN SCOPE

FIRE SUPPRESSION

Scope of Work

- Test System & Components.
- Misc. Valve Replacement **Allowance - \$10,000.00**
- Sprinkler Head Replacement (30% of total).

Exclusions

- Water quality testing.
- Water pressure testing.
- Interstitial Space Sprinkler System.
- Free-Standing FDC Connection.
- Backflow Preventer.
- Fire pump.
- Sprinkler Protection at Exterior Canopies.
- Dry Systems.
- Standpipes and fire hose valves.

PLUMBING

Scope of Work

- Remove & Relocate Water Heaters, Pipe & Connect.
- Remove & Replace Valves & Fixtures.
- Plumbing Fixtures.
- Re-Glaze 20% of Existing Tubs.
- Fire Caulking.
- Trade Permit.

Exclusions

- Tub Removal & Replacement.
- Gas Piping.
- Sump Pumps.
- Grease Traps.
- Water quality testing.

- Water pressure testing.
- Special permits.
- Special inspections.

HVAC

Scope of Work

- Remove & Replace Rooftop CU's.
- Remove & Replace Closet (Wall Mounted) AHU's.
- Condensate Line Replacement.
- Exhaust Fan Removal & Replacement.
- Thermostat Removal & Replacement.
- Duct Cleaning.
- Trade Permit.

Exclusions

- Controls.
- Proposal Assumes Existing Line-Sets Can Be Reused.

ELECTRIC

Scope of Work

- Remove & Replace Breakers in Existing Panelboards (to remain).
- Remove & Replace Devices & Cover Plates.
- Remove & Replace Light Fixtures.
- Light Fixture Package Allowance - \$120,000.00.
- Low-Voltage "Back Boxes" for Communications & Security.
- Trade Permit.

Exclusions

- Primary/Secondary Raceways.
- Site Electrical.
- Generators.
- Special Permits.
- Special Inspections.
- Duct bank.
- Lighting Controls.
- Lightening Protection.
- L/V wire or conduit.
- L/V Devices.

FIRE ALARM

Scope of Work

- Test System & Components.
- Repairs & Replacement Allowance - \$15,000.00

Exclusions

- Monthly Remote Supervising Contract.
- Wireless Alarm Communicator.
- Call-for-Aid.
- Monthly Cellular Contract.
- Monitoring.

EROSION CONTROLS

Scope of Work

- SWPPP Allowance - \$5,500.00

EARTHWORK & GRADING

Scope of Work

- Site Fill, Shaping & Grading Site **Allowance - \$55,000.00**
- Hauling Excess Spoils.
- French Drain @ Perimeter of Buildings (includes Backfill)
- Fine Grade for Paving & Flatwork.

PEST CONTROL

Scope of Work

- Termite Treatment (Bait Stations & Perimeter Spray).

PAVEMENT MARKINGS

Scope of Work

- Restripe Parking Stalls.
- Stripe Fire Lane w/ Stenciling.
- Foundation Underpinning & Skim-Coat Exposed Slab Edges.

Exclusions

- Wheel Stops.
- HC Parking Signage.

LANDSCAPE & IRRIGATION

Scope of Work

- Seeding, Sodding, Shrubbery **Allowance - \$55,000.00**
- Repair (25) Sprinkler Zones
- Tree Trimming **Allowance - \$16,500.00**
- Tree Removal (14 EA).

RETAINING WALLS

Scope of Work

- (375 LF) Retaining Wall (between foundation and detention pond).

FENCES & GATES

Scope of Work

- Replace (4) 14'-0" Swing Gates.
- Replace 96 LF of Metal Fence w/ 10 Posts
- Repair & Replace Wood Fencing (20%)

Exclusions

- Dumpster Gates.
- Operators. Electronic Devices.

UTILITIES

Scope of Work

- (4) Repair/Re-Set Manhole / Catch Basins.
- Detention Pond Work **Allowance - \$136,275.00**

END PROPOSAL LETTER / SCOPE OF WORK

Location	Phase	Item	Location	Description	Grand Total Amount
00-General Requ					
01-Site					
		01-74-19.00		BUILDING AREAS	
		02-30-00.00		MATERIALS TESTING, INSPECTIONS & REPORTING	7,414
				00-General Requ	7,414
01-Site					
		02-40-00.00		SITE DEMO	64,115
		03-50-00.00		CONCRETE TAKEOFF	
		03-75-00.00		SITE CONCRETE SCOPE	354,540
		26-00-10.00		GENERATOR	
		31-00-00.10		ENVIRONMENTAL CONTROLS	6,740
		31-10-00.00		EARTHWORK	176,228
		31-31-00.00		TERMITE CONTROL	16,850
		32-00-00.10		STRIPING	21,951
		32-10-00.10		LANDSCAPING & IRRIGATION	110,201
		32-20-00.10		RETAINING WALLS	108,974
		32-33-00.00		FENCES & GATES	37,529
		33-31-13.00		DENTENTION POND WORK	155,023
		33-42-11.00		STORM SEWER	16,176
				01-Site	1,068,328
02-Structural					
		03-31-00.00		FOUNDATION SCOPE	101,102
				02-Structural	101,102
03-Clubhouse					
		03-31-00.00		FOUNDATION SCOPE	1,825
		04-21-00.00		MAOSONRY VENEER TAKEOFF	
		04-22-00.00		MASONRY SCOPE	5,823
		06-11-00.00		SIDING TAKEOFF	
		06-17-53.00		SIDING, SOFFIT & FASCIA SCOPE	9,235
		06-20-00.01		TRIM	6,740
		06-41-00.00		CABINETS & COUNTERTOPS	8,762
		07-00-00.12		ROOFING TAKEOFF & SCOPE	46,089
		09-29-10.00		AMENITY DRYWALL	58,417
		09-30-00.10		AMENITY TILE	42,705
		09-50-00.00		INTERIOR PAINTING	50,551
		09-91-00.00		EXTERIOR PAINTING	6,304
		11-10-00.10		EQUIPMENT DEMO & DISPOSAL	910
		11-30-14.00		AMENITY APPLIANCES	18,670
		22-00-00.10		PLUMBING	21,083
		22-00-00.20		PLUMBING FIXTURES	2,696
		23-00-00.01		HVAC	
				03-Clubhouse	279,810
04-Building 1					
		01-78-36.00		UNIT MATRIX	
		02-00-00.10		CLEANING	74,500
		02-41-22.00		SELECTIVE DEMO	219,256
		03-31-00.00		FOUNDATION SCOPE	10,346
		03-41-00.00		GYPCRETE SCOPE	26,960
		04-21-00.00		MAOSONRY VENEER TAKEOFF	
		04-22-00.00		MASONRY SCOPE	30,665
		05-00-00.01		METALS	20,220
		06-00-00.10		ROUGH CARPENTRY	84,252
		06-11-00.00		SIDING TAKEOFF	
		06-17-53.00		SIDING, SOFFIT & FASCIA SCOPE	196,212
		06-20-00.01		TRIM	40,441
		06-41-00.00		CABINETS & COUNTERTOPS	679,404
		07-00-00.11		GUTTERS & DOWNSPOUTS	10,110
		07-00-00.12		ROOFING TAKEOFF & SCOPE	437,815
		07-10-00.00		WEATHERPROOFING	47,181

Location	Phase	Item	Location	Description	Grand Total Amount
	07-21-16.00			INSULATION	18,872
	08-00-00.10			COMMON AREA DOORS	28,228
	08-00-00.12			UNIT DOORS	107,006
	08-52-00.00			RESIDENTIAL WINDOWS	182,765
	08-83-00.00			MIRRORS & GLAZING	67,141
	09-29-10.00			AMENITY DRYWALL	297,239
	09-30-00.20			UNIT TILE	21,292
	09-40-00.10			UNIT FLOORING	556,470
	09-50-00.00			INTERIOR PAINTING	505,477
	09-91-00.00			EXTERIOR PAINTING	142,727
	09-99-00.00			ADA Unit Finish-Out Allowance	727,933
	10-10-00.00			SIGNAGE	6,740
	10-28-10.00			TOILET & BATH ACCESSORIES	34,914
	10-44-00.00			FIRE PROTECTION SPECIALTIES	20,746
	11-10-00.10			EQUIPMENT DEMO & DISPOSAL	38,216
	11-30-13.00			UNIT APPLIANCES	454,352
	12-21-00.00			WINDOW TREATMENT	30,580
	13-22-00.00			SOLAR PV SYSTEMS	
	14-20-00.00			ELEVATOR SCOPE	161,763
	21-13-00.00			FIRE SPRINKLERS	66,862
	22-00-00.10			PLUMBING	601,758
	22-00-00.20			PLUMBING FIXTURES	256,637
	23-00-00.01			HVAC	715,328
	26-00-00.01			BUILDING ELECTRICAL	410,473
	26-50-00.00			LIGHT FIXTURES	161,763
	28-46-00.00			FIRE ALARM	21,568
				04-Building 1	7,514,214
05-Amenity					
	13-11-00.00			SWIMMING POOLS	40,441
				05-Amenity	40,441
06-Pavilion					
	04-21-00.00			MAOSONRY VENEER TAKEOFF	
	04-22-00.00			MASONRY SCOPE	221
	06-11-00.00			SIDING TAKEOFF	
	06-17-53.00			SIDING, SOFFIT & FASCIA SCOPE	705
	07-00-00.12			ROOFING TAKEOFF & SCOPE	7,877
	09-91-00.00			EXTERIOR PAINTING	571
				06-Pavilion	9,374

Exhibit B

Land Use Restriction Agreement

TDHCA #: 04024**30
M
S**
DECLARATION OF LAND USE RESTRICTIVE COVENANTS/LAND USE RESTRICTION AGREEMENT FOR LOW-INCOME HOUSING CREDITS

THIS DECLARATION OF LAND USE RESTRICTIVE COVENANTS/LAND USE RESTRICTION AGREEMENT FOR LOW-INCOME HOUSING TAX CREDITS (this "Declaration"), dated as of 8/28/06, is made by and between South Union Place Limited Partnership (together with its successors and assigns, the "Project Owner") and The Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas. (Together with any successor to its rights, duties and obligations, the "Department"), and is given by Project Owner as an inducement to the Department to allocate tax credits as a condition precedent to the determination that the Project, as defined herein, satisfies the requirements of the State of Texas's Qualified Allocation Plan and the allocation of low-income housing tax credits (the "Tax Credits"), pursuant to Section 42 of the Internal Revenue Code of 1986, as amended, and regulations promulgated pursuant thereto (the "Code"), by the Department. This Declaration incorporates the extended low-income housing commitment required by Section 42(h)(6) of the Code and is promulgated in accordance with the provisions of Chapter 2306, Tex. Gov. Code, (the "Act"), as may be amended from time to time.

WITNESSETH:

WHEREAS, the Project Owner is or shall be the Project Owner of a low income rental housing development, known as or to be known as South Union Place Apartments (the "Project Improvements"), on real property located in the City of Houston, County of Harris, State of Texas, more particularly described in Exhibit A hereto (the "Project Land") (the Project Improvements and the Project Land being collectively referred to herein as the "Project");

WHEREAS, the Department has been designated by the Governor of the State of Texas as the housing credit agency for the State of Texas for the allocation of Tax Credits;

WHEREAS, the Project Owner has applied to the Department for a determination that the Project satisfies the requirements of the State of Texas's Qualified Allocation Plan for Tax Credits in an amount not to exceed \$739,345 Tax Credit dollars annually;

WHEREAS, the Project Owner has represented to the Department in the Project Owner's Low-Income Housing Tax Credit Application (the "Application"), authorized by the Department's Low-Income Rental Housing Tax Credit Rules (the "Department Rules"), that the Project Owner shall lease 80 % of the units in the Project to individuals or families whose income is 60 % or less of the area median gross income (including adjustments for family size), as more specifically provided herein, such Application being incorporated herein by reference for all purposes;

WHEREAS, the Department has awarded an annual allocation of Tax Credits in the amount of \$ 739,345 in accordance with its Qualified Allocation Plan for the Year 2004 and applicable state and federal law;

WHEREAS, the Project Owner has represented to the Department in the Application that it will impose additional rent, occupancy, and ownership restrictions as shown in Appendix A of this document (Check box if applicable) ;

WHEREAS, the Project Owner is subject to the regulatory and oversight powers of the Department and other terms and conditions of Chapter 2306, Tex. Gov. Code;

WHEREAS, the Code requires, as a condition precedent to the allocation of Tax Credits, that the Project Owner execute, deliver and record in the real property records of the county in which the Project is located this Declaration in order to create certain covenants running with the land for the purpose of enforcing the requirements of Section 42 of the Code by regulating and restricting the use, occupancy and transfer of the Project as set forth herein; and

WHEREAS, the Project Owner, under this Declaration, intends, declares and covenants that the regulatory and restrictive covenants set forth herein governing the use, occupancy and transfer of the Project shall be and are covenants running with the Project Land for the Term stated herein, are binding upon all subsequent owners and operators of the Project during such Term, and are not merely personal covenants of the Project Owner.

NOW, THEREFORE, in consideration of the premises set forth above, and of other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Project Owner and the Department agree as follows:

DECLARATION OF LAND USE RESTRICTIVE COVENANTS FOR LOW INCOME HOUSING TAX CREDITS

SECTION 1 - DEFINITIONS

(a) Unless the context otherwise requires, and in addition to those terms defined in the recitals set forth above, capitalized terms used in this Declaration shall have the following meanings:

"Act" means the Texas Government Code, Chapter 2306, as amended or any corresponding provision or provisions of succeeding law as it or they may be amended from time to time.

"Area Median Gross Income" means the median gross income of the area in which the Project is located as determined by the Secretary of Housing and Urban Development for purposes of Section 42 of the Code, including adjustments for family size.

"Assumption Agreement" is an agreement regarding the transfer of the property that meets the requirements of Section 3(i) hereof.

"Board" means the governing board of the Department.

"Compliance Period" means the period of 15 consecutive taxable years beginning with the first taxable year of the Credit Period, unless a longer period shall be specified in Appendix A hereto.

"Credit Period" means, with respect to any building in the Project, the period of ten taxable years beginning with the taxable year in which such building is placed in service or (at the election of the Project Owner) the following taxable year.

"Department Compliance Monitoring Procedures" means those procedures and requirements adopted or imposed by the Department, and modified by the Department from time to time, for the purpose of discharging its responsibilities pursuant to Section 42(m)(1)(B)(iii) of the Code to monitor compliance by the Project Owner and the Project with the provisions of Section 42 of the Code and to notify the Service of instances of noncompliance.

"Extended Use Period" means the period beginning with the first day of the Compliance Period and ending on the date which is 15 years after the end of the Compliance Period, unless a later date shall be set forth at Appendix A hereto or unless terminated earlier in accordance with Section 5 hereof.

"Gross Rent" means all amounts paid by a Tenant for rent, determined in a manner consistent with Section 42(g)(2) of the Code. If the Tenant pays utilities directly, Gross Rent shall include any utility allowance prescribed by the Secretary.

"Income" means the income of a Tenant determined in a manner consistent with the requirements of Section 42(d)(2)(B) of the Code.

"Low-Income" means, with respect to any Tenant, an income level not exceeding 50% or 60% of Area Median Gross Income, adjusted for family size, as provided in Section 4 hereof, unless an alternative income level shall be set forth at Appendix A hereto.

"Low-Income Tenant" means a Tenant who, when the Tenant originally occupied the Unit, had an Income qualifying as Low-Income. For so long as the Tenant occupies the particular Unit, the Tenant will remain a Low-Income Tenant if the Tenant's Income, upon the most recent income certification, does not exceed 140% of the applicable Low-Income level.

"Low-Income Unit" means a Unit in the Project that is occupied by a Low-Income Tenant, is Rent-Restricted and meets the other requirements of Section 42 of the Code, in particular, Section 42(i)(3).

"Minimum Applicable Fraction" means the percentage with respect to a building in the Project, calculated as the lesser of the percentage of Units in such building which are Low-Income Units or the percentage of floor space of all Units in such building which is in Low-Income Units, all calculated as required pursuant to Section 42(c)(1) of the Code, which serves as the basis for the Department's allocation of Tax Credits to the building as provided in Section 4(c) hereof.

"Principal" means any person or entity that holds an ownership interest in the Project Owner and (i) has the power to direct any aspect of the operations of the Project Owner or (ii) is entitled to at least a 25% share in any of the profits, losses, cash flow or residual value of the Project.

"Rent-Restricted" means, with respect to any Unit, that the Gross Rent with respect to such Unit is not more than 30% of the imputed income limitation applicable to such Unit pursuant to Section 42(g)(2)(C) of the Code.

DECLARATION OF LAND USE RESTRICTIVE COVENANTS FOR LOW INCOME HOUSING TAX CREDITS

"Secretary" means the Secretary of the Treasury of the United States.

"Service" means the United States Internal Revenue Service and any successor thereto.

"State" means the State of Texas.

"Tenant" means the individual or individuals entitled to occupy a Unit in the Project by lease or other legal relationship with the Project Owner.

"Term" means the length of time this declaration shall remain in effect as set out in Section 5 hereof.

"Unit" means any residential rental unit in the Project consisting of an accommodation containing separate and complete physical facilities and fixtures for living, sleeping, eating, cooking, and sanitation; provided, however, that single room occupancy housing used on a non-transient basis may be treated as one or more Units.

(b) Any term or phrase which is used in this Declaration and not defined herein shall have the meaning, if any, assigned thereto in Section 42 of the Code, and if no meaning is assigned thereto in Section 42 of the Code, the meaning, if any, assigned in the Department Rules. Any term or phrase which is defined herein shall, unless the context shall clearly indicate otherwise, be interpreted in a manner consistent with the provisions and requirements of Section 42 of the Code.

SECTION 2 - RECORDING AND FILING; COVENANTS TO RUN WITH THE LAND

(a) The Project Owner shall, at its own cost, cause this Declaration and all amendments hereto to be recorded and filed in the official real property records of the county in which the Project is located. Upon recording, the Project Owner shall immediately transmit to the Department an executed original of the recorded Declaration stamped by the county to show the date, volume and page numbers of record. The Project Owner agrees that the Department will not issue the Internal Revenue Service Form 8609, evidencing final allocation of the Tax Credits, unless and until the Department has received the recorded, executed original of the Declaration.

(b) The Project Owner intends, declares and covenants, on behalf of itself and all future owners and operators of the Project during the Term of this Declaration, that this Declaration and the covenants and restrictions set forth in this Declaration regulating and restricting the use, occupancy and transfer of the Project (i) shall be and are covenants running with the Project Land, encumbering the Project Land for the Term of this Declaration and binding upon the Project Owner's successors in title and all subsequent owners and operators of the Project Land, and (ii) shall bind the Project Owner (and the benefits shall inure to the Department and any past, present or prospective Tenant of the Project) and its respective successors and assigns during the Term of this Declaration. The Project Owner hereby agrees that any and all requirements of the laws of the State of Texas to be satisfied in order for the provisions of this Declaration to constitute deed restrictions and covenants running with the land shall be deemed to be satisfied in full, and that any requirements or privileges of estate are intended to be satisfied, or in the alternate, that an equitable servitude has been created to insure that these restrictions run with the Project Land. For the Term of this Declaration, each and every contract, deed or other instrument hereafter executed conveying the Project or portion thereof shall expressly provide that such conveyance is subject to this Declaration; provided, however, that the covenants contained herein shall survive and be effective regardless of whether such contract, deed or other instrument hereafter executed conveying the Project or portion thereof provides that such conveyance is subject to this Declaration.

(c) The Project Owner shall obtain the written consent of any existing lienholder of record (each an "Existing Lienholder") on the Project to this Declaration and the requirements hereof, including specifically the requirements of Section 5(b)(1) and Section 5(c) with respect to provisions which survive or may be revived after foreclosure, and such consent shall be in a form promulgated by the Department from time to time and shall be a condition precedent to the issuance by the Department of Internal Revenue Service Form 8609, evidencing final allocation of the Tax Credits. The Project Owner represents and warrants to the Department that attached hereto as Addendum A and made a part hereof is an executed and acknowledged Lienholder's Consent from each Existing Lienholder, if any, as of the effective date hereof.

SECTION 3 - REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE PROJECT OWNER

The Project Owner hereby represents, covenants and warrants as follows:

(a) The Project Owner (i) is a limited partnership, duly organized and validly existing under the laws of the State of Texas, and is duly authorized and qualified to transact in the State any and all business contemplated by this Declaration and the Department Rules; (ii) possesses all requisite power, authority, licenses and permits to own its properties and assets and to conduct its business; and (iii) has all legal right, power and authority to execute and deliver this Declaration.

(b) The execution and performance of this Declaration by the Project Owner (i) will not violate or, as applicable, have not violated, any provision of law, rule or regulation, or any order of any court or other department of the State or governmental body, (ii) will not violate or, as applicable, have not violated, any provision of any indenture, agreement, mortgage, mortgage note or other instrument to which the Project Owner is a party or by which it or the Project is bound, and (iii) will not result in the creation or imposition of any prohibited encumbrance of any nature.

(c) The Project Owner has, at the time of execution and delivery of this Declaration, good and indefeasible fee simple title to or a leasehold interest extending at least ten years beyond the end of the Extended Use Period in the premises constituting the Project, free and clear of any lien or encumbrance, except those created by any loan documents relating to the Project, those which are created pursuant to this Declaration and those which are otherwise permitted encumbrances, as specifically set forth at Exhibit B hereto.

(d) There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending, or, to the knowledge of the Project Owner threatened, against or affecting it, or any of its properties or rights, which, if adversely determined, would materially impair its right to carry on business substantially as now conducted (and as now contemplated by this Declaration) or would materially adversely affect its financial condition.

(e) The Project constitutes or will constitute, and the Project Owner covenants, that commencing with the last day of the first year of the Credit Period and continuing throughout the Term of this Declaration, it shall maintain the Project as, a "qualified low-income housing project", as defined in Section 42(g) of the Code.

(f) Each Unit in the Project contains separate and complete physical facilities and fixtures for living, sleeping, eating, cooking and sanitation (unless the Project qualifies as a single-room occupancy project) which is to be used on other than a transient basis as provided in Section 42(i)(3) of the Code.

(g) The Project Owner will comply fully and at all times with the Department Rules.

(h) During the Term of this Declaration, the Project Owner covenants, agrees and warrants that each Low-Income Unit is and will remain suitable for occupancy in accordance with regulations prescribed by the Secretary, taking into account local health, safety, and building codes.

(i) The Project Owner covenants that it will not without prior written approval from the Department sell, transfer or exchange any portion of any building in the Project unless it sells, transfers or exchanges the entire building to the same person. Subject to the requirements of Section 42 of the Code and this Declaration, the Project Owner may sell, transfer or exchange the entire Project or any building in the Project at any time, provided that the Project Owner shall require, as a condition precedent to any such sale, transfer or exchange, that the successor owner and operator assume, in writing, in an Assumption Agreement acceptable to the Department, the Project Owner's obligations hereunder and under Section 42 of the Code, which Assumption Agreement shall be delivered to the Department in executed, recordable form prior to any such sale, transfer or exchange. This provision shall not act to waive any other restriction on sale, transfer or exchange of the Project or any building in the Project. The Project Owner agrees that the Department may void any sale, transfer or exchange of the Project if the successor owner and operator fails to execute and deliver an Assumption Agreement or if the Project Owner or the successor owner and operator otherwise acts in contravention of this Section 3(i). This Declaration and the covenants contained herein shall survive and be effective regardless of whether any such successor owner and operator or intended successor owner and operator shall have assumed them pursuant to an executed Assumption Agreement.

(j) The Project Owner agrees to notify the Department in writing prior to any sale, transfer or exchange of the entire Project or any building therein, and to provide to the Department the name(s) and address(es) and financial reports, as applicable, of the prospective successor owner and operator of the Project or building, so the Department can determine the economic viability of such prospective successor and such Project or building and whether such prospective successor is acceptable as Project Owner under the Department Rules. The Project Owner further agrees to notify the Department in writing prior to any change in the identity of a General Partner or other Principal of the Project Owner, and to provide to the Department the name(s), address(es), and financial reports, as applicable, of any successor or additional General Partner or Principal, so the Department can determine whether such party is acceptable in such role with the Project Owner under the Department Rules.

(k) The Project Owner shall not demolish any part of the Project or substantially subtract from any real or personal property of the Project or permit the use of any Unit for any purpose other than rental housing during the Term of this Declaration, unless required by law.

(l) The Project Owner represents, warrants and agrees that if the Project, or any part thereof, shall be damaged or destroyed or shall be condemned or acquired for public use, the Project Owner will use its best efforts to repair and restore the Project to substantially the same condition as existed prior to the event causing such damage or destruction, or to relieve the condemnation, and thereafter to operate the Project in accordance with the terms of this Declaration.

(m) The Project Owner warrants that it has not and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that in any event, the requirements of this Declaration are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith.

(n) The Project Owner agrees, warrants, and covenants to comply with all law, ordinances, statutes, codes, orders, rules, regulations and decrees of the United States, the State and any other Governmental Authority applicable to the Owner of the Project, including, without limitation, the following: the Civil Rights Act of 1964 (42 U.S.C. 2000(d); Executive Order 11-63, as amended by Executive Order 12259; Executive Order 11246; Age Discrimination Act of 1975 (42 U.S.C. 6101 *et seq.*); Equal Credit Opportunity Act (15 U.S.C. 1691 *et seq.*); Fair Credit Reporting Act (15 U.S.C. 1681 *et seq.*); Fair Housing Act (42 U.S.C. 3601 *et seq.*); the Americans with Disabilities Act of 1990 (P.L. 101-336; Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794); Architectural Barriers Act of 1968 (42 U.S.C. 4151 *et seq.*); Section 3 of the Housing and Urban Development Act of 1968; Executive Orders 11625, 12432 and 12138, as amended; the Copeland "Anti-Kickback" Act (18 U.S.C. § 874 *et seq.*); the Davis-Bacon Act (40 U.S.C. § 276a *et seq.*); Sections 103 and 107 of the Work Hours and Safety Standards Act. (40 U.S.C. § 327 *et seq.*); the Uniform Relocation Assistance and Real Property Acquisition Policies Act (42 U.S.C. § 4201 *et seq.*); the Housing and Community Development Act of 1974; the National Environmental Policy Act (42 U.S.C. § 4321 *et seq.*; ("NEPA"); the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. § 4321 *et seq.*); the State of Texas Senate Bill 1356; Title 8, and Chapter 92 of the Texas Property Code; Solid Waste Disposal Act TEX. HEALTH & SAFETY CODE Ann. Ch. 361 (Vernon's 1992); Comprehensive Municipal Solid Waste Management, Resource Recovery, and Conservation Act. TEX. HEALTH & SAFETY CODE Ann. Ch 363 (Vernon's 1992); County Solid Waste Control Act. TEX. HEALTH & SAFETY CODE Ann. Ch 364 (Vernon's 1992); Texas Clean Air Act, TEX. HEALTH AND SAFETY CODE Ann. Ch. 382 (Vernon's 1992); and Hazardous Communication Act, TEXAS HEALTH AND SAFETY CODE Ann. Ch. 502 (Vernon's 1992); and such Governmental Requirements as may be from time to time amended or superseded and all of their implementing regulations, as may be amended.

(o) The Project Owner agrees to apply for and accept renewal of any rent subsidy contracts from which the Project benefits, if such subsidies are sufficient to maintain the economic viability of the Project.

SECTION 4 - INCOME RESTRICTIONS/RENTAL RESTRICTIONS

The Project Owner represents, warrants and covenants throughout the Term of this Declaration and in order to satisfy the requirements of Section 42 of the Code that:

(a) (1) At least 20% or more of the Units in the Project are and will continuously be maintained as both Rent-Restricted and occupied by individuals whose income is 50% or less of Area Median Gross Income.

(2) At least 40% or more of the Units in the Project are and will continuously be maintained as both Rent-Restricted and occupied by individuals whose income is 60% or less of Area Median Gross Income.

(Check applicable percentage election)

(b) The determination of whether a Tenant is a Low-Income Tenant shall be made by the Project Owner at least annually on the basis of the current income of such Low-Income Tenant. The Project Owner shall utilize forms as permitted from time to time by the Department for providing this certification. If, upon any such annual certification, the Tenant of a Low-Income Unit who was, at the last annual income certification, a Low-Income Tenant, is found no longer to be a Low-Income Tenant, such Unit will continue to be treated as a Low-Income Unit until the next available Unit of comparable or smaller size in the building in which such Unit is located is rented to a person who is not a Low-Income Tenant. A Low-Income Unit that has been vacated will continue to be treated as a Low-Income Unit, provided that (i) reasonable attempts are made to rent the Unit and (ii) no other Units of comparable or smaller size in the Project are rented to persons who are not Low-Income Tenants. In no case will a Unit be treated as a Low-Income Unit if all the Tenants of the Unit are students (as determined under Section 151(c)(4) of the Code); provided, however, that such rule shall not apply to the types of students identified at Section 42(i)(3)(D) of the Code.

(c) The Project will contain a total of 125 Units (including Units occupied by a resident manager or other employee, such that they are not treated as "residential rental units" for purposes of Section 42 of the Code), of which 100 Units treated as residential rental units will be Low-Income Units. The amount of Tax Credits allocated to the Project is based on the requirement that the Minimum Applicable Fraction for each building in the Project will be as specified, building-by-building, at Appendix A hereto. During the Term of this Declaration, Units at the Project shall be leased and rented or made available to members of the general public who qualify as Low-Income Tenants, such that each building in the Project shall at all times satisfy the Minimum Applicable Fraction for such building. The Project Owner's failure to ensure that each building in the Project complies with such requirement will cause the Department to report such fact to the Service and may result in the reduction and recapture by the Service of Tax Credits, as well as other enforcement action.

(d) The Project and the Project Owner are subject to additional and/or modified requirements, if any, set forth at Appendix A, which requirements are incorporated herein and made a part hereof.

(e) The Project Owner shall not discriminate on the basis of race, color, national origin, religion, sex, familial status, or disability in the lease, use or occupancy of the Project Improvements or in connection with the employment or application for employment of persons for the operation and management of the Project and shall not deny admission to any person exclusively on the basis of such person receiving rent assistance payments under a local, state, federal or other housing assistance program, including, but not limited to, Section 8 of the United States Housing Act of 1937 as amended.

(f) The Project Owner acknowledges that whether a Tenant is a Low-Income Tenant is a matter of fact, to be determined in accordance with applicable law, and the Project's Owner's determination as to such matter is not binding upon the Department or the Service.

(g) During the Compliance Period and the Extended Use Period, the Project Owner, notwithstanding anything herein to the contrary, shall not (1) evict or terminate the tenancy of a Tenant of any Low-Income Unit other than for good cause nor (2) increase the gross rent with respect to a low-income unit not otherwise permitted by Section 42 of the Code.

SECTION 5 - TERM OF DECLARATION

(a) This Declaration shall become effective with respect to a building in the Project on the first day of the Compliance Period for such building and shall terminate on the last day of the Extended Use Period, unless this Agreement is earlier terminated pursuant to Section 5(b) hereof (the "Term").

(b) Notwithstanding subsection (a) above, but subject to any modified or additional requirements set forth in Appendix A, in which event the terms of this Agreement shall be modified as applicable, this Declaration shall terminate:

(1) with respect to any building in the Project, on the date such building is acquired by foreclosure (or instrument in lieu of foreclosure), upon the recorded declaration of termination of the party so acquiring the building, unless the Secretary or his delegate determines that such acquisition is part of an arrangement with the taxpayer a purpose of which is to terminate such period. If any party acquiring a building by foreclosure (or instrument in lieu of foreclosure) fails to record a declaration terminating this Declaration, the building shall remain subject to this Declaration, and the eligibility of such party to receive Tax Credits shall not be adversely affected, if such party continues to comply with Section 42 of the Code and the terms of this Declaration; or

(2) following the end of the Compliance Period, but not later than 5 years following the date upon which the Project was first placed in service pursuant to the requirements of this Declaration, if the Project Owner has properly requested that the Department assist in procuring a "Qualified Contract", as defined in the Code, for the acquisition of a building and the Department is unable to present a Qualified Contract. To properly request the Department's assistance in procuring a Qualified Contract for the acquisition of a building, the Project Owner must submit a written request to the Department no earlier than one (1) year prior to the expiration of the Compliance Period, or on the last day of any subsequent year of the Extended Use Period. The Department will have one (1) year from the date of the Project Owner's written request to find a buyer to acquire the Project Owner's interest in the building. The Department will attempt to procure a Qualified Contract for the acquisition of any building only once during the Extended Use Period.

(3) following the end of the Compliance Period, subject to the consent of the Department, upon the acquisition of the Project by the Tenants of the Project, a qualified nonprofit organization or a government agency pursuant to a right of first refusal under Section 42(i)(7) of the Code.

(c) If this Declaration is terminated pursuant to subsection (b) above and notwithstanding anything herein to the contrary, the Tenant of any Low-Income Unit on the date of such termination shall be entitled to occupy such Unit in accordance with the provisions of this Declaration for a period of three years following such termination date, provided, however, that upon a showing of good cause, such Tenant's tenancy may be terminated or such Tenant evicted.

SECTION 6 - ENFORCEMENT, ADMINISTRATION AND COMPLIANCE

(a) The Project Owner covenants that it will not knowingly take or permit any action that would result in a violation of the requirements of Section 42 of the Code or this Declaration. Moreover, the Project Owner covenants to take any lawful action (including amendment of this Declaration as may be necessary in the sole opinion and at the request of the Department) to comply fully with the Code and with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the United States Department of the Treasury, the Service, or the United States Department of Housing and Urban Development, from time to time, pertaining to the Project Owner's obligations under Section 42 of the Code and affecting the Project.

(b) The Project Owner acknowledges that the primary purpose for requiring compliance by the Project Owner with the restrictions provided in this Declaration is to assure compliance of the Project and by the Project Owner with Section 42 of the Code and the Department Rules, AND BY REASON THEREOF, THE PROJECT OWNER, IN CONSIDERATION FOR RECEIVING THE TAX CREDITS FOR THIS PROJECT, HEREBY AGREES THAT THE DEPARTMENT AND ANY INDIVIDUAL WHO MEETS THE APPLICABLE INCOME LIMITATION UNDER SECTION 42 (WHETHER PROSPECTIVE, PRESENT OR FORMER TENANT) SHALL BE ENTITLED, FOR ANY BREACH OF THE PROVISIONS HEREOF, AND IN ADDITION TO ALL OTHER REMEDIES PROVIDED BY LAW OR IN EQUITY, TO ENFORCE SPECIFIC PERFORMANCE BY THE PROJECT OWNER OF ITS OBLIGATIONS UNDER THIS DECLARATION IN A STATE COURT OF COMPETENT JURISDICTION. The Project Owner hereby further specifically acknowledges that the beneficiaries of the Project Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of any default hereunder. The Project Owner, still further, acknowledges and agrees that any party which brings an action to enforce any requirement of this Declaration, whether by specific performance or otherwise, shall be entitled, if successful, to recover such party's reasonable attorney's fees.

(c) The Project Owner hereby agrees that the representations and covenants set forth herein may be relied upon by the Department and all persons interested in Project compliance under Section 42 of the Code.

(d) The Project Owner acknowledges that the Department is required, pursuant to Section 42(m)(1)(B)(iii) of the Code, (i) to monitor the Project Owner's and the Project's compliance with the requirements of Section 42 of the Code, and (ii) to notify the Service in accordance with the Code and the rules of the Service of any noncompliance which is found. The Project Owner agrees (I) to maintain records that substantiate and document such compliance, (II) to take all actions required by the Department pursuant to the Department Compliance Monitoring Procedures to assist or cooperate with the Department in monitoring such compliance, and (III) to pay the fee prescribed by the Department with respect to such monitoring.

(e) The Project Owner agrees that the Department may enforce all state and federal law, the Department Rules and the terms of any allocation of Tax Credits through this Declaration, and utilize for such purposes any and all remedies available to the Department including but not limited to administrative or judicial action, appointment of trustee or receiver, or assume the management and operations of the Development.

(f) The Project Owner agrees the Department may, at reasonable times and upon adequate notice at any time during the construction, rehabilitation, or operation of the Project, enter and inspect the Project to evaluate its physical and financial condition, construction, rehabilitation, operation, management and maintenance.

(g) The Project Owner agrees the Department may, at reasonable times and upon adequate notice, examine all books and records, and request and receive from the Project Owner one or more reports, relating to the ownership, operations, capitalization, reserve funds, income, expenses and other financial and regulatory matters of the Project or the Project Owner. This includes compliance with the Annual Owner's Certification of Project Completion, Fair Housing Sponsor report, and Owner's Financial Certification in a form and timeline as prescribed by the Department.

(h) The Project Owner agrees that the Department may at any time order it and/or its managing agent or Project manager to do whatever is necessary to comply with or refrain from violating an applicable law, ordinance, Department Rules, or term of an agreement regarding the Project, and that the Department may file and prosecute a complaint against a managing agent, Project manager, or the Project Owner for a violation of any applicable law or ordinance. The Project Owner acknowledges and agrees that, in the event that the Project Owner is found to have violated an applicable law, ordinance, Department Rules, or term of an agreement regarding the Project, the Department shall have the right, among other remedies and without limitation, to limit or deny participation by the Project Owner in any of the programs operated or administered by the Department.

(i) Upon a determination by the Department that the Project Owner has failed to maintain the Project in good and habitable condition and suitable for occupancy as hereinabove required, the Project Owner agrees, upon the Department's direction, to establish a reserve for replacement and repairs to the Project in such initial amount and with such monthly deposits as the Department may direct. Such reserve shall be held for the benefit of the Project Owner and the Project by such party as the Department shall direct, and disbursements shall be made therefrom only upon direction of or approval by the Department.

(j) The Project Owner agrees to indemnify and hold harmless the Board members, Department officers, directors and employees from and against all liabilities, losses, claims, damages, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by the Department as a result of any material inaccuracy in any of the representations and warranties contained in this Declaration, or as a result of any action or inaction by the Project Owner, including claims by third parties.

(k) The Project Owner agrees that should any claims, demands, suits or other legal proceedings be made or instituted by any person against the Department which arise out of any of the matters relating to this Declaration, Project Owner will cooperate fully with the Department in the defense or other disposition thereof.

(l) The Project Owner agrees to furnish the Department within 10 days of receipt with copies of all correspondence between the Project Owner and the Service with respect to the Project, other than tax returns and routine, periodic reports filed with the Service.

(m) The Project Owner agrees to notify the Department and modify the credit allocation identified on the IRS form 8609, if necessary, if any federal grant or loan of below market rate federal funds is received with respect to the Project at any time during the Compliance period.

SECTION 7 - FEES

(a) To compensate the Department for its responsibilities pursuant to the Act and the Code, the Project Owner shall pay to the Department an annual compliance monitoring fee for the first twelve month period of this Declaration in the amount of \$25 or \$40 per Low-Income Unit in the Project. In no event shall the fee be less than \$100.

(b) In addition to the compliance monitoring fee required by Section 7(a), the Project Owner shall pay to the Department a building inspection fee for any inspections that the Department requires or performs. The amount of such fee(s) will be determined by the Department in accordance with Department Rules.

(c) If the Department shall find the Project not to be in compliance with the terms hereof, the Project Owner shall pay to the Department (i) an additional administrative fee in an amount prescribed from time to time by the Department, which amount for the first twelve month period of this Declaration, shall not exceed \$25 per Unit (without regard to the number of Low-Income Units), for additional monitoring and enforcement activities undertaken with respect to the Project and (ii) all amounts required to reimburse the Department for its expenses in performing such additional monitoring and enforcement activities. The administrative fee payable in the event of noncompliance shall be in addition to the fees set forth in this section.

to, and distinct from, the amount ~~as~~ pursuant to Section 7(a), as well as any reimbursement of costs and legal fees to which the Department may be entitled as a result of judicial enforcement action, and such fee shall be payable without respect to whether the Department undertakes or succeeds in judicial enforcement activities, and any right to be compensated therefore, for a period of up to three years following its most recent finding of noncompliance with respect to the Project.

(d) For each successive twelve month period following the initial twelve month period of this Declaration, the administrative fees payable to the Department hereunder shall be the amounts established for the most recent administrative fee, multiplied by the increase in the Consumer Price Index for All Urban Consumers (CPI-U) published by the Bureau of Labor Statistics of the United States Department of Labor (or generally recognized successor to such Index) for the same twelve month period of time.

(e) The Project Owner agrees that it will pay the annual compliance monitoring fee and the building inspection fee(s) at the times required by the Department therefore and that it will pay all additional charges, fees, and expenses assessed hereunder by the Department within ten (10) days of receipt of written notice of any such assessment.

SECTION 8 - MISCELLANEOUS

(a) Severability. This Declaration is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations. If any provision of this Declaration or the application thereof to any person or circumstance shall be held invalid or unenforceable, the remainder of this Declaration and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

(b) Notices. All notices to be given pursuant to this Declaration shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, delivered by hand, or delivered by any other method permitted by law, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing.

To the Department: Texas Department of Housing & Community Affairs
P O Box 13941
Austin, Texas 78711-3941
Attn: Portfolio Management and Compliance Division

To the Project Owner: Pamela P. Barineau
800 Bering Drive
Suite 410
Houston, Texas 77057

The Department, and the Project Owner, may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

(c) Amendment. This Agreement may not be amended or modified except by written instrument executed by both Project Owner and Department, or their respective heirs, successors or assigns, which instrument shall not be effective until it is recorded in the real property records in the county where the Property is located. Upon request by the Department, the Project Owner agrees that it will take all actions necessary to effect any amendment of this Declaration which may be necessary in the Department's sole discretion to comply with the Code, and any and all applicable rules, regulations, policies, procedures, rulings or other official statements pertaining to the Tax Credits.

(d) Governing Law. This Declaration shall be governed by the laws of the State of Texas, and, where applicable, the laws of the United States of America.

(e) Survival of Obligations. The obligations of the Project Owner as set forth herein and in the Application shall survive the allocation of the Tax Credit and shall not be deemed to terminate or merge with the awarding of the allocation.

(f) Interpretation. The Department's interpretation of this Declaration shall be controlling for purposes of determining whether (i) the Compliance Period and/or Credit Period shall have commenced, (ii) this Declaration shall have been terminated in accordance with Section 5 hereof, and (iii) the Additional Use Restrictions elected at Appendix A hereto, if any, shall have been complied with.

IN WITNESS WHEREOF, the Project Owner and the Department have caused this Declaration to be signed by their duly authorized representatives, as of the day and year first written above.

PROJECT OWNER:

South Union Place Limited Partnership,
a Texas Limited Partnership

By: Scott Street Group, LLC,
a Texas Limited Liability Company,
its general partner

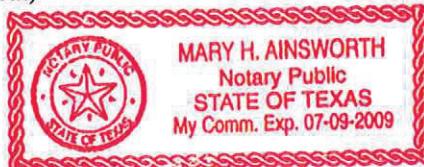
By: Pamela P. Barineau,
Name: Pamela P. Barineau,
Title: President of Scott Street Group, LLC

THE STATE OF Texas §
§
COUNTY OF Harris §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Pamela P. Barineau, known to me to be the President of Scott Street Group, LLC, a Texas Limited Liability Company, general partner of South Union Place Limited Partnership, a Texas limited partnership, the limited partnership that executed the foregoing instrument, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of said limited partnership, and that he/she executed the same as the act of such limited partnership for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 2ND day of OCTOBER, 2006.

(Seal)



Mary H. Ainsworth
Notary Public, State of Texas

DEPARTMENT:

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY
AFFAIRS, a public and official agency of the State of Texas

By: Michael Gerber
Name: Michael Gerber
Title: Executive Director

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared Michael Gerber, Executive Director of the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas, on behalf of such agency.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 13 day of October, 2006.

(Seal)



• • • • •
NIDIA HIROMS
Notary Public, State of Texas
My Commission Expires
NOVEMBER 13, 2007
• • • • •

Notary without Bond

Nidia Hiroms
Notary Public, State of Texas

ADDENDUM A TO DECLARATION - CONSENT AND SUBORDINATION OF LIENHOLDER

[To be executed by each lien holder on the project as of the effective date of the declaration.]

The undersigned lien holder ("Lien holder") hereby consents to the execution by Project Owner of the foregoing Declaration for South Union Place (the "Project Improvements").

Lien holder hereby subordinates its lien(s) to the rights and interests created pursuant to Section 5(c) of the Declaration such that a foreclosure of its lien(s) shall not extinguish such rights and interests.

Lien holder acknowledges and agrees that, pursuant to Section 5(b)(1) of the Declaration, the Declaration will terminate on the date the Project is acquired by foreclosure or deed in lieu of foreclosure, upon the recorded declaration of the party so acquiring the building (unless it is determined that such acquisition is part of an arrangement with Borrower a purpose of which is to terminate such period); provided, however, Lien holder hereby acknowledges and agrees that the acquisition of the Project by any party by foreclosure or instrument in lieu of foreclosure shall be subject to the provisions of Section 5(c) of the Declaration, which provisions shall continue in full force and effect for a period of three (3) years from the date of such acquisition; provided, further, that such provisions shall not apply during such period if and to the extent that compliance therewith is not possible as a consequence of damage, destruction, condemnation or similar event with respect to the project.

Executed to be effective the 29th day of August, 2006.

LIENHOLDER: Washington Mutual Bank

By: CJ

Name: Cheryl Wilson

Title: First Vice President

STATE OF CALIFORNIA

COUNTY OF ORANGE

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Cheryl Wilson, whose name is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day, being informed of the contents of such document, executed the same voluntarily. Given under my hand, official seal this 29th day of August, 2006.



Nancy J.R. Miller
Notary Public
My Commission expires: MARCH 11, 2010

EXHIBIT A TO DECLARATION - LEGAL DESCRIPTION

A 4.3400 ACRE (189,049 SQ.FT.) TRACT OF LAND BEING THE REMAINDER OF THE NORTH ONE-HALF OF LOT TWENTY-FOUR (24) OF INSTITUTE PLACE, A SUBDIVISION RECORDED IN VOLUME 234, PAGE 227 OF THE HARRIS COUNTY DEED RECORDS (H.C.D.R), LOCATED IN THE LOUIS GLADITCH SURVEY, ABSTRACT 304, CITY OF HOUSTON, HARRIS COUNTY, TEXAS; SAID TRACT ALSO BEING THAT SAME TRACT OF LAND CONVEYED BY DEED TO RADNEY MANAGEMENT & INVESTMENTS, INC., TRUSTEE UNDER HARRIS COUNTY CLERK'S FILE NUMBER (H.C.C.F. No.) X968427. D

COMMENCING: At a found $\frac{1}{2}$ -inch iron pipe at the intersection of the westerly line of Scott Street, an 80-foot right-of-way (R.O.W.) and the northerly line of Mt. Pleasant Street (60-foot R.O.W.), said point being the southeasterly corner of the remainder of Lot 27 in Block 47 of South End Sunny Side, an unrecorded subdivision;

THENCE: Along the westerly line of Scott Street, North 19 deg 47 min 35 sec East, a distance of 40.00 feet to a set 5/8-inch iron rod with cap (LIN 2414) for the POINT OF BEGINNING and the southeast corner of the herein described tract;

THENCE: Along the common line of the northerly line of said Block 47 and the southerly line of the herein described tract, North 69 deg 19 min 09 sec West, a distance of 547.48 feet to a set 5/8-inch iron rod with cap (LIN 2414) in the easterly line of said Block 47, an interior corner of said Block 47 and the southwest corner of the herein described tract;

THENCE: Along the common line of the easterly line of said Block 47 and the westerly line of the herein described tract, North 19 deg 41 min 15 sec East, a distance of 342.09 feet to a set of 5/8-inch iron rod with cap (LIN 2414) in the southerly line of Corder Street (99.7-foot R.O.W.), the northwest corner of the herein described tract;

THENCE: Along the southerly line of Corder Street, South 69 deg 57 min 40 sec East, a distance of 548.05 feet to a set 5/8-inch iron rod with cap (LIN 2414) in the westerly line of Scott Street, the northeast corner of the herein described tract;

THENCE: Along the westerly line of Scott Street, South 19 deg 47 min 35 sec West, a distance of 348.22 feet to the POINT OF BEGINNING and containing 4.3400 acres or 189,049 square feet of land, more or less.

APPENDIX A - ADDITIONAL USE RESTRICTIONS
(Check all restrictions which were elected at the time of Application.)

Additional Rent and Occupancy Restrictions

At least 12 Units in the Project must be occupied by Tenants at or below 30% of Area Median Gross Income, with rents for these Units no higher than the allowable tax credit rents at such AMGI level. At least 3 Units in the Project must be occupied by Tenants at or below 40% of Area Median Gross Income, with rents for these Units no higher than the allowable tax credit rents at such AMGI level. At least 25 Units in the Project must be occupied by Tenants at or below 50% of Area Median Gross Income, with rents for these Units no higher than the allowable tax credit rents at such AMGI level. If at re-certification the Tenant's household income exceeds the applicable limit, then the Unit remains as a Unit restricted at the specified level of AMGI until the next available Unit of comparable or smaller size is designated to replace this Unit. Once the Unit exceeding the specified AMGI level is replaced, then the rent for the previously qualified Unit may be increased, subject to applicable Tax Credit requirements, lease provisions and local tenant-landlord laws.

Additional Rent and Occupancy Restrictions for Developments with below market rate HOME funding included in the total eligible basis and utilizing the "9%" Applicable Percentage

At least 40% of the Units in each Federal Subsidized Building must be occupied by Tenants whose incomes are at or below 50% of Area Median Gross Income.

Longer Compliance Period and Extended Use Period

The Compliance Period shall be a period of 15 consecutive taxable years and the Extended Use Period shall be a period of 40 consecutive taxable years, each commencing with the first year of the Credit Period.

Material Participation by Qualified Nonprofit Organization

Throughout the Compliance Period, a "qualified nonprofit organization" within the meaning of Section 42(h)(5)(C) of the Code shall hold a controlling interest the Project as required by the Department Rules, shall materially participate (within the meaning of Section 469(h) of the Code) in the development and operation of the Project and shall otherwise meet the requirements of Section 42(h)(5) of the Code. At the time this Declaration is filed, the qualified nonprofit organization which shall own such interest and shall so materially participate in the development and operation of the Project is _____ and is the [managing General Partner] or

[Managing Member] of the Project Owner. The Project Owner shall notify the Department (i) of any change in the status or role of such organization with respect to the Project and (ii) if such organization is proposed to be replaced by a different qualified nonprofit organization.

Joint Venture with Qualified Nonprofit Organization

Throughout the Compliance Period, a "qualified nonprofit organization" within the meaning of Section 42(h)(5)(C) of the Code shall materially participate as one of the General Partners or Managing Members in the development and operation of the Project. At the time this Declaration is filed, the qualified nonprofit organization which shall own such interest and shall so materially participate in the development and operation of the Project is _____ and is a [General Partner] or [Managing

Member] of the Project Owner. The Project Owner shall notify the Department (i) of any change in the status or role of such organization with respect to the Project and (ii) if such organization is proposed to be replaced by a different qualified nonprofit organization.

Historically Underutilized Businesses (HUB)

Throughout the Compliance Period, unless otherwise permitted by the Department, the HUB shall hold an ownership interest in the Project. The HUB must also maintain regular, continuous, and substantial participation in the development and operation of the Project. At the time this Declaration is filed, the HUB which holds an ownership interest in the Project is Scott Street Group, LLC.

The Project Owner shall notify the Department (i) of any change in the status or role of such organization with respect to the Project and (ii) if such organization is proposed to be replaced by a different qualified HUB.

Supportive Services

Throughout the Compliance Period, unless otherwise permitted by the Department, the Project Owner has contracted for the provision of the following special supportive services that would not otherwise be available to Tenants: health screening, social events and activities, and computer facilities.

At the time this Declaration is filed, the organization(s) providing these services is Missionary Village Apartments Company

The Project Owner shall notify the Department (i) of any change in the status or role of such organization with respect to the Project and (ii) if such organization is proposed to be replaced by a different qualified provider.

Transitional Housing for the Homeless

Throughout the Compliance Period, unless otherwise permitted by the Department, the Project shall provide 12 number of units set aside for transitional housing for homeless persons, on a non-transient basis, with supportive services designed to assist Tenants in locating and retaining permanent housing.

Public Housing Waiting Lists

Throughout the Compliance Period, unless otherwise permitted by the Department, the Project Owner shall consider prospective Tenants referred to from the waiting list of the Housing Authority of City of Houston

QUALIFIED ELDERLY DEVELOPMENTS¹

Qualified Elderly Projects (2000 and later)

Throughout the Compliance Period, unless otherwise permitted by the Department, this project must conform to the Federal Fair Housing Act and must be a project which:

- (i) is intended for, and solely occupied by Persons 62 years of age or older; or
- (ii) is intended and operated for occupancy by at least one person 55 years of age or older per unit, where at least 80% of the total housing units are occupied by at least one person who is 55 years of age or older; and adheres to policies and procedures which demonstrate an intent by the owner and manager to provide housing for persons 55 years of age or older.

¹ Note: The Federal Fair Housing Act requires, generally, that projects which are limited to occupancy by older persons either (i) be restricted to households in which all members are 62 years or older or (ii) to households in which at least one member is 55 years or older. See 24 C.F.R. §§100.300-100.304 for exact requirements. All tax credit projects must comply with these requirements, as applicable under Federal law, in addition to the Declaration.

Special Housing Development

Throughout the Compliance Period, unless otherwise permitted by the Department, the Project Owner shall operate the Project exclusively as one or more of the following:

- housing for persons with mental health/mental retardation issues;
- group home;
- transitional housing;
- congregate care facility;
- housing for persons with HIV/AIDS;
- [OTHER - SPECIFY] _____.

APPENDIX A - ADDITIONAL USE RESTRICTIONS - ACCESSIBILITY REQUIREMENTS

(Only Projects which made the applicable Accessibility Requirements election should include this page as part of this Declaration.)

Accessibility Requirements for 1999 Allocations, Option §50.6(c)(6)(B)(i) and 2000 Allocations, Option §49.6(c)(6)(B)(i)

Throughout the Compliance Period, unless otherwise permitted by the Department, the Project Owner agrees to set aside Units for Persons with Disabilities. The Department will require a minimum of nine months during which the set aside Units must either be occupied by Tenants who are physically or mentally disabled or held vacant while being marketed to such tenants. The nine month period will begin on the date that each building receives its certificate of occupancy. For buildings which do not receive a certificate of occupancy, the nine month period will begin on the placed in service date as provided in the Cost Certification Manual. When a qualified Tenant is located, the Project Owner will be responsible for adapting the Unit per the tenant's requirements. The cost of adapting the Unit will be borne by the Project Owner. If the Project Owner is unable to locate qualified Persons with Disabilities following a good-faith effort throughout the nine month set aside period, then the Units may be rented to tenants without disabilities, provided that the next available Unit (from among those set aside for Persons with Disabilities) shall first be made available to Persons with Disabilities. To comply with this provision, the Project Owner must maintain a waiting list of qualified Tenants with disabilities throughout the Compliance Period. Each time a Unit set aside for Persons with Disabilities becomes available, the Project Owner must contact persons on the waiting list and/or provide notice to local service providers that such Units are available. If the waiting list or the local service provider cannot locate a qualified Tenant for the next available Unit, then the Unit may be rented to a Tenant without disabilities.

- (a) For physical disabilities, such Units must be designed to meet American National Standards for buildings and facilities providing accessibility and usability for Persons with Disabilities (ANSI A117.1 - 1986) and will conform to the Fair Housing Act.
- (b) For persons with mental disabilities, there must be a contract to provide appropriate supportive services for persons with mental disabilities between the Project Owner and an experienced service provider.

At least 7% of the Units are set-aside for persons with physical or mental disabilities; or

at least 10% of the Units are set-aside for persons with physical or mental disabilities.

Accessibility Requirements for 1999 Allocations, Option §50.6(c)(6)(B)(ii) and 2000 Allocations, Option §49.6(c)(6)(B)(ii)

The Project provides Units specifically accessible to persons with physical, visual or hearing disabilities as required by §504 of the Rehabilitation Act of 1973. As required by §504, a one time inspection and corresponding Accessibility Transition Plan will be required upon completion of construction. Project Owners making this election must also comply with the Fair Housing Act.

- At a minimum, 5% of the Units must be usable for persons with mobility impairments and 2% of the Units shall be made accessible for people with hearing or visual impairments; or
- At a minimum 10% of the Units must be usable for persons with mobility impairments and 2% of the Units shall be made accessible for people with hearing or visual impairments.

Accessibility Requirements for 2001 Allocations, Option §50.7(d)(1)(C)

For up to 5% of all LIHTC Units, the Project Owner shall provide reasonable accommodation(s) or modification(s) on a one-time basis in conformance with ANSI A117.1-1986 construction standards as requested by the tenant with a disability. The Project Owner shall incur the related expense(s) for the reasonable accommodation(s) and/or modification(s). For properties that are designed as townhouse units, the Project Owner must include one bathroom and one bedroom on the ground level of 5% of the LIHTC Units and meet standards of the Fair Housing Act.

Accessibility for 2002 and later Allocations

The Development will comply with the accessibility standards that are required under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), and specified under 24 C.F.R. Part 8, Subpart C. A minimum of five percent of the total dwelling Units or at least one Unit, whichever is greater, shall be made accessible for persons with mobility impairments. A Unit that is on an accessible route and is adaptable and otherwise compliant with sections 3-8 of the Uniform Federal Accessibility Standards (UFAS), meets this requirement. An additional two percent of the total dwelling Units, or at least one Unit, whichever is greater, shall be accessible for persons with hearing or vision impairments. Additionally, for Developments where some Units are two-story dwelling Units, a minimum of 20% of each Unit type (i.e. one bedroom, two bedroom, three bedroom) must provide an accessible entry level and include a minimum of one bedroom and one bathroom or powder room at the entry level.

FILED

2006 OCT 24 PM 2:34

James L. Taylor
COUNTY CLERK
HARRIS COUNTY, TEXAS

APPENDIX A - ADDITIONAL USE RESTRICTIONS - RIGHT OF FIRST REFUSAL

(Only Projects which made a Right of First Refusal election beginning in 2001 should include this page as part of the LURA.)

Right of First Refusal to a Tenant or Qualified Nonprofit Organizations for 2001 and later allocations

The Project Owner has entered into an Agreement for Provision of the Right of First Refusal with the Department. If at any time after the fifteenth year of the Compliance Period, the Project Owner shall determine to sell the Project, this Declaration shall serve as evidence that the Project Owner agrees to provide, and provides, to a qualified nonprofit organization (as defined in §42 (h) (5) (C) of the Code) or a tenant organization determined to be such by the Department (a "Tenant Organization"), a right of first refusal to purchase the Project for the Minimum Purchase Price provided in, and in accordance with the requirements of §42 (i) (7) (B) of the Code as shown below.

"(B) Minimum purchase price. The minimum purchase price under this subparagraph is an amount equal to the sum of-

- (i) the principal amount of outstanding indebtedness secured by the building (other than indebtedness incurred within the 5-year period ending on the date of the sale to the tenants), and
- (ii) all Federal, State, and local taxes attributable to such sale.

Except in the case of Federal income taxes, there shall not be taken into account under clause (ii) any additional tax attributable to the application of clause (ii)."

The following terms are hereby incorporated into this Declaration:

(i) Upon the earlier to occur of:

(I) the Project Owner's determination to sell the Project, or (II) the Project Owner's request to the Department, pursuant to §42 (h)(6)(I) of the Code, to find a buyer who will purchase the Project pursuant to a "qualified contract" within the meaning of §42 (h)(6)(F) of the Code, the Project Owner shall provide a notice of intent to sell the Project ("Notice of Intent") to the Department and to such other parties as the Department may direct at that time. If the Project Owner determines that it will sell the Project at the end of the Compliance Period, the Notice of Intent shall be given no later than two years prior to expiration of the Compliance Period.

(ii) During the two years following the giving of Notice of Intent, the Project Owner may enter into an agreement to sell the Project only in accordance with a right of first refusal for sale at the Minimum Purchase Price with parties in the following order of priority:

(I) during the first six-month period after the Notice of Intent, only with a Qualified Nonprofit Organization that is also a community housing development organization, as defined for purposes of the federal HOME Investment Partnerships Program at 24 C.F.R. § 92.1 (a "CHDO") and is approved by the Department;

(II) during the second six-month period after the Notice of Intent, only with a Qualified Nonprofit Organization or a Tenant Organization; and

(III) during the second year after the Notice of Intent, only with the Department or with a Qualified Nonprofit Organization approved by the Department or a Tenant Organization approved by the Department.

(iii) At any time after the fifteenth year of the Compliance Period, but no earlier than two years after delivery of a Notice of Intent, the Project Owner may sell the Project without regard to any right of first refusal established by this Declaration if: (x) no offer to purchase the Project at or above the Minimum Purchase Price has been made by a Qualified Nonprofit Organization, a Tenant Organization or the Department, or (y) a period of 120 days has expired from the date of acceptance of such offer without the sale having occurred, provided that the failure to close within such 120-day period shall not have been caused by the Project Owner or matters related to the title for the Project.

(iv) At any time prior to the giving of the Notice of Intent, the Project Owner may enter into an agreement with one or more specific Qualified Nonprofit Organizations and/or Tenant Organizations to provide a right of first refusal to purchase the Project for the Minimum Purchase Price, but any such agreement shall only permit purchase of the Project by such organization in accordance with and subject to the priorities set forth in paragraph (ii) of this section.

(v) The Department shall, at the request of the Project Owner, identify in this Declaration a Qualified Nonprofit Organization or Tenant Organization which shall hold a limited priority in exercising a right of first refusal to purchase the Project at the Minimum Purchase Price, in accordance with and subject to the priorities set forth in paragraph (ii) of this section.

APPENDIX A - MINIMUM APPLICABLE FRACTION BY BUILDING

Building Number	Building Identification Number (BIN)	Minimum Applicable Fraction
1.	TX-04-02401	80%
2.	TX-	N/A
3.	TX-	N/A
4.	TX-	N/A
5.	TX-	N/A
6.	TX-	N/A
7.	TX-	N/A
8.	TX-	N/A
9.	TX-	N/A
10.	TX-	N/A
11.	TX-	N/A
12.	TX-	N/A
13.	TX-	N/A
14.	TX-	N/A
15.	TX-	N/A
16.	TX-	N/A
17.	TX-	N/A
18.	TX-	N/A
19.	TX-	N/A
20.	TX-	N/A
21.	TX-	N/A
22.	TX-	N/A
23.	TX-	N/A
24.	TX-	N/A
25.	TX-	N/A
26.	TX-	N/A
27.	TX-	N/A
28.	TX-	N/A
29.	TX-	N/A
30.	TX-	N/A
31.	TX-	N/A
32.	TX-	N/A
33.	TX-	N/A
34.	TX-	N/A
35.	TX-	N/A
36.	TX-	N/A
37.	TX-	N/A
38.	TX-	N/A

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE DESCRIBED REAL
PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNFORCEABLE UNDER FEDERAL LAW
THE STATE OF TEXAS
COUNTY OF HARRIS
I hereby certify that this instrument was FILED in file number Sequence on the
date and at the time stamped hereon by me; and was duly RECORDED in the
Official Public Records of Real Property of Harris County Texas on

OCT 24 2006



Beverly L. Keyman

COUNTY CLERK
HARRIS COUNTY TEXAS

Exhibit C

2024 Property Condition Report Excerpts



Property Condition Report

REPORT DATE: February 21, 2024

PROPERTY INFORMATION:

South Union
7210 Scott Street
Houston, Harris County, Texas 77021

PROJECT INFORMATION:

AEI Project No. 489072
Site Assessment Date: February 15, 2024

PURPOSE:

Pre-Acquisition only

PREPARED FOR:

The ITEX Group
9 Greenway Plaza Ste 1250
Houston, Texas 77046

PREPARED BY:

AEI Consultants - Corporate Headquarters
2500 Camino Diablo
Walnut Creek, California 94597

DRAFT

Immediate Repair and Short Term Costs

South Union
7210 Scott Street
Houston, Texas 77021
February 21, 2024

Item	Quantity	Unit	Unit Cost	Replacement Percent	Immediate Total	Short Term Total	Comments
3.1.1 Topography, Storm Water Drainage, and Retaining Walls Fill materials, Regrade to slope way from building	1		Allow \$15,000.00 100%	\$0	\$15,000		Regrade exterior to provide positive drainage
3.1.2 Site Access, Parking, Pavement Concrete Pavement, Sectional Replacements	55,000	SF	\$12.00	10%	\$0	\$66,000	Sectional repairs at settled areas, concrete repairs at storm drain, crack & Repairs
3.1.3 Sidewalks, Curbing, Site Steps, and Ramps Concrete Flatwork, Repair	1		Allow \$15,000.00 100%	\$15,000			Sidewalk section replacements at settled areas and trip hazard repairs
3.1.4 Landscaping, Fencing, Signage, Site Lighting Dead vegetation, Replace Overgrown Trees, Removed and/or Trim Away From Building	1		Allow \$3,500.00 100%	\$0	\$3,500		Replace dead vegetation
Irrigation System, Repair Fencing (Wooden and Metal), Repair	1		Allow \$1,500.00 100%	\$0	\$1,500		Repair inoperable landscaping irrigation system
3.2.1 Foundations Foundation Settlement, Investigate	1		Allow \$3,000.00 100%	\$0	\$3,000		Wood fence and metal gate (fire department entrance) repairs
3.2.2 Cladding Exterior Walls, Repaint and Recaulk	125	Unit	\$400.00	100%	\$0	\$50,000	Evaluate settlement and suggest repairs
3.2.4 Roof Systems Asphalt Composition Roof Shingles, Replace Modified Bitumen Roof, Replace	6,750	SF	\$5.00	100%	\$0	\$333,750	Repaint and caulk exterior walls. Repair minor damage
3.2.8 Common Area Finishes Common Area Walls and Ceilings, Repair Common Area Carpet, Replace	6,800	SF	\$12.00	100%	\$0	\$81,600	Replace roof shingles Replace flat roof area
	1,000	SY	\$32.00	100%	\$0	\$10,000	Repair and repaint walls and ceilings
					\$0	\$32,000	Replace stained and dirty common corridor carpet

Item	Quantity	Unit	Unit Cost	Replacement Percent	Immediate Total	Short Term Total	Comments
3.3.2 Heating, Cooling, and Ventilation							
Furnace (Electric), Replace	10	EA	\$3,500.00	100%	\$0	\$35,000	Replace in conjunction with R22 units
Split-system Condensing unit, Replace	10	TON	\$1,500.00	100%	\$0	\$15,000	Replace older units utilizing R22
Total Repair Cost					\$15,000.00	\$656,850.00	

DRAFT

Photographs



Standing water in parking lot



Sediment from standing water in parking lot



Erosion along building foundation



Erosion along building foundation

Cost Summary

Cost Recommendation	EUL	EFF AGE	RUL	Year	Cost
Fill materials, Regrade to slope way from building	-	-	-	Short Term	\$15,000
Total					\$15,000

3.1.2 SITE ACCESS, PARKING, PAVEMENT

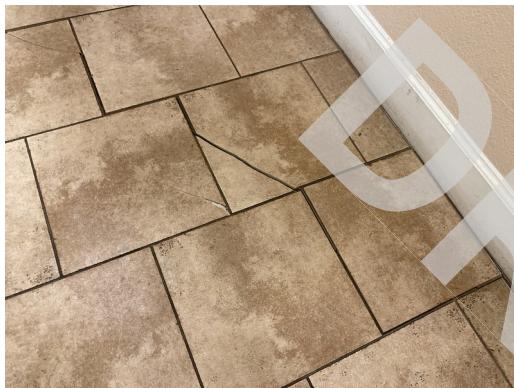
Site Access, Parking, Pavement Descriptions				
Items	Description	Action	Condition	
Asphalt Pavement Uses and Locations	Not Applicable			
Concrete Pavement Uses and Locations	Concrete pavement is utilized for the drive aisles and parking areas throughout the property.	ST/RR	Fair/Poor	
Other Pavement and Locations	Not Applicable			
Asphalt Pavement Seal Coating	Not Applicable			
Pavement Striping	Painted parking striping faded and worn	RR	Fair	
Total Number of Parking Stalls	156 as per ALTA Survey			



Minor siding damage



Siding separation from settlement



Floor tile cracking in office area from foundation settlement



Sheetrock cracking in office area from foundation settlement



Sheetrock cracking in office area from foundation settlement



Sheetrock cracking in office area from foundation settlement

Should the Property ownership be transferred, any existing roof warranty should be re-assigned to the new building owner. Warranties should not be relied upon without close examination of the language of the document, research into the issuing company, and historic information concerning installation and maintenance.

Photographs



Asphalt shingle roofing



Asphalt shingle roofing



Asphalt shingle roofing



Flat, modified bitumen roofing



Flat, modified bitumen roofing



Roof scupper