

**Travis County Housing Finance Corporation
Multifamily Housing Development Term Sheet**

This Term Sheet sets forth some of the terms and costs associated with the financing of a qualified residential rental development by the Travis County Housing Finance Corporation (the "Corporation"). The Corporation is a Texas nonprofit housing finance corporation created pursuant to Chapter 394, Texas Local Government Code (the "Act") to assist with the financing of residential ownership and development projects that will provide decent, safe, and sanitary housing at affordable prices for residents of Travis County, Texas. The Corporation is authorized by the Act to issue special revenue bonds to finance qualified residential rental projects for this purpose.

***CAVEAT:** This Term Sheet is intended solely as a basis for further discussion and is not intended to be and does not constitute a legally binding or enforceable obligation or agreement and none will be created, implied, or inferred until all definitive documents are executed and delivered by all of the parties.*

The Corporation: Travis County Housing Finance Corporation

Applicant: _____, a _____

Development Name and Location: _____

[The Development must be located entirely within Travis County, Texas.]

Application: Applicant must submit an Application for the financing of the Development in accordance with the Corporation's application procedures, as set forth in the TCHFC Policy Guidelines for Receiving and Approving Applications for Financial Participation in Residential Developments.

Application Fees: Concurrently with the filing of an Application, the Applicant shall pay to the Corporation a processing fee in the amount of \$3,000 (of which \$1,500 is for the preliminary services of the Corporation's issuer counsel which shall be remitted directly to Naman, Howell, Smith and Lee, PLLC, Attention: Cliff Blount, 8310 Capital of Texas Highway, Suite 490, Austin, Texas 78731), which amount is not refundable, whether or not the Application is approved or the financing of the Development is accomplished.

Subsequent Processing and Retainer Fees: If the Development obtains an allocation of volume cap from the Texas Bond Review Board, the Applicant will pay the following amounts to the Corporation upon receipt of such reservation of volume cap (if the Development does not require such allocation, the following fees will be paid with the Application):

(a) a nonrefundable retainer fee of \$5,500 for the services of the Corporation to evaluate the feasibility of the Development, services of the Corporation's engineering or other consulting firm, to make an

environmental, traffic or other study related to the Development, and other costs prior to closing.

(b) a retainer for services of the Corporation's Bond Counsel in an amount agreed upon by Bond Counsel sufficient to cover Bond Counsel's fees and expenses incurred in the event the transaction does not close.

Closing Costs and Fees:

Concurrently with the closing of any financing pursuant to an approved Application, the Applicant shall pay or cause to be paid the following professional fees and other costs:

(a) the actual amount of any closing or acceptance fees of any trustee for the obligations, any fees or premiums for casualty and title insurance, any security filing costs, any fees for placing the obligations, and any other costs and expenses relating to the obligations, their security, the Development, or the closing thereof, including any fees and expenses of any attorneys, consultants and other advisors employed by the Applicant or the Corporation payable at that time from that source.

(b) an issuance fee equal to 0.5% of the principal amount of the obligations to be issued if the obligations are a new issue and 0.5% of the principal amount if the obligations are a refunding or reissuance (the "Issuance Fee"). In the event that the Application expires or bonds are not issued, the Corporation is entitled to (i) 25% of the Issuance Fee, calculated based on the amount of the volume cap reservation, if a TEFRA hearing has been held by the Corporation or (ii) 50% of the Issuance Fee if the Corporation's Board has passed its final bond resolution, calculated based on the aggregate principal amount of the bonds approved by the Board, which amounts are due and payable immediately upon the earlier of (A) the expiration of the Application or (B) the termination of the bond issuance. If the bonds are issued, no portion of the issuance fee is refundable.

(c) If the Applicant does not set aside at least 5% of the rental units for elderly individuals of low income or families of low or moderate income in which an elderly individual is the head of household, as required by Section 394.902 of the Act, then the Applicant must pay the Texas Department on Aging a one-time fee, payable at closing, equal to 0.10% of the total principal amount of the bond issue.

Continuing Costs and Fees:

Applicant shall pay to the Corporation the following continuing costs and fees:

(a) any amounts payable pursuant to the Agreement to Issue Bonds and any other indemnity contract or agreement executed in connection with any financing hereunder;

(b) an annual fee equal to 0.10% of the initial principal amount of the Bonds. The first year of the annual fee is payable to the Corporation at closing, with the remaining annual fees payable on a monthly basis (1/12th each month) beginning on the first anniversary of the closing and continuing as long as any of the bonds are outstanding, or as otherwise agreed by the Corporation.

(c) an annual compliance fee equal to \$10 per residential unit for properties that are monitored by the Texas Department of Housing and Community Affairs for tax credit compliance; and \$25 per residential unit for properties that are not so monitored.

(d) the amount of legal and other administrative costs paid or incurred by the Corporation

General Contractor Fee:

If the Corporation, or a subsidiary, enters into an agreement to serve as the general contractor for the Development, then the Corporation (or said subsidiary) will receive a general contractor fee in an amount equal 25% of the projected sales tax savings.

Developer Fee/Cash Flow Split:

Applicant or its affiliate and the Corporation or a subsidiary, will be entitled to share a developer fee for projects in which the Corporation participates as general partner of the borrower entity, and such fee will be calculated pursuant to TDHCA guidelines (the "Developer Fee"). The Corporation or its subsidiary will receive 30% of the Developer Fee on a pro rata basis as the Developer Fee is paid by the borrower out of cash flows.

For projects in which the Corporation or a subsidiary of the Corporation participates as general partner of the borrower entity, the Corporation or a subsidiary of the Corporation will receive a 50% share of the borrower entity's net cash flows, which will include any cash flow generated by the sale of the project by the borrower entity.

Memorandum of Understanding:

The Applicant or its parent entity will be required to enter into a Memorandum of Understanding setting forth the applicable fees, terms and certain obligations of the parties in the event the Corporation (or a subsidiary entity of the Corporation) serves as the general partner of the borrower.

Bond Counsel:

The Corporation has retained Naman, Howell, Smith and Lee, PLLC as Bond Counsel for its bond issues. The fees and expenses of Bond Counsel

are to be paid by the Applicant.

Tax Counsel: The Corporation has retained Chapman and Cutler LLP as Tax Counsel for its bond issues. The fees and expenses of Tax Counsel are to be paid by the Applicant.

Partnership Counsel: The Corporation has retained Chapman and Cutler LLP to act as Partnership Counsel in bond transactions where the Corporation has an ownership interest in the project. The fees and expenses of Partnership Counsel are the responsibility of the Applicant.

Financial Advisor: The Corporation has retained First Southwest to act as Financial Advisor in to the Issuer in bond transactions. The fees and expenses of the Financial Advisor are the responsibility of the Applicant.

The Corporation has retained First Southwest to act as Financial Advisor to the non-profit General Partner, in partnership transactions, if applicable. The fees and expenses of the Financial Advisor to the General Partner are the responsibility of the Applicant.

Fee Schedule: The following fee schedule sets forth the Corporation's approved fees for Bond Counsel, General Counsel, Partnership Counsel and the Financial Advisor for the Corporation's multifamily bond issues. The following fees do not include expenses. While these fees are the standard fees for the Corporation's bond issuances, they can be increased or decreased as negotiated depending on specific deal factors.

	ISSUE AMOUNT	FEE
Bond Counsel	\$8,000,000 or less	\$60,000
	\$8,000,001 - \$11,999,999	\$70,000
	\$12,000,000 - \$14,999,999	\$75,000
	\$15,000,000 - \$19,999,999	\$80,000
	\$20,000,000 or more	\$80,000 <i>plus</i> \$4.00 per \$1,000 of Bonds in excess of \$20,000,000
Tax Counsel	\$8,000,000 or less	\$25,000
	\$8,000,001 - \$11,999,999	\$30,000
	\$12,000,000 - \$14,999,999	\$35,000

	\$15,000,000 - \$19,999,999 \$20,000,000 or more	\$40,000 \$45,000 <i>plus</i> \$1.00 per \$1,000 of Bonds in excess of \$20,000,000
Partnership Counsel	\$8,000,000 or less \$8,000,001 - \$11,999,999 \$12,000,000 - \$14,999,999 \$15,000,000 - \$19,999,999 \$20,000,000 - \$24,999,999 \$25,000,000 - \$29,999,999 \$30,000,000 or more	\$70,000 \$80,000 \$85,000 \$90,000 \$95,000 \$100,000 Negotiated
Financial Advisor	Any issue amount	\$10,000 <i>plus</i> \$2.00 per \$1,000 of Bonds issued

Third Party Reports: The Corporation may obtain underwriting, marketing, appraisal and physical needs assessment reports from independent third parties at the expense of the Applicant.

Regulatory Approvals: The Applicant is responsible for obtaining all regulatory approvals (zoning, special permits, utility connections, etc.) necessary for development of the project.

Approval by Board: Specific provisions of this Term Sheet may be waived or modified by a majority vote of the Board of Directors of the Corporation (the "Board"). The Corporation's application requirements and other specific program requirements and policies may be amended, revised, repealed or otherwise altered by a majority vote of the Board at any time and from time to time with or without notice. Notwithstanding full compliance with all of the requirements hereof, the Corporation will not issue any obligations pertaining to any Development unless the approval of the Board has been obtained by written resolution adopted prior to the date of delivery of the obligations specifically approving the resolution of the Corporation providing for the issuance of the obligations.

(The Next Page is the Signature Page.)

ACCEPTED AND AGREED TO IN CONCEPT as of _____
____, 20__:

Corporation:

TRAVIS COUNTY HOUSING FINANCE
CORPORATION, a Texas nonprofit
corporation created pursuant to Chapter 394,
Texas Local Government Code

Andrea Shields, Managing Director

Applicant:

Name of Applicant: _____,

By: _____
Name: _____
Title: _____