



Control Number: 41606



Item Number: 478

Addendum StartPage: 0

Request to Intervene in PUC Docket No. 41606

The following information must be submitted by the person requesting to intervene in this proceeding. This completed form will be provided to all parties in this docket. **If you DO NOT want to be an intervenor, but still want to file comments, please complete the "Comments" page.**

Mail this completed form and 10 copies to:

Public Utility Commission of Texas
Central Records
Attn: Filing Clerk
1701 N. Congress Ave
P.O. Box 13326
Austin, TX 78711-3326

RECEIVED
2013 AUG 19 AM 9:57
PUBLIC UTILITY COMMISSION
FILING CLERK

Palo Alto Investments, LP, by its general partner, Peninsula Management, LLC, by its president,

First Name: John Last Name: Jones

Phone Number: 512-894-3810 Fax Number: 512-858-4618

Address, City, State: Post Office Box 9, Driftwood, Texas 78619

I am requesting to intervene in this proceeding. As an INTERVENOR, I understand the following:

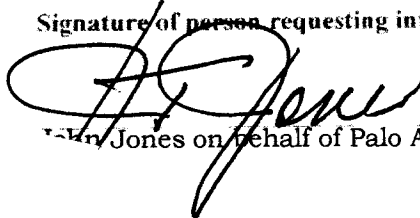
- ☐ I am a party to the case;
- ☐ I am required to respond to all discovery requests from other parties in the case;
- ☐ If I file testimony, I may be cross-examined in the hearing;
- ☐ If I file any documents in the case, I will have to provide a copy of that document to every other party in the case; and
- ☐ I acknowledge that I am bound by the Procedural Rules of the Public Utility Commission of Texas (PUC) and the State Office of Administrative Hearings (SOAH).

Please check one of the following:

- ☐ I own property with a habitable structure located near one or more of the utility's proposed routes for a transmission line.
- ☒ One or more of the utility's proposed routes would cross my property.
- ☒ Other. Please describe and provide comments. You may attach a separate page, if necessary. _____

See attached letter and exhibits

Signature of person requesting intervention:



John Jones on behalf of Palo Alto Investments, LP

Date: 8-19-2013

Effective: January 1, 2003

478

PALO ALTO INVESTMENTS, LP

Post Office Box 9 - 13900 FM 150 West

Driftwood, Texas 78619

512-894-3810 Office / 512-858-4618 Fax

john@j1sranch.com

HAND DELIVERED

August 19, 2013

Public Utility Commission of Texas
Central Records, Attn: Filing Clerk
1701 N. Congress Avenue
Post Office Box 13326
Austin, Texas 78711-3326

**RE: Intervention in the proceedings of:
PUC Docket No. 41606: Joint Application of Electric Transmission
Texas, LLC and Sharyland Utilities, LP to Amend Their Certificates
of Convenience and Necessity for the Proposed North Edinburg to
Loma Alto double-Circuit 354 kV Transmission Line in Hidalgo and
Cameron Counties, Texas.**

Dear Commissioners,

Palo Alto Investments, LP, a Texas limited partnership, owns approximately 15 acres at the southwest corner of Morris Road and Ed Carey in Harlingen, Texas. 9.965 acres of this property, or as much as is needed, is the site of a proposed 200 unit apartment house project. The property is zoned and has all utilities to it sufficient for the development of this project. Palo Alto Investments, LP has executed a "Commitment Letter" committing 9.965 acres or as much as is needed of the 15 acre tract of the property to this development. Subject to certain requirements, Metropolitan Funding as made a preliminary commitment for interim and permanent financing of this project. The Proposed Apartment Project is approximately \$21,904,000. A copy of the "commitment letter" and project funding by Metropolitan Funding are attached for the Commission's review.

Attached for the Commission's review are: (a) survey of the property owned by Palo Alto Investments highlighted in Yellow showing: (i) a 5.18 acre tract and (ii) a 9.965 acre tract for a total acreage of 15.145 acres; (b) which plat also

shows the Water's Edge Amenities Park area for the Water's Edge Subdivision which has soccer fields, baseball field, and walking trails; the present electrical easement which was reduced to 60 feet in width when the Water's Edge Subdivision was developed, crosses this Park as shown on the survey. In addition is an aerial photo showing the present electrical easement as it crosses the Park area. The Water's Edge Park is adjacent to the property owned by Palo Alto Investments, LP.


In addition, the limited partners of Palo Alto Investments, LP and the same limited partners in Water's Edge of Harlingen, LP the developer of Water's Edge Subdivision and still own lots in the Water's Edge Subdivision.

Palo Alto Investments, LP desires to intervene in this application and opposes the application in that the easement is not compatible with the proposed use of the 15.145 acres. Also the increase in power that would be carried on the new transmission line would expose the residents of the Water's Edge Subdivision to unnecessary risks.

Palo Alto Investments, LP urges the Commission to deny the application as it may pertain to the above described properties.

Sincerely,

Palo Alto Investments, LP
By its general partner,
Peninsula Management, LLC



By its president
John T. Jones

PALO ALTO INVESTMENTS, LP

Post Office Box 9 - 13900 FM 150 West
Driftwood, Texas 78619
512-894-3810 Office / 512-858-4618 Fax
john@jlsranch.com

October 1, 2012

Altex Capital
Attn: Mr. Gene Feller
5801 N. Capital of Texas Hwy
Suite E 240-100
Austin, Texas 78746

RE: Commitment of Real Property to HUD Apartment Project in Harlingen, Texas:

Dear Mr. Feller,

Palo Alto Investments, LP, a Texas limited partnership, is the owner (the "Owner") of 9.965 acres of land (the "Site") at the southwest corner of Morris Road and South Ed Carey Boulevard in Harlingen, Texas. The Owner owns approximately 15 acres at this location which it acquired in 2003 and 2004. The Site together with adjacent land is in the city limits of Harlingen, Texas and is zoned General Retail ("GR") by the City of Harlingen which zoning permits this property be used for multi-family as well as general retail. To the best of the Owner's knowledge there are no environmental issues with the Site. The Site has all city utilities available to the tract. There are no easements or other impositions against the property which would prevent the development of an apartment project.

The Owner agrees to commit 9.965 acres, the Site, as well as, such other acreage as will be reasonably necessary for the development of the apartment project to be financed by HUD. After an appropriate land plan and the creation of the legal entity which will own the apartment project, the Owner agrees entered into a real estate contract with the proposed owner to sale the necessary land for a price of \$2.50/square foot. The property is free and clear of liens.

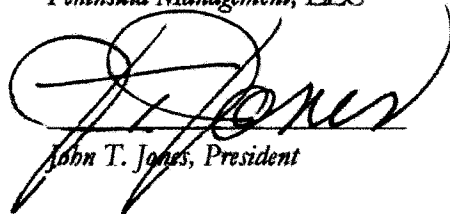
Should you have any questions, please feel free to contact me. Palo Alto Investments, LP looks forward to the successful completion of this project.

Sincerely,

Palo Alto Investments, LP

By its general partner

Peninsula Management, LLC

A handwritten signature in black ink, appearing to read "J. Jones", written over a horizontal line.

John T. Jones, President



METROPOLITAN FUNDING CORP.

October 19, 2012

Mr. John T. Jones
13900 FM 150 West
Driftwood, TX 78619

Re: Villas at Waters Edge / Harlingen, TX

Dear Mr. Jones :

Metropolitan Funding Corp. ("MFC") is pleased to inform you that it agrees to prepare, process and file your application with the U.S. Department of Housing and Urban Development ("HUD") for a firm commitment to insure a construction and permanent mortgage loan secured by the above referenced property. The mortgage loan, if approved by HUD, will be insured pursuant to Section 221(d)4 of the National Housing Act. You represent and warrant to MFC that you have the full power and legal authority to execute the engagement letter and to bind the borrower. In the event that the identity of the undersigned and the actual borrower are different, references to "undersigned" shall, as appropriate, be deemed interchangeable with the borrower. This Agreement may not be assigned by the borrower or assumed by any other entity or person without MFC's prior written consent. Upon acceptance of this term letter Borrower agrees to keep the terms and conditions confidential. The terms and conditions are set forth below:

- A. **Proposed Financing:** The undersigned client ("borrower") has engaged MFC to prepare your application and underwriting package in accordance with applicable HUD regulations and requirements of the multifamily accelerated processing ("MAP") program. All meetings and correspondence with the appropriate HUD office shall be conducted by MFC. In addition, MFC will engage third party contractors for the market study, environmental study, appraisal report, and architectural and cost reviewer, as required by the HUD program.
- B. **Proposed Loan Terms:** As outlined in the attached **Exhibit A, Summary of Estimated Loan Terms**, the proposed loan terms are initial estimates based on information provided by the borrower to MFC and HUD's criteria at the time of application for determining maximum mortgage amounts under the program. Your initials on each page of **Exhibit A, Summary of Estimated Loan Terms**, acknowledges the initial terms, fees and conditions of the proposed loan. The initial terms will be adjusted based on information derived from further due diligence, any applicable changes in HUD criteria, and completion of underwriting. Borrower acknowledges that MFC is relying upon information and documentation provided by the borrower in preparing the HUD Applications and presentations. The initial terms are not to be construed as a commitment to make a loan and the actual terms and conditions upon which the Lender would offer the proposed loan would be set forth in a commitment from HUD, after HUD's Firm Commitment review of MFC's underwriting and application.

You represent and warrant to MFC that you have the legal authority to bind the borrower and have the financial capacity to see the proper completion of the subject proposal. You represent that you have generally familiarized yourself with the HUD requirements and by acceptance of the HUD commitment; you represent and warrant your ability to comply with said requirements.

While MFC will attempt to negotiate and obtain the Firm Commitment in general conformity within the terms of this Agreement and Application, MFC has made no representations or warranties that HUD will issue a Firm Commitment. Borrower acknowledges that MFC will not be responsible or liable to the Borrower if a Firm Commitment is not issued or if the Insured Loan Closing does not occur, in the manner or within the timeframe desired.

- C. **Third Party Reports:** Borrower acknowledges that: (a) MFC's analysis of the Project and its operations, including all appraisals, engineering reports and other investigations shall be done or have been done for the sole benefit of MFC in its preparation of the Application; (b) such analysis may not be relied upon for any other purpose whatsoever by the Borrower or other entities other than MFC, and (c) the analysis, appraisal, engineering report and other investigations are the property of MFC and will be held in confidence and not be provided to others without the prior written consent of MFC. The attached **Exhibit A, Summary of Estimated Loan Terms** has estimated the third party fees.
- D. **Processing Fee:** With your acceptance of the terms and conditions of this letter, you agree to remit to MFC a non-refundable processing fee of **\$10,000**. In the event the terms of this engagement letter exceeds one year, an additional processing fee will be required. *Processing fee is refundable less costs incurred if after the Concept Meeting with HUD, an invitation to submit a pre-application is not issued.*
- E. **Financing and Placement Fee:** MFC's fees and charges to you for the services to be rendered by us are a financing fee of two (2%) percent of the mortgage amount for which HUD agrees to issue a firm commitment for mortgage insurance ("Firm Commitment") and a placement fee of one (1%) percent of the mortgage amount. The fees are payable to MFC for securing such Firm Commitment and financing of the mortgage loan. The fees shall be deemed earned upon HUD issuance of a Firm Commitment. MFC agrees to defer payment of such fees until the earlier of: closing or upon expiration of the Firm Commitment.

These fees shall be net of and separate from any and all other fees or charges owing to HUD, including HUD filing fees, inspection fees, mortgage insurance premiums, GNMA commitment fees, any discount points or fees charged for the funding of the loan by the purchaser of an interest in the loan including rate lock breakage or hedging costs, and any charges owing to third party vendors (i.e. appraisal, environmental, engineering, survey, title, borrower legal, lender legal etc.). Borrower acknowledges and unconditionally agrees that should the Loan fail to close for any reason, Borrower shall be fully liable for the payment of all fees, costs, expenses, damages, or liabilities to MFC.

MFC may, at its sole discretion, assign its rights and obligations under any Firm Commitment to another HUD approved mortgagee for closing. You shall remain obligated to pay the financing and placement fee to MFC, if MFC so assigns the Firm Commitment per the terms stated above.

- F. **Closing Fee:** Lenders Legal Fees are estimated to be \$40,000, approximately \$25,000 at initial closing and \$15,000 at final closing. Borrower will be required to reimburse MFC at the earlier of Closing or upon expiration of the FHA Commitment for all reasonable Lender Legal Fees to close the loan.
- G. **Correspondent / Brokerage Commissions:** Altex Capital ("Consultant/Broker") has acted as MFC's consultant / broker with respect to this transaction and MFC shall pay to Altex Capital at Closing the amount of one (1%) percent of the Insured Loan from the Financing Fee for services rendered in

originating the Insured Loan and placing it with MFC. *The Agreement for Consultant Services* is attached hereto as **Exhibit B**.

Borrower hereby certifies that there exists no identity of interest the Borrowing Entity, Principals, Sponsors, or any officer, director, stockholder, partner, affiliate, or subsidiary thereof, or any other party(s) to the proposed Insured Loan transaction, or any other party(s) providing services (i.e.; operator/lessee, management company, architect, contractor, etc.) to the project or in connection with the Application to be processed by MFC and the above stated individual or company being paid a broker/consultant fee. Further, Borrower certifies that no portion of the fee set forth herein-above will be returned in any form, either directly or indirectly, to the Borrower, Borrowing Entity, Principals, Sponsors, or any officer, director, stockholder, partner, affiliate or subsidiary thereof, or to the contractor, subcontractors, operator/lessee, property management, or any other party to the proposed Insured Loan transaction, or any other party(s) providing services to the project or in connection with the Application to be processed by MFC.

Borrower represents that there are no other financial intermediaries, brokers, consultants, or referral parties used in this transaction and agrees to hold MFC harmless and to defend MFC from and against any and all claims for brokers' or finders' fees and commissions in connection with the transactions described herein.

- H. OFAC, Debarment and/or Limited Denial List:** The undersigned Mortgagor, after having made diligent inquiry, hereby certifies to MFC that, to the best of his/her knowledge, the Borrower, each principal of the Borrower, and each tenant at the Project: (a) is not currently identified on the list ("OFAC List") of specially designated nationals and blocked persons subject to financial sanctions that is maintained by the U.S. Treasury Department, Office of Foreign Assets Control, and (b) is not a person/entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States. The undersigned Mortgagor further acknowledges and agrees that he/she has a continuing obligation during the processing of the loan to notify MFC promptly if he/she knows or has a reason to believe that the foregoing certification is no longer correct. The OFAC List is accessible through the internet website www.treas.gov/ofac/t11sden.pdf. The Mortgagor agrees to execute an agreement regarding compliance with OFAC regulations at the time of closing. The Borrower further certifies that the Borrower, Borrowing Entity or any of the principals, sponsors, shareholders, partners, affiliates or subsidiaries of the Borrowing Entity, or any of the other participants to the proposed Insured Loan transaction are not on HUD's Debarment and/or Limited Denial list.
- I. Termination Fee:** It is further understood and agreed that if you choose to curtail the processing with HUD after an application has been submitted on your behalf, but prior to HUD issuance of a Firm Commitment, MFC shall be entitled to payment by you of a termination fee in the amount of \$20,000. It is further understood that no termination fee shall be payable by either MFC or you in the event that MFC and/or HUD elects to curtail processing or to issue a rejection of the application at any stage. In addition, if you wish to reapply to HUD for mortgage insurance for a loan on the same property within one year after your curtailment of processing, MFC shall be the mortgagee of record through which the re-filing of the application shall be done.
- J. Indemnification:** Borrower agrees to defend, indemnify and hold MFC and its employees and agents forever harmless of and for all losses, costs or damages (including the costs and legal fees) incurred by MFC as a result of any disputes between Borrower, HUD and other related parties in the transaction. This Agreement shall be governed and interpreted in accordance with the laws of the State of New York, as they apply to contracts negotiated, made, executed and to be performed entirely within the State of New York. Any action or proceeding arising out of or relating to this agreement, whether state or federal,

shall be brought in a court having jurisdiction over New York County, New York and MFC and Borrower consent to New York County as the sole and exclusive venue.

If the terms and conditions of this letter are acceptable, please sign the enclosed copies in the space indicated and return one copy with a check for the processing fee. If said executed copy of this engagement letter and fee are not received by MFC within ten (10) business days from the date hereof, this engagement letter shall expire and all negotiations with the borrower shall be deemed null and void.

Any amendments or changes by borrower, whether handwritten or typed, to the printed language contained herein shall be null and void and of no force and effect, unless same are countersigned or initialed by Metropolitan Funding Corp.

Once again, thank you for choosing Metropolitan Funding Corp.

Very truly yours,


Hadley Bressman
President

AGREED AND ACCEPTED:
TBD/Single Asset Entity

By: _____

Title: _____

Date: _____

AGREED AND ACCEPTED
Metropolitan Funding Corp.

By: _____

Title: _____

Date: _____

EXHIBIT A

SUMMARY OF ESTIMATED INSURED LOAN TERMS

The following is the anticipated Insured Loan amount and terms for Villas at Waters Edge the Project, which are subject to due-diligence, related program requirements, lender and HUD approval.

Project Name:	Villas at Waters Edge
Location:	Harlingen, TX
Client/Borrower:	TBD/Single Asset Entity
Project Characteristics:	200 units
Existing Debt or Purchase Price:	\$1,085,189
HUD Insurance Program Section of the Act:	221(d)4
Estimated Insured Loan Amount:	\$16,412,700
Estimated Interest Rate:	3.75% which excludes the annual HUD Mortgage Insurance Premium (MIP). The final interest rate will be determined at the rate lock of the Insured Loan, which will be represented in a separate agreement ("Loan Purchase") between the parties.
Amortization/Term:	Up to <u>40</u> years as determined by HUD.
Prepayment Options:	To be determined at time of rate lock of the interest. Typical options include a 3-year lockout with penalty of 7% in the 4th year declining 1% each year thereafter and reaching zero after the 10 th year.
Security:	The Insured Loan shall be secured by a first mortgage lien encumbering all land and improvements constituting the Project, and a security agreement and financing statements on the fixtures attached or to be attached thereto.
Non-Recourse:	The Insured Loan will be a non-recourse loan.

HUD Application Fee:	\$3.00 per thousand or 0.30% of the requested loan amount, 0.15% is payable at the pre-application stage, which will be credited to the 0.30% fee due at the firm commitment stage. The Borrower must advance the HUD Application fee to MFC, who in turn will issue an exchange check to HUD.
Deposit for Third Party Reports and Technical Fees:	\$20,000 shall be deposited with the Lender to be used to obtain third party and technical services. These services, may include and are not limited to appraisal, market study, architectural, engineering, environmental reports and reviews, or any other special third party service that may be needed to complete the processing and submission of the Application to obtain a Firm Commitment. Borrower will be required to reimburse MFC on demand for any additional costs to perform its due diligence in respect to the processing of the Loan, whether or not a Commitment by HUD is issued. In the event that the deposit exceeds such actual costs and expenses, MFC shall refund or credit such excess to Borrower upon the funding of the Loan or sooner if a Commitment is not issued.
HUD Inspection Fee:	.50% of the Insured Loan Amount determined by HUD payable at Initial Closing.
HUD Mortgage Insurance Premium:	Currently, 1.3% of the Insured Loan amount determined by HUD payable at Closing and included in loan proceeds, thereafter, 0.65% percent annually of the declining loan balance, payable in monthly installments. Subject to HUD program revisions.
Processing Fee:	<u>\$10,000</u> non-refundable processing fee, payable to MFC at the time of execution of the Engagement Letter. <i>Processing fee is refundable less costs incurred if after the Concept Meeting with HUD, an invitation to submit a pre-application is not issued.</i>
Financing Fee	A fee equal to two (2%) percent of the HUD approved Insured Loan amount.
Placement Fee:	A fee equal to one (1%) percent of the HUD approved Insured Loan amount.
Closing Fee:	Lenders Legal Fees are estimated to be \$40,000, approximately \$25,000 at initial closing and \$15,000 at

final closing. Borrower will be required to reimburse MFC at the earlier of Closing or upon expiration of the FHA Commitment for all reasonable Lender Legal Fees to close the loan.

Legal Fees Deposit:

[CHECK OPTION (A) OR (B) AS APPLICABLE:]

1. Option A ____

Enclosed with this Application is Applicant's check in the amount of \$10,000 as a deposit by Applicant to engage Lender's Counsel and expedite the closing process. This deposit will be credited against Lender's Closing Fee.

2. Option B ____

Applicant has elected not to make the legal fee deposit. Consequently, the legal process will not begin until a Commitment is issued, signed and returned to Lender at time of acceptance of the Loan Purchase agreement.

GNMA Commitment Fee:

Borrower will pay the Ginnie Mae Commitment Fee at the Insured Loan closing, which is \$500 for the first \$1,500,000 of loan proceeds and thereafter an additional \$200 per million or part thereof.

Discounts:

This amount (if required) is to buy down the interest rate or to place the Insured Loan at par based upon the then prevailing market interest rate and the prepayment option selected by the client.

Good Faith Deposit:

An amount equal to one percent (1.0%) of the Insured Loan Amount set forth in the Firm Commitment required to secure the permanent financing at time of acceptance of the Loan Purchase Agreement. The good faith deposit will be held by the purchaser of the GNMA certificate and refunded at the time of Delivery.

Extension Fees:

A fee is required to extend the Initial and Final Closing dates if the Insured Loan does not close within the time frame agreed to by the Borrower when the Insured Loan was rate locked. This fee is determined at the time of the rate lock.

EXHIBIT B

AGREEMENT FOR CONSULTANT SERVICES

RE: Project Name: Villas at Waters Edge
Location: Harlingen, TX
200 Units
\$16,412,700 Loan Request

Metropolitan Funding Corp. ("MFC") is party to a certain engagement letter agreement, dated October 19, 2012 with TBD/Single Asset Entity (the "Borrowing Entity") for the processing of a mortgage loan to be insured by the Department of Housing and Urban Development ("HUD") (the "Insured Loan") secured by the above-referenced Project (the "Project"). This Agreement for Consultant Services is being entered into pursuant to such engagement letter agreement.

Upon receipt of this Agreement executed by Consultant, MFC shall commence the processing of the application, register as the Lender and retain Altex Capital (the "Consultant") to provide services in connection therewith. Consultant shall assist MFC in gathering information needed to complete the application from the Applicant (as defined herein-below) as may be reasonably requested by MFC. MFC will perform all underwriting and interfacing with HUD.

As consideration for Consultant's services hereunder, at the closing of the Insured Loan MFC shall pay to Consultant a fee of one (1%) percent of the Insured Loan amount as determined by HUD. Said fee is included in MFC's Financing Fee and Placement Fee and shall be the sole compensation for Consultant's services.

Should the Insured Loan not close for any reason, MFC will not have any obligation to pay this fee or to cause any other party to pay it. If the mortgage loan closes, but MFC does not receive its full Financing Fee and Placement Fee per the aforementioned agreement with the Borrowing Entity, Consultant acknowledges that Consultants' fee shall also be reduced by the same percentage as the reduction in Financing/Placement Fee received by MFC.

Consultant agrees that, with respect to any application which is the subject of this Agreement, it will not accept any compensation from any other party, directly or indirectly. Consultant hereby represents and warrants to MFC that it is familiar with the requirements of FHA with regard to payments of "kickbacks", conflicts of interest, and the responsibilities and duties of Consultants in FHA insured transactions, and that Consultant will at all times strictly adhere to such requirements. Consultant hereby acknowledges and agrees that MFC will have no obligation to pay any fees hereunder if such payment would be in contravention of HUD regulations.

Consultant hereby certifies that neither Consultant, nor any of Consultant's companies, principals, shareholders or partners have any identity of interest with the Applicant, Borrowing Entity or any of the principals, sponsors, shareholders, partners, affiliates or subsidiaries of the Borrowing Entity, or any of the other participants to the proposed Insured Loan transaction, or any other party(s) providing services (i.e.; operator/lessee, management company, architect, contractor, etc.) to the Project or in connection with the loan application to be processed by MFC. Moreover, Consultant certifies that no portion of this fee has been or will be returned in any form, either directly or indirectly, to the Applicant, Borrowing Entity, its principals, sponsors, stockholders, partners, affiliates, subsidiaries or any of the participants thereof, or any other consultant, sub-broker, management agent, architect, or any other party to the Insured Loan transaction, or any party(s) providing services to the Project or in connection with the loan application to be processed by MFC. Finally, Consultant hereby certifies that neither Consultant nor any of Consultant's companies, principals, shareholders or partners have received, nor will they accept, anything of value,

either directly or indirectly, from the Applicant, Borrowing Entity or any of the principals, sponsors, shareholders, partners, affiliates or subsidiaries of the Borrowing Entity, or any of the other participants to the proposed Insured Loan transaction, or any party(s) providing services to the Project or in connection with the loan application to be processed by MFC. Consultant further certifies that neither Consultant, nor any of the Consultant's companies, principals, employees shareholders or partners have been excluded, disbarred, suspended, or subject to a Limited Denial of Participation (LDP) in any FHA/HUD related programs.

MFC certifies that there exists no identity of interest between itself and the Applicant, Borrowing Entity and any of its principals, architect, management agent or any other party for which HUD would prohibit an identity of interest relationship to exist.

Consultant hereby represents to MFC that as of the date of Consultant's execution hereof and as of the date of closing of the Insured Loan, Consultant is in compliance with the laws and licensing requirements of the state in which the Project is located to the extent necessary for Consultant to perform Consultant's obligations hereunder and to receive payment of any fee due.

Each of the undersigned warrants represents and agrees that this Agreement is the entire Agreement with respect to the payment of fees, and no other representation, written or oral, or prior written agreement is in any manner binding. This Agreement may not be changed orally, but only by way of an instrument in writing signed by all parties hereto.

This Agreement shall become effective only upon the date in which the last remaining party executes same hereunder.

AGREED TO BY CONSULTANT
ALTEX CAPITAL

ACKNOWLEDGED AND AGREED TO
TBD/Single Asset Entity

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EIN: _____

AGREED TO BY
METROPOLITAN FUNDING CORP

By: _____

Name: _____

Title: _____

Date: _____

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)



METROPOLITAN FUNDING CORP.



EXECUTIVE SUMMARY

Villas at Waters Edge

New Construction under FHA Section 221(d) 4 (For Profit)

THIS PRELIMINARY ANALYSIS IS BASED ON INFORMATION SUPPLIED BY CLIENT. THE TERMS HEREIN REFLECT CURRENT FHA PROGRAM GUIDELINES AND MARKET CONDITIONS AS OF THE DATE OF THE ANALYSIS. BOTH ARE SUBJECT TO CHANGE WITHOUT NOTICE. MFC AFFIRMS THE ANALYSIS TO BE REASONABLE AND ACCURATE FOR CLIENT'S REVIEW BUT THE INFORMATION DOES NOT REPRESENT A COMMITMENT BY MFC OR HUD TO MAKE A LOAN ON THESE TERMS.

PROPERTY ADDRESS	South side of Morris Rd & West of Ed Carry Drive	BORROWER	TBD
CITY STATE ZIP	Harlingen, TX	CONTACT	John T. Jones, Jr
MFC CONTACT	Eileen Gray Busei	TELEPHONE	512-894-3810
TELEPHONE	646.223.1718	FAX	
FAX	212.983.1523	CELL PHONE	512-632-3337
E-MAIL	ebusei@kamgmt.com	E-MAIL	John@J1SRanch.com

UNDERWRITING PARAMETERS & LOAN SIZING

UNIT MATRIX					Monthly	Annual
Type	# of Units	Size	Rent			
1 bdrm/ 1 ba	66	650	750		49,500	594,000
2 br/2 ba	114	978	970		110,580	1,326,960
3 br/2 ba	20	1,234	1,100		22,000	264,000
0	0	0	0		0	0
0	0	0	0		0	0
0	0	0	0		0	0
Total Units	200			Totals:	182,080	2,184,960

Buildings	214,886
Garages	0
Total Structures	214,886

	Monthly	Annual
Gross Rental Income	182,080	2,184,960
Garage - Attached	0	0
Garage - Detached	400	4,800
	1,000	12,000
Other Income	2,400	28,800
Total Other Income	3,800	45,600
Gross Annual Potential Income	185,880	2,230,560
Occupancy Factor (Rental & Other Income)	93%	(13,012)
Effective Gross Income (Rental & Other)	172,868	2,074,421
Gross Annual Commercial Income	0	0
Occupancy Factor (Commercial)	20%	0
Effective Gross Income (Commercial)	0	0
Total Effective Gross Income	172,868	2,074,421

Net Operating Income	172,868
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LOAN STRUCTURE & PAYMENT	
Construction Period (in Months)	14
Term(Yrs)	40
Amortization(Yrs)	40
Mortgage Rate	3.75%
MIP	0.65%
DS Constant	4.83%
Monthly Payment (P&I Only)	66,065
Annual Payment (P&I Only)	792,785
DS Constant including MIP	5.48%
Monthly Payment (P&I and MIP)	74,956
Annual Payment (P&I and MIP)	899,467

MAXIMUM MORTGAGE COMPUTATION - THE LOWEST OF		
1	Based on	83.3% of Total Development Cost
2	Based on	1.20 Minimum Debt Service Coverage
3	Based on	Statutory Limits including C.N.A. (i.e. Cost Not Attributable)
		18,412,700
MAXIMUM INSURABLE MORTGAGE		18,412,700

REQUESTED LOAN	13,446,000
PROPOSED LOAN	18,412,700

NOTES/COMMENTS/ASSUMPTIONS

- 1) The NOI is largely based on the borrower's proforma and must be confirmed by an appraisal.
- 2) The market study must support the market demand.

EXECUTIVE SUMMARY

Villas at Waters Edge

DRAFT

SOURCES & USES OF FUNDS	% OF MORTGAGE
-------------------------	---------------

ESTIMATED SOURCES

FHA Mortgage	16,412,700
BSPRA/SPRA	1,730,310
PREPAID ITEMS	285,238
CASH	3,476,280
GRANT/LOAN	0
Other	0
TOTAL SOURCES	21,904,528

ESTIMATED USES

All improvements		15,623,492
Architect Design		187,500
Architect Supervise		62,500
Construction Interest		359,028
Real estate taxes		35,000
Insurance		15,000
HUD MIP	1.30%	213,365
HUD Exam Fee	0.30%	49,238
Financing Fee	2.00%	328,254
Placement fee	1.25%	205,159
HUD Inspection fee	0.50%	82,064
Survey		35,000
Title and recording		30,000
Borrower Legal		20,000
Lender Legal		0
Organizational		48,500
Owner cost certification		9,000
BSPRA/SPRA		1,730,310
Land acquisition		1,085,180
Initial operating deficit		974,423
Working capital escrow	4.0%	656,508
Other costs		155,000
Demo		0
Offsite costs		0
TOTAL USES		21,904,528

ESTIMATED CASH AT CLOSING	3,476,280
Percent of Total Cost	15.87%

SKETCH TO ACCOMPANY DESCRIPTION

9.965 ACRES OF LAND

SHEET 1 OF 1

SCALE 1" = 200'

BLOCK 74
MORRIS ROAD
(R.O.W. VARIES)

BLOCK 94

THOMAS S. RHEMAN, JR. AND
KATHERINE A. PEDLEY
VOL. 5887 PG. 317
O.R.C.C.

LON C. HILL
SUBDIVISION
VOL. 2, PG. 25
M.R.C.C.

STANLEY RHEMAN
VOL. 1382 PG. 615
D.R.C.C.

BLOCK 73

200' CANAL
RESERVE
VOL. "T" PG. 289
S.D.R.C.C.

BLOCK 72

BLOCK 96

WATERS EDGE PHASE I
CABINET 1, PAGE 2312B
M.R.C.C.

PALO ALTO INV.
10556/140
WATERS EDGE OF
HARDING, L.P.
VOL. 9804, PG. 238
O.P.R.C.C.

PALO ALTO INVESTMENTS, L.P.
TRACT C
5.18 ACRES
VOL. 9804, PG. 242
D.R.C.C.

COUNTY OF CAMERON
3.553 ACRES
VOL. 1190 PG. 12
C.C.C.R.

LINE TABLE		
LINE	BEARING	DISTANCE
L1	S83°15'16"W	128.55'
L2	S89°47'48"E	229.12'
L3	N78°12'42"E	30.00'
L4	S30°12'11"W	42.01'
L5	N28°54'55"E	30.01'
L6	S83°02'12"E	152.03'
L7	S30°12'11"W	1530.16'

LEGEND

- 1/2" IRON ROD FOUND (UNLESS STATED)
- LON C. HILL SUBD. BLOCK LINE
- 1/2" IRON ROD W/ CAP SET IN CONCRETE
- M.R.C.C. MAP RECORDS OF CAMERON COUNTY
- D.R.C.C. DEED RECORDS OF CAMERON COUNTY
- O.P.R.C.C. OFFICIAL PUBLIC RECORDS OF CAMERON COUNTY
- S.D.R.C.C. SUPPLEMENTAL DEED RECORDS OF CAMERON COUNTY

CA

Cunningham | Allen

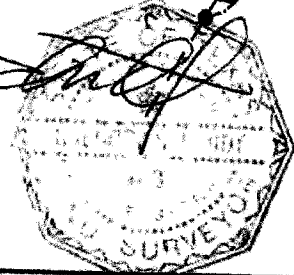
Engineers • Surveyors

3103 Bee Cave Road, Suite 202
Austin, Texas 78746-6819
Tel.: (512) 327-2946
Fax: (512) 327-2973

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SURVEYED BY:

GREGORY SCHMIDT
REG. PROF. LAND SURVEYOR
NO. 4437
DATE: 9/7/04



CLIENT: JOHN T. JONES
DATE: 08/03/04
OFFICE: DAM
F.B.: -
PROJ #: 332-0102
FILE NAME: WATER'S EDGE PARK



Google earth



WATERS EDGE SUBDIVISION
 CAB. 1, PG. 2313A
 C.C.M.R.

200.0' CANAL RIGHT-
 (VOL. "T", PGS. 269-

B L O C K
 L O N C. H I L
 (VOL. 2, PG.

FUTURE D

PROPOSED 60' ELECTRIC ESMT.

OVERHEAD TRANSMISSION LINE
 EASEMENT AND R.O.W. (UNDETERMINED WIDTH)
 (VOL. 588, PAGE 113, C.C.D.R.)

SE COR BLK. 95
 & NE COR BLK. 96

(50' R.O.W.)

9.0' Utility Esmt.
 Lining Setback Line

WATERS EDGE SUBDIVISION
 PHASE 1 (C)

LOT 7 LOT 8 LOT 9 LOT 10
 CAB. 1, PG. 2313A
 C.C.M.R.

5'00" E LOT 5 GREEN BELT TRAIL 585.37'

20.0' UTILITY ESMT. &
 BUILDING LINE

LOT 3 (B) LOT 2 LOT 1
 37549.40 SQ. FT. 37549.40 SQ. FT. 36942.89 SQ. FT.

30.0' BUILDING
 LINE

75.0' BUILDING LINE

WATER'S

EDGE

UTY ESMT.

150.0'

150.0'

128.79'

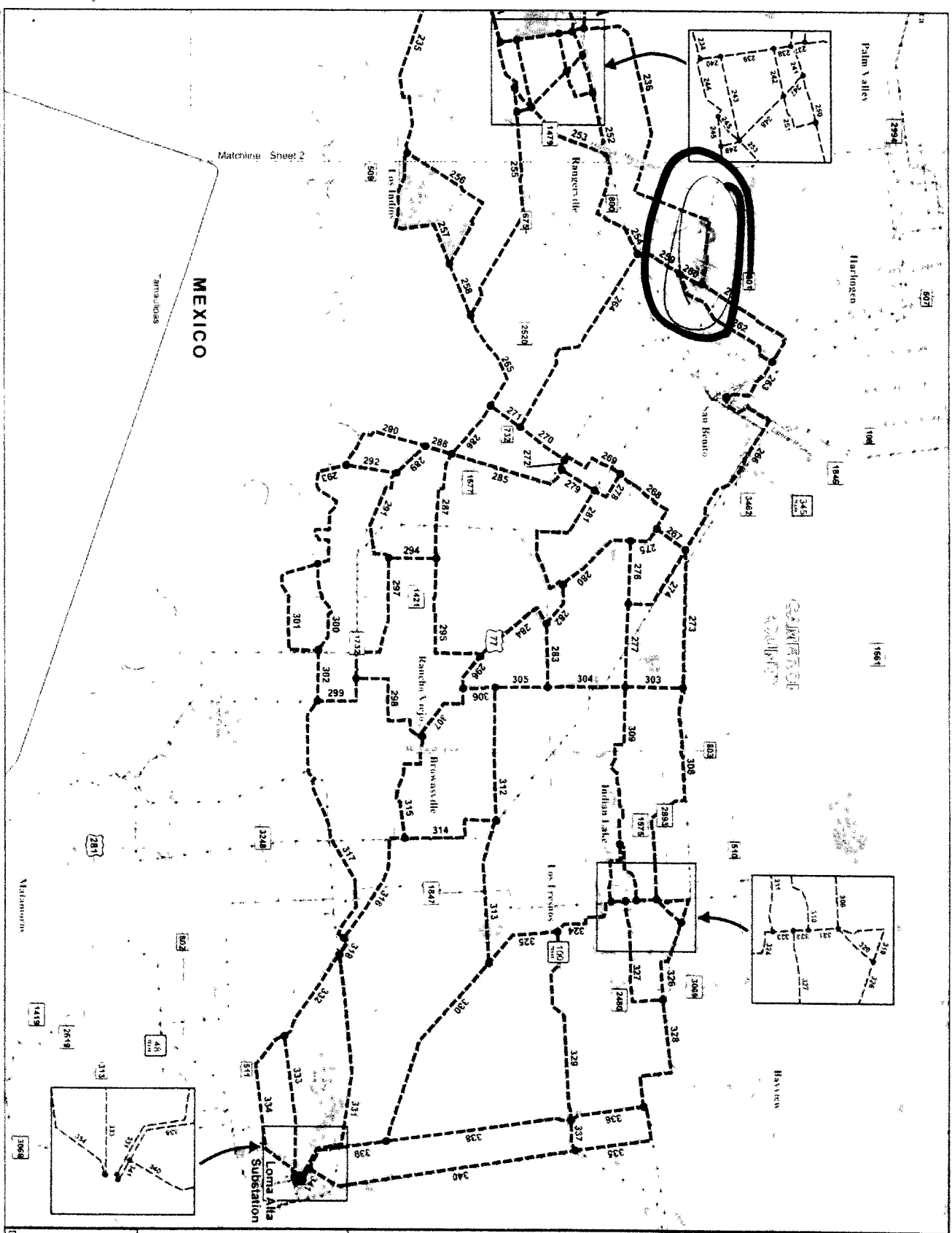
557.58'

23'00" W,
 30" W,
 S 22°37'00" E,
 50.00'

69.0'

CURVE F 1 LEAVE W 124.10' 16.5' 12.2' 81.2'

Y DRIVE



**North Edinburg -
Loma Alta 345 KV Project**
Preliminary Alternative Route Links
Sheet 3 of 3

- Legend**
- Project Features
 - Link Node
 - Link
 - Project Substation
 - Utility Features
 - Existing Transmission Line
 - Transportation Features
 - US Highway
 - State Highway
 - Farm-to-Market Road
 - Administrative Boundaries
 - County Boundary
 - Municipal Boundary
 - Water Features
 - River, Stream, or Canal
 - Lake or Pond

Project Area

0 0.5 1 2 3 4 Miles

ETT **Shirland Utilities**

Date 8/31/2012