

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING is dated as of _____, 2018 between LEAD DEVELOPER, INC. ("LEAD") and JUNIOR DEVELOPER, INC. ("JUNIOR").

RECITALS

LEAD and JUNIOR acknowledge the following:

A. LEAD and JUNIOR desire to develop an affordable rental housing project (the "Project") on certain real property located at *STREET ADDRESS, CITY, STATE* (the "Property").

B. LEAD and JUNIOR desire to set forth in writing their agreements regarding the co-development of the Project.

AGREEMENTS

In consideration of the Recitals and mutual agreements which follow, LEAD and JUNIOR agree as follows:

1. LEAD intends to form a limited liability company (the "Owner") that will be the owner of the Project and a limited liability company (the "MM") that will be the managing member of the Owner. LEAD (or its affiliate) will own a ninety percent (90%) interest in MM, and JUNIOR (or its affiliate) will own a ten percent (10%) interest in MM. MM will own a one-hundredths percent (0.01%) interest in Owner, and a third party acting as an investor member will own a ninety-nine and ninety-nine hundredths percent (99.99%) interest in the Owner. As between LEAD and JUNIOR, LEAD will have the full, exclusive and complete discretion in the management and control of the MM and the Owner, will make all decisions affecting the MM's and the Owner's affairs and may take such actions as it deems desirable and necessary to accomplish the purposes of the MM and the Owner, with the exception that LEAD must obtain JUNIOR's consent (which shall not be unreasonably withheld, conditioned or delayed) in connection with any Major Actions. Major Actions shall include, but may not be limited to: (a) taking or authorizing any act which would make it impossible to carry on the ordinary business of the MM or the Owner, (b) voluntarily filing a petition of bankruptcy against the MM or the Owner, (c) selling all or any portion of the Project, or (d) actions that could jeopardize JUNIOR's non-profit status. The final definition of Major Decisions agreed upon by LEAD and JUNIOR shall be included in the operating agreement of the MM. Otherwise, JUNIOR shall not participate in the management and control of the MM or the Owner. The terms of the MM's operating agreement and the Owner's operating agreement must be mutually acceptable to LEAD and JUNIOR.

2. Any cash flow payable under the MM's operating agreement will be allocated ninety percent (90%) to LEAD and ten percent (10%) to JUNIOR; provided, however, that if the Project Owner pays any fees to the MM for any administrative services, LEAD shall be responsible for providing such services and all of such fees shall be distributed to LEAD; provided, however, such fees shall not exceed amounts customary for the provision of such services in the Milwaukee metro area for similar projects. Any residual proceeds from the sale or refinancing of the Project

payable under the MM's operating agreement will be allocated ninety percent (90%) to LEAD and ten percent (10%) to JUNIOR.

3. LEAD and JUNIOR intend to utilize low income housing tax credits ("LIHTCs") in connection with the Project. LEAD and JUNIOR intend to finance the development of the Project through a combination of construction and permanent financing and LIHTC proceeds. The investor member in the Owner and all lenders shall be selected by LEAD. LEAD will share investor and lender bids with JUNIOR. JUNIOR will assist LEAD in obtaining the LIHTC allocations for the Project. JUNIOR will also assist LEAD in finding predevelopment and soft financing for the Project.

4. In the event the investor member or any lender requires any guaranties in connection with the Project, LEAD will be solely responsible for providing such guaranties. The terms of any guaranties provided by LEAD must be acceptable to LEAD in its sole discretion.

5. LEAD and JUNIOR intend for JUNIOR to provide assistance to the Owner (a) in the design and programming of the Project, (b) coordinating and performing community outreach prior to, during and after construction of the Project, (c) the preparation of financing applications for soft financing, such as City and County of Milwaukee sources, (d) identification of community-based individuals and/or businesses that are qualified to participate in construction and/or ongoing maintenance duties at the Project once it is operating, for LEAD's consideration for these opportunities, (e) identification of potential partner organizations who would be able to provide health, social and/or other supportive services to residents of the Property, and (f) use of its Neighborhood Improvement Program, Neighborhood Improvement District and other resources in the area immediately surrounding the Project during the predevelopment and construction phases of the Project, in order to magnify the community development impact of the Project, to the extent approved by the City of Milwaukee.

6. LEAD and JUNIOR intend for the Owner to pay LEAD a development fee in connection with the development of the Project. The amount of the development fee must be acceptable to LEAD in its sole discretion. At the time of the closing of the debt and equity financing for the Project, LEAD and JUNIOR will enter into a consulting agreement pursuant to which LEAD will pay to JUNIOR a consulting fee equal to twenty percent (20%) of the development fee payable by the Owner to LEAD, excluding any development fee paid out of Owner's cash flow, which will be allocated 100% to LEAD. JUNIOR will receive its consulting fee at the same time and in the same proportion that LEAD receives its development fee from the Owner. The terms of the consulting agreement must be mutually acceptable to LEAD and JUNIOR.

7. LEAD and JUNIOR intend for LEAD to act as the property manager for the Project. The amount of fees payable to LEAD for such services must be acceptable to LEAD in its sole discretion provided, however, such fees shall not exceed amounts customary for the provision of such services in the Milwaukee metro area for similar projects.

8. LEAD will take the lead in negotiating the purchase of the Property. LEAD will involve JUNIOR in negotiations.

9. LEAD shall be responsible for paying any predevelopment costs in connection with the Project as determined necessary in its sole discretion. JUNIOR shall have no authority to incur any predevelopment costs on its own in connection with the Project, except for legal and accounting fees as referenced in Section 11 below.

10. Subject to Sections 11 and 15 hereof, all predevelopment costs shall be reimbursed by the Owner to LEAD at the closing of the admission of the investor member into the Owner.

11. LEAD and JUNIOR may each incur legal and accounting expenses in connection with the Project. The Owner shall reimburse LEAD for all of the legal and accounting expenses it incurs in connection with the Project. The Owner shall also reimburse JUNIOR for all of the legal and accounting expenses it incurs in connection with the Project up to a maximum aggregate amount of \$12,500. The Owner shall have no obligation to reimburse JUNIOR for any legal or accounting expenses in excess of \$12,500 in the aggregate unless LEAD has approved any such excess expenses in writing prior to JUNIOR incurring same.

12. LEAD and JUNIOR acknowledge that numerous issues still need to be agreed upon between LEAD and JUNIOR in connection with the Project and that both parties will cooperate in good faith to reach agreement on such issues. LEAD acknowledges that JUNIOR has the right to attend all meetings related to the development of the Project. LEAD will keep JUNIOR informed of the progress of the development of the Project.

13. LEAD and JUNIOR shall use reasonable efforts to close the transaction contemplated by this Agreement (i.e. the closing of all debt and equity financing) no later than March 1, 2021.

14. Both parties acknowledge the reputational risk associated with doing a Project of this scope and agree to fully cooperate and coordinate on any press releases and to fully disclose any contacts with the press. It is the intent of both LEAD and JUNIOR to positively promote the collaboration as a permanent solution to housing instability and economic self-sufficiency.

15. LEAD and JUNIOR agree that by virtue of entering into this MOU, each will have access to certain confidential information and material (i.e., information and documents not currently known or available to the general public), regarding the other party's operations (the "Confidential Information"). LEAD and JUNIOR agree that each shall not at any time disclose Confidential Information of the other without the other party's prior written consent, unless such disclosure is required under the terms of this MOU, the forthcoming operating agreement for the MM, or other written agreement between the parties or by operation of law. Notwithstanding the foregoing, the parties may share the Confidential Information with their attorneys, accountants and third-party consultants retained for the Development on a "need to know" basis, and each shall develop and implement procedures to assure that such persons comply with the purpose and intent of this Confidentiality provision.

16. LEAD and JUNIOR agree that each shall deal exclusively with the other concerning or relating to the development and operation of the Property while this MOU is in effect. In recognition of the time and expenses which LEAD and JUNIOR will expend and incur in connection with this MOU and the Development contemplated hereby, the parties agree that

until the Exclusivity Expiration Date, neither party nor any of their respective officers, employees, agents or affiliates will solicit, entertain or negotiate any inquiries or proposals by other for-profit or not for profit developers or social service agencies relating to the purchase, sale, ownership, financing, development and operation of the Development, except with the written consent of the other party. Each party shall have the right to enforce this MOU in the event of a breach thereof, and may recover all remedies available to it in law and equity. If LEAD and JUNIOR do not file a 9% Low Income Housing Tax Credit (“LIHTC”) Application with the Wisconsin Housing & Economic Development Authority (“WHEDA”) during the 2019 LIHTC Program then the Exclusivity Expiration Date will mature. If LEAD and JUNIOR apply during the 2019 LIHTC Program and do not received an allocation of LIHTCs the Exclusivity Expiration Date is June 1, 2019 but may be extended with the consent of both parties. If LEAD and JUNIOR apply during the 2019 LIHTC Program and do receive an allocation of LIHTCs the Exclusivity Date is March 1, 2021.

17. Notwithstanding anything to the contrary in this Agreement, LEAD may terminate this Agreement at any time prior to the closing of the transaction, upon written notice to JUNIOR, if LEAD, in its sole and absolute discretion, determines that the Project is not feasible.

18. In the event this Agreement is terminated, each party shall bear all of the costs and expenses it has incurred prior to such termination.

19. This Agreement may be amended only by a writing signed by all of the parties hereto and shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns. Neither party may assign its interest in this Agreement without the consent of the other party.

20. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall be deemed one and the same instrument. Signatures sent via facsimile or e-mail transmission shall be deemed original signatures for purposes of creating a binding agreement.

21. This Agreement shall automatically terminate and be of no further force or effect if the debt and equity financing for the Project has not closed by March 1, 2021.

[Signatures on next page]

IN WITNESS WHEREOF, LEAD and JUNIOR have executed this Memorandum of Understanding as of the date hereinabove written.

LEAD:

LEAD DEVELOPER, INC.

BY _____
Its _____

JUNIOR:

JUNIOR DEVELOPER, INC.

BY _____
Its _____